

# At a glance



\* The above ratio is based on the sales composition ratio by domain, and is calculated based on sales to external customers

# Emotional Value Solutions (EVS) Domain



**Akio Naito**

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

**By refining our strengths and differentiating ourselves from other companies, we aim to provide products and services of excellent quality and realize emotional value that is appreciated by our customers.**

The Emotional Value Solutions (EVS) Domain, which is comprised of SEIKO WATCH CORPORATION (SWC), SEIKO Time Creation Inc. (STC), and WAKO Co., Ltd. (WAKO), is a mainstay business of the Seiko Group that aims to create emotional value through high-quality products and services, inspire customers, and bring them joy. The restrictions on social activities during the pandemic gave rise to new values and significant changes in consumer behavior worldwide. As economic activities recovered in fiscal year 2023, we saw people returning to pre-pandemic patterns, but the social transformations brought about by the pandemic, such as the widespread acceleration of digitalization, are continuing into the post-COVID era.

Fiscal year 2022 was an eventful year for SWC. The company released the Grand Seiko Kodo Constant-force Tourbillon, which incorporates a complication mechanism that is the first of its kind in the world. The watch won the Chronometry Prize at the Grand Prix d'Horlogerie de Genève, marking the second consecutive year for Grand Seiko to win a major prize. The Atelier Ginza, a new creative studio where some of the finest designers, craftsmen, and watchmakers from the Seiko Group work together to create truly unique and innovative timepieces of the highest order, also opened. It is only fitting for the studio to be located in Ginza, the birthplace of Seiko. STC launched IBUKI, a high-end wall clock that features a new type of mechanical movement, the first new development of its kind in half a century, which attracted considerable attention. In addition, SEIKO GROUP CORPORATION has been chosen as the official timer of the World Athletics Championships for every event since 1987 and STC continues to provide the timing services for the Games and contributed to the success of last year's Oregon Championships by providing new timing and measurement technologies. WAKO received high praise from customers for expanding its lineup of luxury products, including watches, jewelry, and handbags, as well as SDGs-related products that take into consideration the creation of social value. In addition, the company's business performance recovered due to a post-pandemic increase in the number of customers, both domestic and foreign. The common lesson learned by the three EVS Domain companies through these activities in fiscal year 2022 is that only by refining their strengths and differentiating themselves from others can they provide genuine emotional value to their respective customers. The three EVS Domain companies will continue to promote the strategies set forth in SMILE145 and contribute to the realization of our Group Purpose.

## Vision

- Create products and services with high functional, emotional, and social value, with a sense of beauty and meticulous attention to detail that excite customers
- Improve our brand and corporate value by selling products that are partners for life and can be enjoyed together in times of joy through a superior customer experience

## KPI

	FY2021	FY2022	FY2026 (Target)
Operating Profit	8.2 billion yen	11.5 billion yen	14.5 - 15.0 billion yen
Gross profit margin (GP%)	—	+1.8pt (compared to FY2021)	+5.0pt (compared to FY2021)
MVP Ratio *	approx. 45%	approx. 50%	60%

\* Luxury domain and products with high emotional value, such as GB, as % of net sales

## Social Needs

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

## MVP Strategy

- Offer products and services that create excitement and pursue high-added-value
- Evolution of CX (Customer Experience)
- Enhanced data utilization through digital transformation (CRM (Customer Relationship Management System))

## Synergies in the EVS Domain

The EVS Domain comprises three businesses: the Watches Business, which promotes the expansion of mid- and high-end products; the Time Creation Business, which is highly compatible with sports; and the WAKO Business, which operates high-end retail. We aim to create a synergy within the domain by leveraging and sharing the features and strengths of each business. We also provide customer experiences that are unique to the EVS Domain, which could not be achieved through one business alone, such as by utilizing data from each business through digital transformation (DX), sharing customer contact points through jointly held events, and strengthening product planning, development, and dissemination through collaborations with other companies and cooperation focused on Japanese culture. Along with the growth of each business, we will strive to improve the value of the Seiko brand in the EVS Domain and enhance our corporate value.



### Opening of a new creative studio, the "Atelier Ginza" in our birthplace, Ginza

Through the Atelier Ginza, we will share information about the manufacturing culture and craftsmanship rooted in a uniquely Japanese sense of beauty. Constructed within the Seiko House Ginza, we have positioned Atelier Ginza as a workshop dedicated to the creation of truly unique and innovative timepieces of the highest order. At this workshop, not only are watches assembled and adjusted by highly skilled craftsmen, but we also offer a special experience that allows customers who purchase select products to observe the craftsmanship up close. Going forward, we aim for Atelier Ginza to become a workshop where watchmakers and designers with excellent craftsmanship work together in pursuit of developing innovative products that appeal to emotional value.



## Initiatives across domains

SWC SEIKO WATCH CORPORATION STC SEIKO Time Creation Inc.

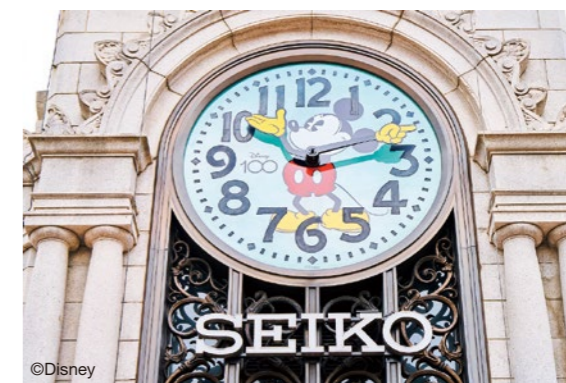
### Strengthening touchpoints for our common customer base SWC X WAKO

Both the Watches Business and the WAKO Business are working to strengthen their high-end products business by holding collaborative events and providing special hospitality to customers. By providing customers with opportunities to discover new products and services through these initiatives, we can expand our points of contact with customers beyond our individual business fields and deepen our connections with them, thereby steadily expanding our customer base. In addition, we are promoting the expansion of high-added-value products in the Time Creation Business. Going forward, we will accelerate measures such as collaborative events between the three businesses.

### Partnership with Disney on its 100th anniversary

STC X SWC X WAKO

In celebration of Disney's 100th anniversary, the Group launched special products in the various businesses of the EVS Domain through a partnership with Disney, and also held exhibitions and sales events featuring these products at Seiko House Ginza. Furthermore, we have brought smiles to many people through a variety of initiatives with other brands, such as redesigning the dial on the clock tower, which is a beloved Ginza landmark, to a Mickey Mouse-inspired theme.



## Watches Business

### Growth Strategy

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

#### Global Brands (GB)\* Strategy:

We are developing products with high levels of technology and signature stories that bring joy and excitement to our customers around the world. Our marketing activities coincide with each product's signature story.

\* Global Brands (GB)  
Grand Seiko (GS), Seiko Prospex, Seiko Astron, Seiko Presage, King Seiko, Seiko 5 Sports

#### ● Watches Business KPI

		FY2021	FY2022	FY2026 (Target)
GB Ratio*	Japan	approx. 60%	approx. 70%	over 85%
	Overseas	approx. 65%	approx. 75%	

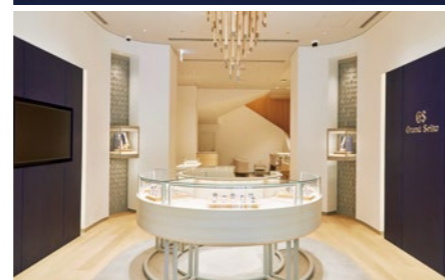
\* Percentage of GB sales to total completed watches sales

## Evolution of Grand Seiko <A uniquely Japanese luxury brand>

Since becoming an independent brand in 2017, GS has strengthened the development of its models, which embody a uniquely Japanese sense of beauty, as well as its market activities worldwide, while also achieving remarkable growth in overseas markets, based on the brand philosophy, "THE NATURE OF TIME." Currently, there are three overseas subsidiaries dedicated to GS. GS sales, which had previously comprised mainly domestic sales, saw overseas sales exceed domestic sales for the first time in fiscal year 2022.

In 2023, the second year of SMILE145, we are planning new methods of communication and deploying them worldwide with the aim of further growing GS. Our new brand message, "Alive in Time" represents GS's determination as a watch manufacturer to continue innovating and pushing back watchmaking boundaries. This new expression is also reflected in our visual presentations, including our storefronts, which now express a more contemporary façade.

In February 2023, we opened Singapore's first GS boutique in Marina Bay Sands, while in June 2023, we opened Japan's biggest GS flagship boutique in Ginza Namiki street. We will share the appeal of GS's evolution through the designs of these new boutiques.



Grand Seiko Flagship Boutique Ginza Namiki

### Recent external evaluations of GS



In 2022, the brand's first complication watch, Grand Seiko Kodo Constant-force Tourbillon, won the Chronometry Prize, a prize given to watches with high precision timekeeping performance, at the Grand Prix d'Horlogerie de Genève. This was GS's second consecutive win, having received the Men's Watch Prize in fiscal year 2021. As the only Asian brand to continuously participate in Watches and Wonders Geneva, the world's largest high-end watch fair, where GS exhibited as a brand for the first time in 2022, GS is further increasing its presence in the global high-end watch market.

Currently, GS's development of high-end distribution has reached a sufficient stage in the U.S. As the pace of new store openings slows down, the overall U.S. high-end products market will be affected by market disruptions and inflation due to changes in demand following the end of the COVID-19 pandemic. Nevertheless, we will continue to disseminate our brand value and strengthen our distribution system, with the aim of achieving steady growth going forward.

While the Chinese market is also struggling due to delays in economic recovery caused by zero-COVID measures and turmoil in the real estate market, future potential is high, and we will continue to reform our business models in fiscal year 2023, from a medium- to long-term perspective.

The global high-end watch market is expected to remain steady in the medium term. We will accelerate our global strategies as a uniquely Japanese high-end watch brand by aiming to further improve the value of the GS brand worldwide, and by opening GS boutiques in major cities.



## GS's first mechanical chronograph, "Tentagraph"

Tentagraph is GS's first mechanical chronograph, and was developed in pursuit of the instant readability, high operability, and robustness required of a GS sports watch. It is equipped with the new automatic chronograph movement, Caliber 9SC5, which ensures high precision thanks to its ten beats per second movement. Tentagraph also has a long power reserve of three days, which makes Tentagraph the most powerful 10-beat automatic chronograph in the industry today (based on GS's research, as of March 2023).

To achieve high readability, the tips of the minute hand and chronograph seconds hand are gently curved down by skilled craftsmen, to bring them as close to the markings as possible. Furthermore, the dial features a delicate pattern inspired by Mt. Iwate, a symbol of the area where the watch was manufactured, with a blue hue that expresses the night sky above Mt. Iwate.

Since its release in March 2023, Tentagraph, which represents a new step forward for GS, has received high praise from the media and retailers both in Japan and overseas.



### Technicians who support after-sales service

Repair technicians with highly advanced specialized knowledge and technologies are responsible for GS after-sales service. We have a system in place to meet customer needs as much as possible, without placing limits on response periods for repairs. The condition of a watch owned by a customer will vary depending on how the watch was used, and therefore the defective areas and the parts that need to be repaired will also vary. Accordingly, excellent technical capabilities are necessary in order to perform accurate work based on an understanding of the characteristics of each product and how customers use their watches. Osamu Sasagawa, who works at SEIKO TIME LABS CO., LTD., the company responsible for GS after-sales service, achieved consecutive wins at the National Watch Repairing Contest, and then went on to continue improving his repair skills and techniques while actively training the next generation of the company's repair technicians. In 2013, he became the first person in the after-sales service department of a watch manufacturing company to be awarded the title of "Contemporary Master Craftsman," and in 2022, he was awarded the Medal with Yellow Ribbon. In order to strengthen the continuous training of excellent technicians, SEIKO TIME LABS CO., LTD. has introduced a unique meister system, and established a structure in which skilled technicians train young technicians. We will continue to deliver excitement and satisfaction to our customers by enhancing our services to provide watches that will be loved and used forever, keeping time with memories.



## Strengthening high-added-value products in Global Brands (GB)

Equipped with the new caliber "6R54," the Seiko Prospex diver's watch, which is a global advertising model for the Seiko brand, has a long power reserve of three days (approximately 72 hours) and features a GMT function. The watch has received high praise for its design and continues to enjoy popularity worldwide.

In addition to increasing functional value, we will continue to work on increasing sales both in Japan and overseas by expanding our target range through the enhancement of our lineup and developing higher-level distribution worldwide.



## Sharing the appeal of watches with the younger generation

In 2022, we opened Seiko Seed in Harajuku as a base to foster new possibilities for watches, and to offer various enjoyable experiences to customers. Through events and activities that embody the products born from Seiko's manufacturing as well as our dreams for the future, we have created a place where people can experience the Seiko Group's slogan of "Moving Ahead, Touching Hearts."

Seiko Seed held the Forest of Mechanism exhibition and the Power Design Project, which offered new possibilities for design, as well as the Seiko 5 Sports Exhibition, which allowed visitors to experience the world of Seiko 5 Sports. All of these events were attended and enjoyed by many people from both Japan and overseas.

Going forward, we will share the appeal of watches with the younger generations through experiences that allow people to come into contact with Seiko's watch culture, thereby striving to create new Seiko fans.



Power Design Project Design Exhibition "REBIRTH"

## Time Creation Business

In the Time Creation Business, we are promoting the realization of "time plus alpha" in various spaces.

We are making efforts toward providing products and services that contribute to regional revitalization and the promotion of sports. We will achieve this aim by promoting the development of products that enrich people's lives through the addition of design, sound, and movement, as well as products that support comfortable lifestyles and the foundations of society through analog and digital synergies, and maximizing the added value that can be provided through the latest technologies.

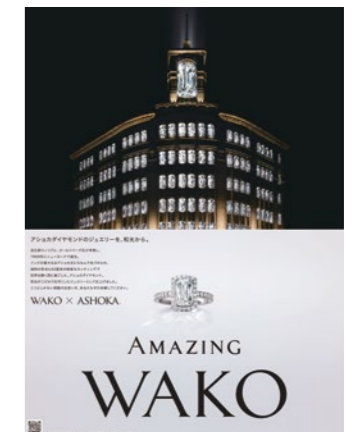
We aim to inspire our customers and deliver smiles to them by providing plus alpha value through our wide variety of clocks that decorate spaces, Network Time Protocol (NTP) clocks that provide accurate time information, signage and large display boards capable of providing a wide range of information, sports timing devices, and timing services.



## WAKO Business

In the WAKO Business, we are carrying out rebranding under SMILE145, with the aim of becoming a "Japanese luxury brand." The main products that are being focused on include watches, jewelry, bags, and atelier sweets. In particular, WAKO has incorporated ASHOKA diamonds, which are only available at WAKO in Japan, into their jewelry, and is currently promoting this jewelry in earnest as "WAKO x ASHOKA." The visual advertising impact of adding ASHOKA diamonds to the Seiko House Ginza, which is a symbol of Ginza, has led to a rise in interest not only toward jewelry, but also toward WAKO in general.

Each item handled by WAKO has a unique story, and we strive to manufacture products and provide services while addressing the SDGs.



### Aiming for a decarbonized society

In June 2022, the Group achieved 100% renewable energy usage at its domestic watch factories (Morioka Seiko Instruments Inc., Tono Seiki Co., Ltd., and Ninohe Tokei Kogyo Co., Ltd.). In fiscal year 2023, we aim to achieve 100% renewable energy for the electricity used at our domestic bases, including at SEIKO WATCH CORPORATION offices and stores directly managed by Group companies in the Watches Business, by purchasing non-fossil certificates that track the annual amounts of electricity used.

Going forward, we will continue to strengthen initiatives aimed at the realization of a decarbonized society, while striving to further improve our value as a brand that responds to market needs that show an increasing interest in sustainability.

### Sustainable use of forest resources

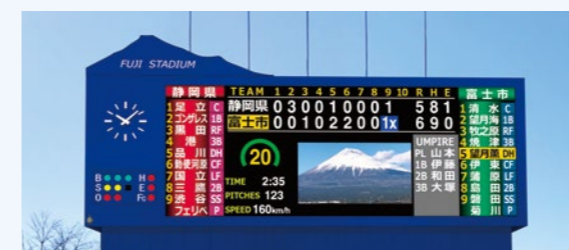
We actively use environmentally friendly materials in some of our products, including fabric straps made from 100% recycled plastic bottles, "Lab-grown diamonds" and "Apple Leather," a type of synthetic leather featured in Seiko Lukia creations. In addition, we will gradually stop the use of paper for our manuals and warranties and strive to reduce environmental impact by using environmentally friendly paper for our product boxes.



Fabric strap made from 100% recycled plastic bottles

### Contributing to regional revitalization and the promotion of sports

The Group is increasing added value by equipping system clocks in public facilities and large display devices in stadiums, etc. with the latest technologies, in addition to the aim of contributing to regional revitalization and the promotion of sports. We offer proposals that place an emphasis on this point, and as these products will be used for long periods of time, we incorporate the ideas of reuse and recycling throughout the repair and maintenance process, with the aim of providing environmentally friendly services. Our proposals, which comprehensively include these factors, have been commended, and in August 2023, we received an order to repair the scoreboard at the Fuji Sports Park Baseball Stadium.



### Environmentally friendly product manufacturing that fulfills the soul

WAKO develops many products that take the environment into consideration when selecting materials. For example, from our in-house bag series, "MANACO," we have launched "MANACO FRIENDS," a set of colorful and playful leather accessories made from leather scraps produced during the manufacturing process. We pursue WAKO's unique, people-friendly and social-friendly products and services, in order to reduce waste as much as possible, enrich the hearts of consumers with fun products, and contribute to nature and a recycling-oriented society.



# Devices Solutions (DS) Domain



**Takahiro Naito**  
 Director, Senior Executive Vice President  
 Devices Solutions Domain  
 (President, Seiko Instruments Inc.)

## Creating new value through our “Quattro Strategy” and providing best-in-category device solutions

Against a backdrop of environmental issues, such as global warming, and social issues, such as declining populations in developed countries, we see an acceleration of efforts aimed at creating a more technically advanced, ultra-smart society that integrates cyberspace and physical space. In the Devices Solutions Domain, we have been growing our business in line with our mid-term vision of “always employing a thorough design-in approach while providing best-in-category device solutions to help create this new, digitally connected society.”

Although performance in the first half of fiscal year 2022 (the first year of SMILE145) was favorable due to a recovery in demand following the pandemic, the second half saw a decline in sales of devices for consumer-use products and general-purpose products. This was mainly a result of the economic downturn caused by worldwide financial tightening, the slump in the Chinese economy, and adjustments to excess inventory caused by disruptions to our supply chain. In addition, manufacturing and other expenses rose due to soaring raw materials and energy costs, resulting in higher revenue but lower profit compared to the previous fiscal year.

Despite this difficult market environment, we are working to strengthen sales of MVP items such as semiconductor-related products, data centers, medical & healthcare devices, and industrial devices. Looking toward the future, we are also expanding into new areas and creating new products, as well as growing sales in new countries and regions. Furthermore, we are actively promoting our “Quattro (4-layer) Strategy,” which aims to create more higher added-value business by transitioning away from the sale of individual devices and instead pursuing higher functionality, modularization, and total device solutions.

Over the years we have developed numerous outstanding technologies, such as our highly reliable semiconductor technologies, based on the themes of “Craftsmanship, Miniaturization, and Efficiency.”\*

We are acutely aware that our name contains the word “solutions,” and we believe that this means a constant focus on customer needs. Going forward, we aim to provide best-in-category device solutions by carefully listening to our customers, inquiring about their problems, and responding appropriately to their needs.

\* “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.

### Vision

- Offer the high functionality and quality demanded by society, with devices solutions that are created through technical innovation
- Realize Society 5.0 (resolution of social issues by integrating cyberspace and physical space)

### KPI

	FY2021	FY2022	FY2026 (Target)
Operating Profit	5.6 billion yen	5.0 billion yen	7.5 - 8.0 billion yen
Gross profit margin (GP%)	—	-1.3pt (compared to FY2021)	+5.0pt (compared to FY2021)
MVP Ratio *	approx. 40%	approx. 40%	60%

\* Sales to digital economy and green economy markets as % of net sales

### Social Needs

- Realization of CPS (Cyber Physical System)
- Building a safe and secure society
- Realization of a recycling-oriented society

### MVP Strategy

- Actively deploy to growth markets in the digital economy (information and communication devices, automotive, IoT, etc.)
- Expand sales to the green economy market by leveraging technologies for miniaturization, lower power consumption, and long lifetime
- Accelerate product development in wellness and social/environmental fields

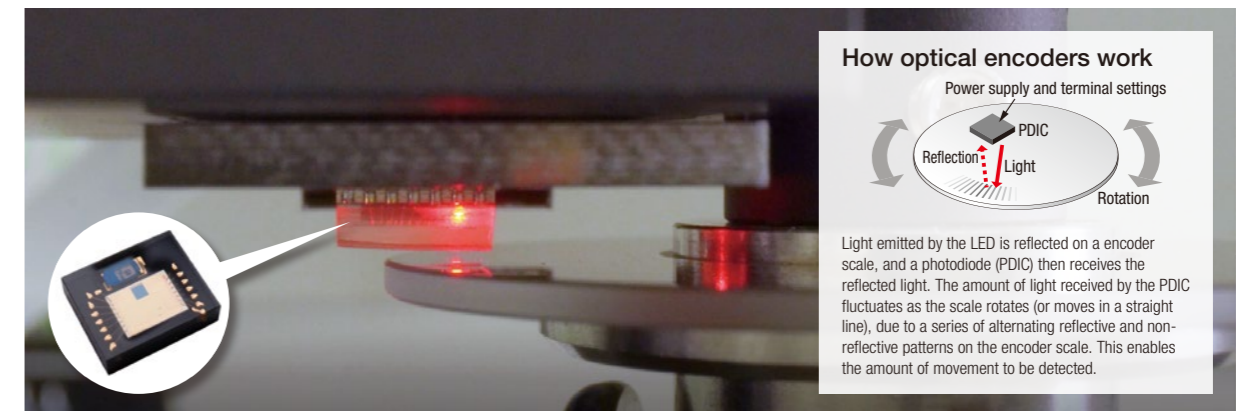
## Partnering with NGK to strengthen our proposal capabilities

In August 2023, a Group company, Seiko Instruments Inc., entered into a dealership agreement with NGK Insulators, Ltd. (“NGK”) relating to NGK’s EnerCera Li-ion rechargeable batteries. EnerCera is a semi-solid state battery that uses NGK’s original crystal oriented ceramic plate as electrodes. It offers high capacity, high output, and high heat resistance, a combination of characteristics that has long been difficult to achieve. The Group has for many years manufactured MS (manganese-silicon) lithium rechargeable batteries that are compact, high capacity, and slow to deteriorate with repeated charging and discharging. In recent years, these have been sold around the world as backup power sources for devices such as security cameras and drive recorders. Through this partnership with NGK, we will expand the products we handle, as well as further strengthen our proposal capabilities by using our abundant sales network and expertise in the small battery market, thereby responding to needs for miniaturization and high functionality in various devices that support the digital society. We will also explore the possibility of new product development and technical cooperation that draw from the strengths of both companies.



## Value creation story of our encoder products

In various manufacturing sites, the need to improve production efficiency and respond to labor shortages has fueled demand for automation and unmanned operations. This has led to greater adoption of industrial equipment such as robots. For more than 10 years, the Group has been developing encoders for servo motors, which are essential for the operation of the diarthrosis parts of robots. These components detect the amount of rotation and movement of servo motors, making it possible to control a robot’s movement. The encoders that the Group provides have industry-leading technology, which enables our customers to achieve high precision movement in their various application equipments. From the specification review stage when introducing the product to troubleshooting during use, we work closely with our customers, supporting them as needed on problem solving. With our advanced technology development capabilities and thorough support system, we will continue to respond to customer needs.



## Keeping children safe with a portable solar beacon

In 2022, a tragic accident occurred in which a three-year-old child was left behind on a kindergarten bus and died of heat stroke. Similar accidents have followed, making their prevention a matter of public concern. YEC Solutions Inc., a system development company, has developed a service called the Relief Nap Beacon Watch, which uses ICT to prevent children from being left behind on kindergarten buses. The device adopted in the service is the portable solar beacon T-WA10 manufactured by our Group. In this service, kindergarten children wear beacon devices, whose signals are received with a dedicated smartphone application. Users can check when children board or disembark from the kindergarten bus, data that is automatically recorded by the service. At only 11g, the beacon is lightweight. Since this beacon has solar powered, there is no need to replace batteries. This service was recognized for its quality when it won the BabyTech® Awards Japan 2023 Qualified at a contest that recognizes excellent ICT products and services for childcare. The Group is contributing to solving social issues through the provision of devices that make use of the miniaturization and power-saving control technology that we have developed through watch manufacturing.



# Systems Solutions (SS) Domain



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

**Providing solutions tailored to customer issues, always exceeding their expectations. We will grow together with our stakeholders.**

The Systems Solutions Domain (SS Domain) views “long-term, continuous growth in both revenue and profit” as the key to its management strategy. We will strive to achieve this goal by strengthening our stock business and promoting further diversification of our operations.

To achieve continuous growth over the long term, we must also focus on the individual growth of our own employees. Through their growth, it becomes possible for us as a company to sustainably provide ever more advanced products and services. We believe that these combined efforts will produce growth for our customers, which will ultimately lead to our own continued growth.

In fiscal year 2022, in order to accelerate our push for new solutions, we carried out M&A activity and welcomed three new companies under our roof (Instruction Co., Ltd., BackStore Co., Ltd., and Prestige Co., Ltd.). By taking advantage of the synergies generated from these acquisitions, we are building a strong foundation for further growth.

The beginning of fiscal year 2023, the second year of “SMILE145”, showed a rise in new value creation due to the easing of COVID-related restrictions. In such a positive environment, we will continue to create new businesses and focus our efforts on new project development. For example, in response to the ongoing growth and acceptance of digital channels, we developed smartphone-based digital solutions to support our customers.

By continuing to provide new solutions that meet social needs, the SS Domain has achieved 29 consecutive quarters (more than seven years) of growth in both revenue and profit (as of FY2023 1Q). All of the themes that are handled in the SS Domain, such as communication with new customers and a metaverse that adapts to various work styles, are directly connected to social issues. By carefully addressing social and digital issues one by one, and realizing new solutions through the use of digital technologies, we hope to contribute to a healthier, more humane, and more connected society, as outlined in the United Nations’ SDGs. In short, our vision is to help bring about a society that promotes the continuous growth of customers, employees, and other stakeholders.

## Vision

- Achieve sustainable growth by offering social innovation through one-stop ICT solutions
- Increase the value of customers, society, and the Group by continuously offering value in line with customer needs

## KPI

	FY2021	FY2022	FY2026 (Target)
Operating Profit	3.9 billion yen	4.3 billion yen	6.5 - 7.0 billion yen
Gross profit margin (GP%)	—	+1.8pt (compared to FY2021)	+5.0pt (compared to FY2021)
MVP Ratio *	approx. 60%	approx. 65%	73%

\*Stock Business as % of Marginal Profit in the SS domain

## Social Needs

- Increasing complexity and lack of transparency in society, Diversification of values
- Transition from a seller’s market to prioritizing buyers and users
- Accelerating Digital Shift

## MVP Strategy

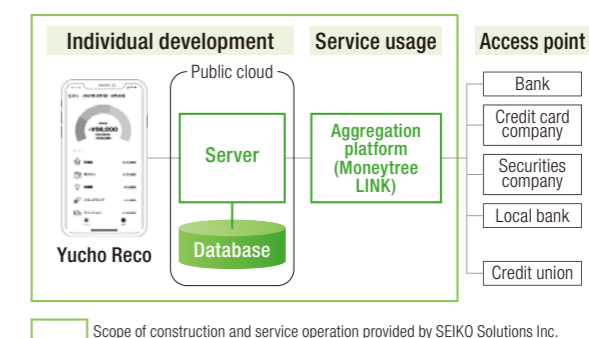
- Further advance the transition to the stock business
- Diversify further through M&As and alliances
- Expansion of digital transformation platforms

## Realizing digital transformation (DX) for customers in response to diversifying needs

We built a household expense accounting smartphone app, “Yucho Reco” for JAPAN POST BANK Co., Ltd., and started providing services in February 2023. JAPAN POST BANK Co., Ltd. aims to build a “Co-creation Platform” as a digital strategy in its Medium-term Management Plan. By adding new advanced technologies to our wide range of knowledge and experience, and using the latest development methods, we built a highly scalable smartphone app in less than one year.

The app allows users to manage assets that are scattered across multiple financial institutions, such as bank accounts, credit cards, securities accounts, electronic money, and points, as well as monthly income and expenditures. Going forward, we also plan to provide a service that offers personalized recommendations and advice (advertisements) to our customers.

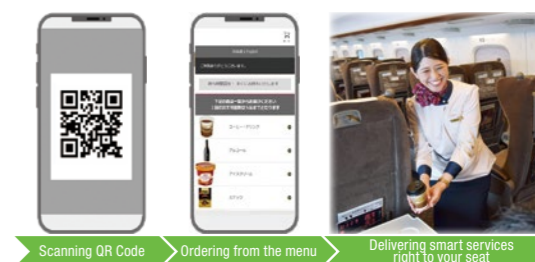
In addition to taking role in the operation of the app, we continue to support JAPAN POST BANK Co., Ltd. will accomplish their digital strategy by providing a variety of services that meet diversifying needs of customers, through an expansion of functions that are not limited to household expense accounting.



## Realizing improved experience-based value using digital technology

We built a Tokaido Shinkansen mobile ordering system which will be available to customers boarding Green Cars on the Tokaido Shinkansen (Nozomi and Hikari) from November 2023.

“Linkto Mobile Order” developed by our Group, was adopted by Central Japan Railway Company(JR Central) in order them to improve their services with picking up the diverse needs of customers, innovating new perspectives and flexible ideas, which are the part of their future vision of railways. JR Central has approached for future decline of labor force by proactively incorporating advanced technologies and fundamentally transforming the ways in which transportation services operate. Based on our extensive experience and solid technical capabilities we have cultivated through services such as our smartphone ordering system and Mobile Order, we will continuously support to the promotion of their digital strategies. In addition to expanding and improving our customers’ experience-based value by leveraging digital technologies, we will realize more advanced services and support our customers in building sustainable businesses by enhancing employee experience.



## Contributing to the resolution of the shortage of human resources who support social infrastructure

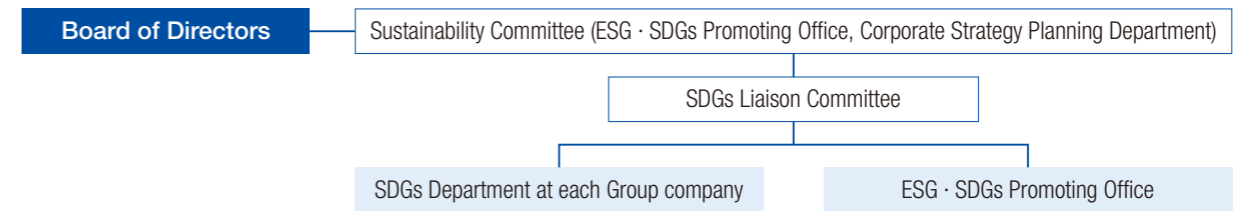
With the easing of restrictions brought about by the COVID-19 pandemic and the recovery in services, shortages of human resources have become evident in a wide range of industries. Furthermore, Japan is facing a declining birth rate and an aging population. In particular, the shortage of human resources in highly public services, such as electricity and gas, which support our infrastructures, has become a serious social issue. For the solution of these social issues, we are developing smart security solutions in the SS Domain through co-creation among SEIKO Solutions Inc.’s wireless communication technology, IIM Corporation’s AI analysis technology, and CSM SOLUTION CO., LTD.’s sensor utilization technology. Until now, experienced technicians themselves had to check each equipment on by one in order to collect information as to signs and causes of abnormalities in equipment. Now, we can accomplish more efficient maintenance of equipment, since providing our smart security solutions. The solutions have a survice to prevent and predict diagnosis of equipment failures by detecting data monitored in real time via wireless communication, using sensors installed in remote equipment. By increase of accuracy of AI analysis technology, we will not only reduce the number of dispatches of technicians and eliminate the shortage of human resources, but also incorporate the sense of master technicians into digital technologies, and contribute to reproduce their knowledge and experience in the next generation.

# SDGs Strategy

## Sustainability Policy

Starting with its Statement of Purpose, the Seiko Group will strive to use its business activities, which aim to create **WITH** ( **W** : Well-being-A Better Life / **I** : Inclusion-for all people / ) **T** : Trust-Certainty and Trust / **H** : Harmony-with the Earth ) to realize the Group's steady growth and contribute to the development of a sustainable society.

### Promotion System Diagram



### Well-being A Better Life

Materiality Overview	Key Actions	Major Initiatives	Specific Initiatives and Progress	SDGs Goals
Contribute to greater job satisfaction and active participation by diverse individuals	Develop human resources as a pillar of our growth strategy, and work to improve engagement and promote diversity	<ul style="list-style-type: none"> <li>Develop human resources (take measures to develop entrepreneurial and digital transformation resources, and environmental improvement, including systems)</li> <li>Conduct engagement surveys</li> <li>Emphasize diversity in hiring and set goals to promote active adoption</li> <li>Promote health management</li> </ul>	<b>SGC</b> Implementation of engagement surveys Recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (SWC, SGC: recognized for three consecutive years starting in 2020, STC, WAKO: recognized in 2022) → P.44 <b>HC</b> Actively promoting the employment of individuals with disabilities and developing human resources at Aoba Watch Service Co., Ltd.	
Promote mental and physical health and achieve social welfare	Develop products to enter medical and healthcare businesses	<ul style="list-style-type: none"> <li>Enter healthcare field through the development and sale of devices and materials for medical applications in cooperation with third parties</li> </ul>	<b>SII</b> Sales of medical devices and materials such as hip prostheses materials <b>SWC</b> Sales of watches for the visually impaired (tactile watches, audio digital watches) <b>SFC</b> Development of an oral sensor device (in clinical trials)	
Implement initiatives for respecting human rights	Conduct thorough investigations regarding human rights	<ul style="list-style-type: none"> <li>Establish and continuously promote a due diligence system for human rights</li> <li>Promote in-house education on human rights</li> </ul>	<b>SGC</b> Established a due diligence system for human rights across the entire Group (in 2022) and starting implementing human rights due diligence (from 2023) → P.42 In-house education on human rights (seminars, regular educational activities, harassment training)	
Cultivate and support the next generation	Support the growth and development of the next generation through hands-on events, classes, etc.	<ul style="list-style-type: none"> <li>Ongoing implementation of the Seiko Exciting School</li> <li>Hold Seiko Jazz Camp</li> </ul>	<b>SGC</b> Held classes, such as at our Exciting Time & Timepieces School and Exciting Sports School (roughly 300 classes and 2,500 participants in FY2022) → P.52 Held Seiko Jazz Camp	

### Inclusion for all people

Contribute to the creation of a safe, secure, and inclusive social infrastructure	Create and provide digital solutions to help realize a new age of society, where all people and goods are connected	<ul style="list-style-type: none"> <li>Provide Cloud- / AI- / IoT-enabled platforms to improve social infrastructure</li> <li>Provide products and services that bring about an inclusive world</li> </ul>	<b>SSOL</b> Development of AI smart maintenance services → P.35	
Contribute to a prosperous society through support for culture and sports	Promote sports, music, and cultural activities that enrich people's lives and enhance our corporate value	<ul style="list-style-type: none"> <li>Sharing the Seiko Museum Ginza's concept of Time Culture with the world</li> <li>Continue sports timing activities, sponsorship of sporting events, and support for athletes</li> <li>Host concerts to support the recovery of East Japan</li> </ul>	<b>SGC</b> Shared the Seiko Museum Ginza's concept of Time Culture with the world through related events Official timer of the Tokyo Marathon (consecutively since 2007) → P.52 Sound of "Wa" Concert to Support Eastern Japan (held on March 10, 2023 at Bunkamura Orchard Hall)	
Contribute to local communities	Support activities in local communities that promote social revitalization at all our facilities, both inside and outside Japan	<ul style="list-style-type: none"> <li>Promote socially beneficial sports events and beautification activities in collaboration with local residents and communities</li> </ul>	<b>WAKO</b> Participation in the Spring cleaning event on Ginza street / Harumi Street and [2023 Strolling on the Ginza with Yukata] sponsored by Ginza Street Association. <b>NPC</b> Support for National Shiobara Onsen Yukemuri Marathon	

### Trust Certainty and Trust

Provide high-quality products and services that are trusted by society	Develop high-quality, high-added-value products and services by leveraging the strengths of each business domain to increase sustainable business activities	<ul style="list-style-type: none"> <li>Provide highly reliable products and service infrastructure that generates digital trust (trust in security, privacy, safety, etc. of our services)</li> <li>Enhance after-sales service system and expand quality improvement program globally</li> <li>Strengthen quality assurance system</li> <li>Pass down technical skills and techniques</li> </ul>	<b>SSOL</b> Generating digital trust through the provision of services such as time stamps, electronic contracts, invoicing <b>SII</b> Manufacture and sale of wireless sensor network products and batteries for medical devices, etc. → P.32	
Promote responsible procurement and supply chains	Establish and operate a sustainable supply chain management system that addresses social issues, including human rights and the environment	<ul style="list-style-type: none"> <li>Revise Procurement Policy</li> <li>Establish and implement procurement guidelines</li> </ul>	<b>SGC</b> Established the Procurement Guidelines (November 2022), operational rules for supplier engagement, the Responsible Procurement Liaison Meeting (July 2023), and the Responsible Mineral Sourcing Policy (October 2023) → P.41	
Strengthen corporate governance and the compliance structure	Maintain and improve corporate governance and compliance operations based on respect for all relevant laws and regulations	<ul style="list-style-type: none"> <li>Further strengthen the operations of the Corporate Governance Committee, Corporate Ethics Committee, Risk Management Committee, and other bodies</li> </ul>	<b>SGC</b> Harassment training is to be held in the form of a workshop Enhancing the understanding of and communication with Outside Directors (via tours of major facilities, meetings to exchange opinions with employees, etc.)	

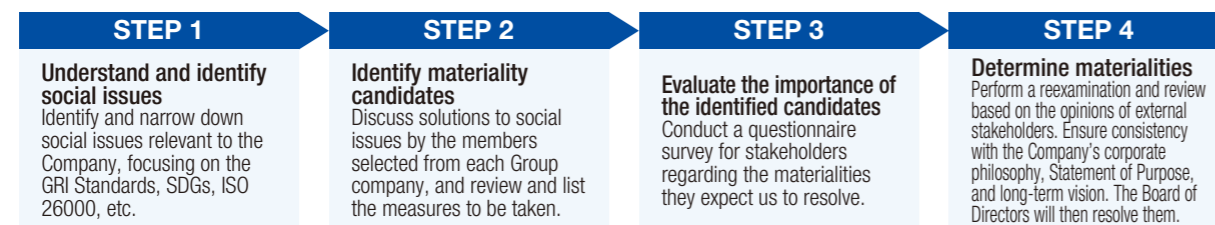
### Harmony with the Earth

Implement initiatives for climate change and decarbonization	Plan and promotion of reduction measures in line with the Seiko Group's long-term goal of reducing CO <sub>2</sub> emissions Provide products and services that contribute to realizing a decarbonized society	<ul style="list-style-type: none"> <li>Promote group-wide energy conservation and active introduction of renewable energy</li> <li>Introduce environmental support systems</li> </ul>	<b>WAKO</b> Achieved 100% renewable electricity consumption at all stores and offices <b>SWC</b> Planning to achieve 100% renewable electricity consumption at all factories, stores, and offices in Japan (2023) <b>SGC</b> Formulation of a brought-forward plan to achieve 100% renewable energy consumption at all of the Group's domestic locations (to be introduced in FY2026) → P.38	
Help to realize a recycling-oriented society	Create and expand lineup of environmentally friendly products and services Promote 3Rs (Reduce, Reuse, Recycle)	<ul style="list-style-type: none"> <li>Create resource-saving and eco-friendly products</li> <li>Simplify packaging materials and shift to using renewable materials</li> <li>Reduce losses in raw materials and waste products</li> <li>Increase use of reusable parts and recycled materials</li> </ul>	<b>SWC</b> Reduction of paper and plastic in products' auxiliary materials (instruction manuals, warranty cards, boxes, etc.) <b>WAKO</b> Development and sale of original products using materials from REDA, the first textile company to obtain B Corp Certification <b>SPT</b> Expand sales of cassette molds that significantly reduce CO <sub>2</sub> emissions <b>SSOL</b> Optimization of inventory levels and reduction of food loss by collecting and analyzing restaurant order information <b>WAKO</b> Launch of upcycled products made from leather scraps (MANACO FRIENDS, momiji) <b>STC</b> Reuse of scoreboards used in sports competition (update system equipment parts by utilizing the reusable parts of existing equipment)	
Coexist and harmonize with nature	Aim for coexistence with nature by increasing activities to conserve biodiversity and natural capital in each of our business locations	<ul style="list-style-type: none"> <li>Working together with local residents and outside experts to promote nature conservation (e.g., tree planting and preservation of marine resources)</li> </ul>	<b>SWC</b> Support for and employee participation in environmental conservation activities under our comprehensive cooperation agreement with Iwate Prefecture Sponsorship of and employee participation in conservation activities for the PADI Marine Debris Program Environment School run by Morioka Seiko Instruments	

For more information on our sustainability initiatives, please refer to our website.  
<https://www.seiko.co.jp/en/csr/>

**SGC** Seiko Group Corporation **SWC** Seiko Watch Corporation **STC** Seiko Time Creation Inc. **WAKO** WAKO CO., LTD. **SII** Seiko Instruments Inc. **NPC** Seiko NPC Corporation  
**SFC** Seiko Future Creation Inc. **SSOL** Seiko Solutions Inc. **HC** Human Capital **SPT** SEIKO Precision (Thailand) Co., Ltd.

### The Process to Determine Materialities



### International and Domestic Initiatives

WE SUPPORT  
 UN GLOBAL COMPACT  
 Valuable 500  
 JCLP  
 TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES  
 CDP DISCLOSURE INSIGHT ACTION  
 JAPAN CLIMATE INITIATIVE  
 TCFD Consortium

For more information on our international and domestic initiatives, please refer to our website.  
<https://www.seiko.co.jp/en/csr/>

### Initiatives for climate change and decarbonization

In recent years, the damage and effects of climate change have become increasingly serious. Following the United Nations Climate Change Conference (COP26) in November 2021, the movement to limit the global average temperature rise to 1.5°C over pre-industrial levels has accelerated, and companies are under pressure to take more proactive and long-term measures to realize a decarbonized future.

Against this backdrop, the Group vowed to further strengthen its efforts to help achieve a decarbonized society by setting long-term targets for reducing greenhouse gas emissions.

### Reduction of Scope 1 and 2 emissions

The Group has set long-term targets for reducing greenhouse gas emissions and is further stepping up its efforts to realize a decarbonized society. To date, we have worked to reduce greenhouse gas emissions through all our business activities, including energy conservation activities at offices and manufacturing sites, and improving the energy-saving performance of our products and services. Recently, we have been actively promoting the introduction of renewable energy throughout the entire Group, such as installing solar panels, entering into Power Purchase Agreements (PPA), and switching electricity contracts.

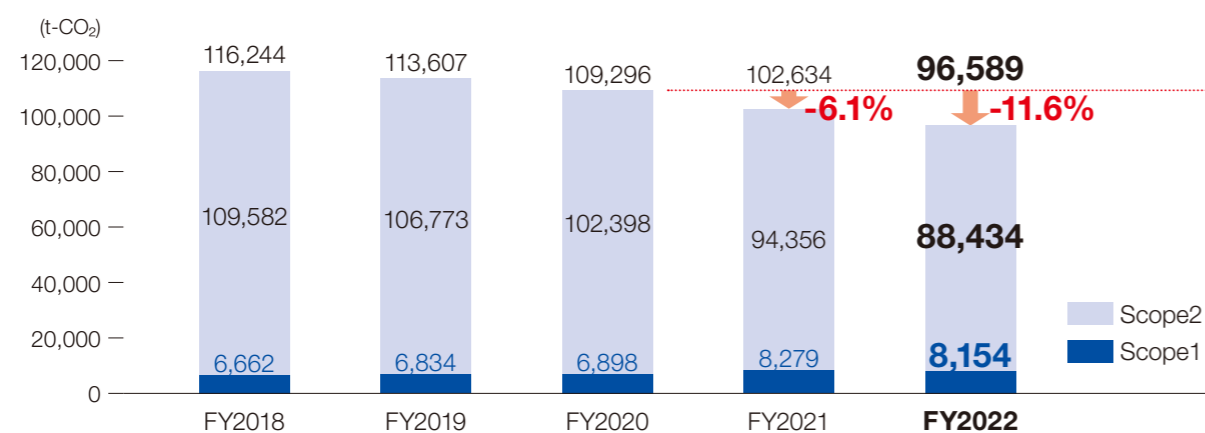
<b>Main Measures</b>	• Review/improvement of manufacturing processes	• Introduction/renewal of highly efficient equipment
	• Expanding use of renewable energy	• Development of energy-related technologies
	• Working with suppliers and customers	
	• Providing environmentally-friendly products, services, and solutions (improved energy efficiency, etc.)	

### CO<sub>2</sub> emissions results in fiscal year 2022 (Scope 1, 2)

We exceeded our fiscal year 2022 target of an 8.4% reduction, achieving an **11.6%** reduction (from fiscal year 2020 levels).

**SGC Group Long-Term Targets for Reducing CO<sub>2</sub> Emissions**  
 Reduction targets for 2030  
 Scope 1 & 2 : **42%** reduction from 2020 level  
 Scope 3 : **25%** reduction from 2020 level  
 Aim to achieve **carbon neutrality** by 2050.

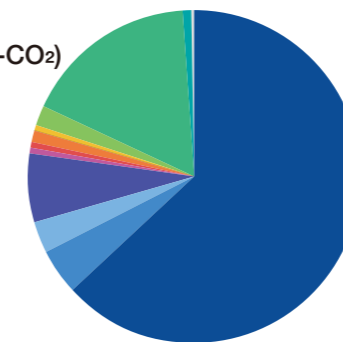
	FY2020	FY2022 (target)	FY2022 (results)
Scope1	6,898		8,154
Scope2	102,398		88,434
Total	109,296	100,115 -8.4%	96,589 -11.6%



### Calculation for Scope 3 emissions

In addition to Scope 1 and 2 emissions, the Group has been calculating Scope 3 emissions for the entire Group since FY2021 to ascertain the CO<sub>2</sub> emissions of the entire supply chain. Our long-term target is to reduce Scope 3 emissions by 25% (from fiscal year 2020 levels) by 2030.

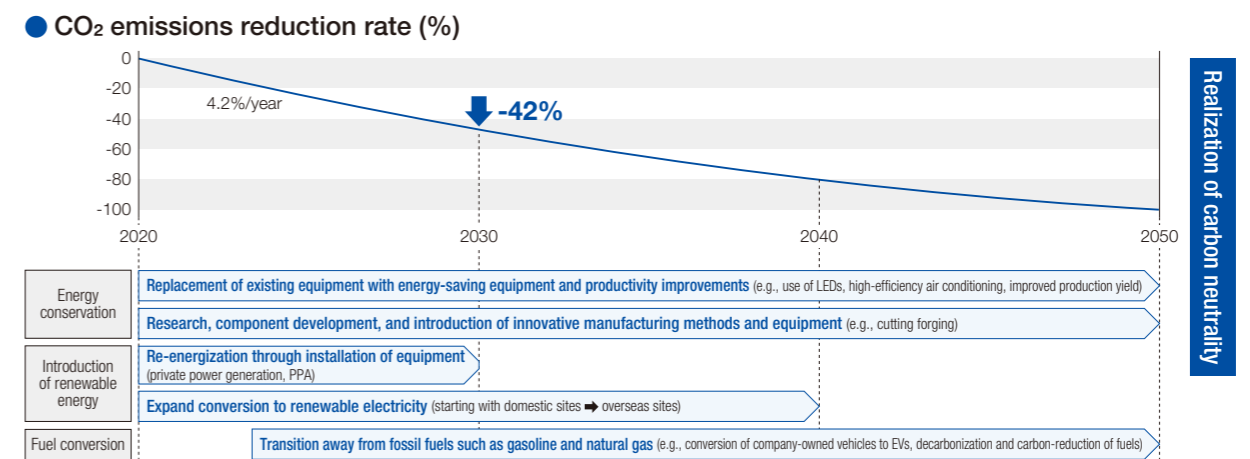
**Scope 3 CO<sub>2</sub> emissions (t-CO<sub>2</sub>) Result FY2022**



Category	Item	CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	%
Category 1	Products and services purchased	362,206	63.3%
Category 2	Capital goods	25,690	4.5%
Category 3	Fuel and energy-related activities not included in Scope 1, 2	16,129	2.8%
Category 4	Transportation and distribution (upstream)	39,073	6.8%
Category 5	Waste from business activities	2,888	0.5%
Category 6	Business travel	3,680	0.6%
Category 7	Employee commuting	5,755	1.0%
Category 8	Leased assets (upstream)	122	0.0%
Category 9	Transportation and distribution (downstream)	2,682	0.5%
Category 10	Processing of sold products	12,226	2.1%
Category 11	Use of sold products	95,739	16.7%
Category 12	Disposal of sold products	5,630	1.0%
Category 13	Leased assets (downstream)	546	0.1%
Category 14	Franchises	—	—
Category 15	Investments	—	—
total		572,367	100.0%

### Decarbonization transition plan

Through efforts to conserve energy and introduce renewable energy, we achieved an 11.6% reduction (from fiscal year 2020 levels) in Scope 1 and 2 emissions in fiscal year 2022, exceeding our target. The Group is currently pushing forward to achieve our long-term targets for reducing CO<sub>2</sub> emissions ahead of schedule, aiming to achieve 100% renewable energy use at all domestic sites by fiscal year 2026, at all sites including overseas sites by 2040, and to achieve carbon neutrality, including Scope 3 emissions, by 2050.



### Applying for SBT Certification

In April 2023, the Group submitted a commitment letter to SBT initiative, an accreditation body, in order to gain the Science Based Targets (SBT) certification, which certifies that a company's greenhouse gas reduction targets are in line with the Paris Agreement goals. Going forward, we will work to obtain SBT certification in fiscal year 2024 and strive to further reduce greenhouse gas emissions.

### CDP



In response to the CDP's request for information disclosure, the Group responded to the climate change questionnaire, and in 2022 obtained a "B score", the third out of eight levels. Going forward, we will continue to promote measures to address environmental risks, aim to further improve the score in the climate change questionnaire, and prepare answers to the water security questionnaire.





## Information Disclosure Based on TCFD Recommendations

The Group has identified “Implement initiatives for climate change and decarbonization” as a materiality, set long-term goals for the reduction of greenhouse gas emissions, and strengthened its initiatives to realize a decarbonized society. Based on the recommendations of the TCFD, to which we expressed our support in October 2021, we have been conducting scenario analysis of the risks and opportunities posed by climate change on our businesses, while strengthening our information disclosures on initiatives toward decarbonization.



### Risk Management

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

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


### Strategy

In order to assess the financial and business impact of climate-related risks and opportunities on our Group under different scenarios and to enhance our Group’s resilience, we conduct scenario analysis

### Scenario analysis process

We used the 4°C scenario and less than 2°C scenario as the premises of our risk and opportunity analysis. We conducted our scenario analysis according to the following steps. In Step 1, we assessed the importance of the identified climate-related risks and opportunities, picked out the high-significance climate-related risks and opportunities, and set parameters related to them. Then in Step 2, based on the information in Step 1, we identified the scenarios that are closely related to our business among the existing scenarios and set them as climate-related scenarios, and evaluated the financial impact of each of these scenarios in Step 3. In particular, we recognized that increased costs due to the introduction of a carbon tax could have a notably significant impact, and went on to calculate this impact. Finally, in Step 4, we assessed the resilience of our strategy against climate-related risks and opportunities, and considered further response measures.

In fiscal year 2021, we conducted scenario analysis for its main business areas, and in fiscal year 2022, the scope was expanded to include all businesses.

 **Business impact associated with climate-related risks and opportunities and the Group’s response**  
<https://www.seiko.co.jp/en/csr/environment/tcfd/>

### Governance

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

In addition, the reduction rate of CO<sub>2</sub> emissions is included as a “non-financial (ESG) assessment” in the performance evaluation index as a KPI for performance-linked compensation for officers.

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

## Procurement

By working together with our suppliers on sustainability issues throughout the supply chain, we believe that we can build a long-term relationship of trust with society and contribute to the realization of a sustainable society in harmony with local communities. In November 2022, we revised the “Seiko Group Procurement Policy” and formulated the “Seiko Group Procurement Guidelines” as a document to supplement said procurement policy, having been engaged in the procurement activities with our suppliers.

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

In 2023, we established the Responsible Procurement Liaison Meeting under the Sustainability Committee to further promote supplier engagement. Based on this promotion structure, we formulated operational rules for the guidelines in the first half of 2023, and from the second half, we have been identifying key suppliers and high-risk human rights suppliers, holding briefings for suppliers, obtaining signatures for agreements, and conducting SAQ (Self-Assessment Questionnaire) surveys. Going forward, if risks stemming from procurement activities arise, the entire Group will work together with our suppliers to mitigate these risks, such as implementing and requesting corrective measures from the perspective of preventing and mitigating adverse impact on human rights and the environment. We will continue to practice sustainable procurement and work together with our suppliers to solve sustainability issues.

## Responsible sourcing of minerals

Minerals mined in conflict-affected areas around the world have become a source of funds for the activities of local armed groups. These armed groups are said to force local residents to work in inhumane ways. In order to avoid becoming complicit in human rights violations and conflicts by armed groups through these business activities, companies must carefully examine their supply chains to avoid and mitigate this risk. In October 2023, the Group formulated the Seiko Group Responsible Mineral Sourcing Policy to ensure we do not use minerals that are complicit in human rights violations.

Going forward, we will carry out initiatives to identify, assess, alleviate, and reduce risk based on this policy.

### ● Initiatives of Each Operating Company

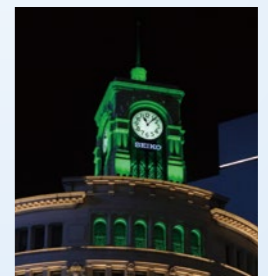
#### Toward biodiversity conservation

Global biodiversity is in a critical situation. Thousands of species are becoming extinct every year, the quality of our natural world is declining, and ecosystems are being destroyed. As a result, it is becoming increasingly important for companies to engage in biodiversity conservation.

At our Group, each operating company promotes its own biodiversity activities. We strive to realize a “society in harmony with Nature” by engaging in a variety of initiatives, including biodiversity-friendly land use, consideration of biodiversity in products, planting activities, collaboration with stakeholders, and educational awareness. Morioka Seiko Instruments Inc. has created an insect hotel in Waku-Waku (Exciting) Forest on its premises and is promoting biodiversity initiatives together with the local community.

#### WAKO’s efforts

WAKO held “WAKO’s SDGs Month” from July to August 2023. Under the title of “Sustainable A ⇄ Z,” WAKO introduced its sustainable services and products, likening them to the 26 letters of the alphabet. In “C/Clean Energy,” the company introduced how it uses the renewable energy generated at the Namie Sakai No. 1 Solar Power Plant in the town of Namie, Fukushima Prefecture. In August 2023, WAKO achieved 100% renewable electricity across all its stores and offices. To commemorate this, the Wako Clock Tower was lit up with green lights from sunset to 10 PM during the period of this event. Also, in “N=Next Generation,” WAKO introduced how it has spent many years curating items that will be passed down to the next generation, and in “U=Upcycling,” how it creatively upcycles the leather offcuts generated in the production process of its original bags.



## Human Rights

Following the globalization of economic activities in recent years, the responsibility of companies to respect human rights has expanded even further. In addition to addressing issues such as long working hours and harassment directly coming from the companies themselves, companies are also expected to tackle a variety of human rights violations, including child labor and forced labor in overseas supply chains that indirectly promote or contribute to adverse impact.

In May 2022, the Group formulated the Seiko Group Human Rights Policy with the aim of fulfilling its responsibility to respect fundamental human rights in order to create “a future full of smiles,” as stated in our Group Purpose, and to realize our Corporate Philosophy of being “a company that is trusted by society.” The Human Rights Policy is based on the United Nations Guiding Principles on Business and Human Rights, and applies to all officers and employees of the Group. It stipulates that we will make every effort to ensure that our business activities do not infringe on the human rights of others, and if we discover any negative impact on human rights, we will immediately take steps to correct that situation.

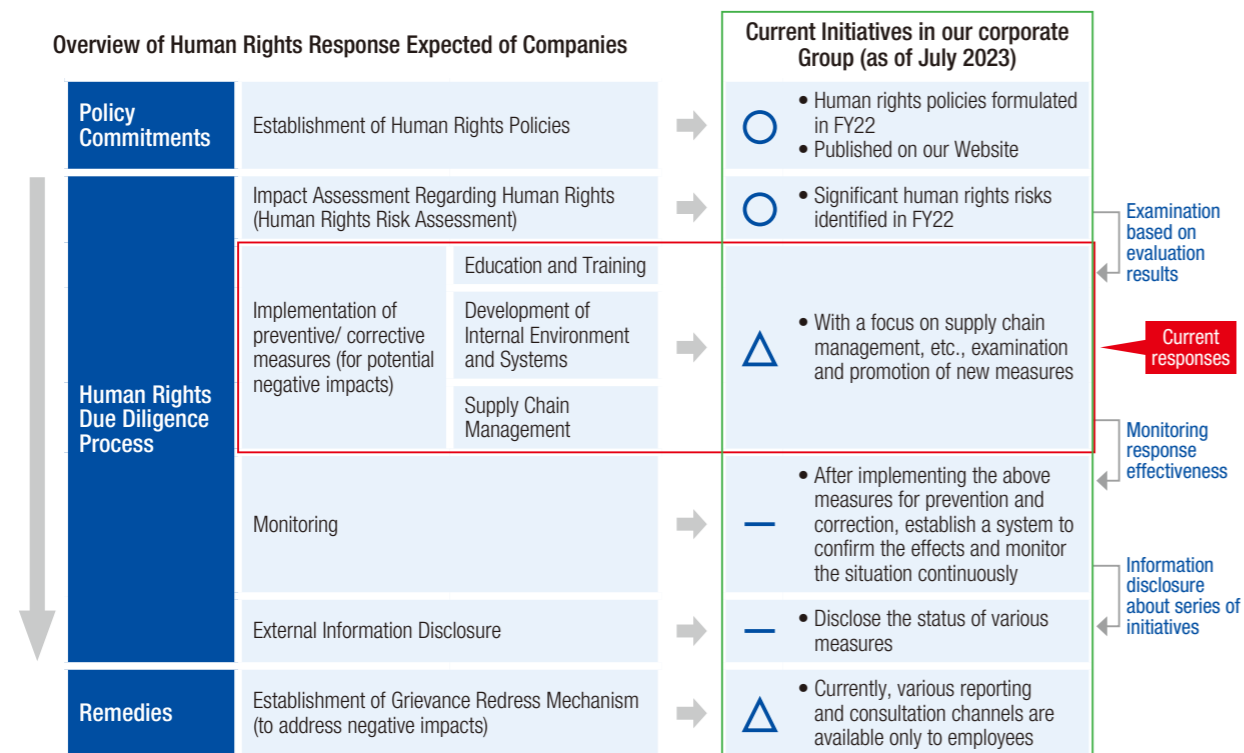


## Human Rights Due Diligence

In fiscal year 2022, we began creating and operating a human rights due diligence system based on the Seiko Group Human Rights Policy.

Human rights due diligence includes identifying, preventing, and mitigating any negative impacts on human rights that are related to our business activities, as well as taking corrective measures and disclosing our human rights initiatives to third parties. In fiscal year 2022, we conducted the Human Rights Risk Assessment (assessing impact on human rights) to identify particularly significant human rights risks that require special attention. We also established policies to prevent and to rectify these important human rights problems.

Going forward, we will not only continue to work to address these risks, but also actively advance human rights due diligence by monitoring improvements, disclosing information to third parties, and establishing a grievance redress mechanism.

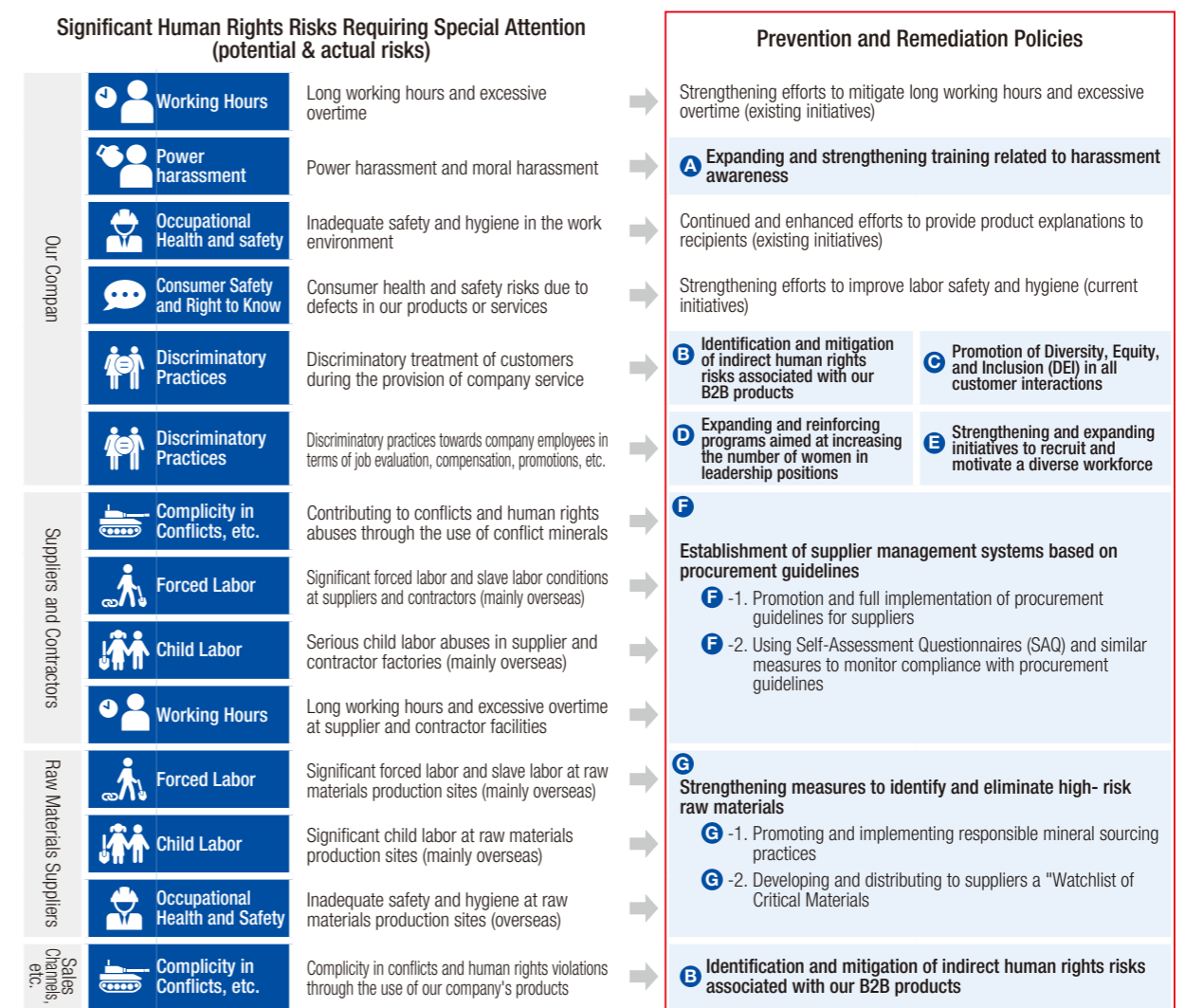


## Significant Human Rights Risks and Response Policies

Using our Human Rights Risk Assessment, in order to conduct an initial assessment of the significance of human rights issues that could occur in the Group's supply chain, we identified all the human rights risks (including potential and actual risks) that the Group should consider based on (1) the results of interviews and questionnaires to assess the risk perceptions of each operating company, (2) the issues pointed out by international organizations and NGOs, and (3) examples of risks that have materialized within the industry. After that, we identified 14 highly significant human rights risks that require special attention in terms of severity (severity of damage to human rights if risks materialize) and likelihood (likelihood of occurring within the Group), and established response policies for the prevention and remediation of each one. Among these, we are prioritizing responses to 7 significant human rights risks that require immediate preventive and corrective measures. At the same time, the Group conducts regular monitoring and reports on the progress of our efforts on our website.

We will continue to carry out the process of conducting human rights risk assessments, implementing preventive and corrective measures, monitoring our progress, and disclosing information to third parties.

In addition to existing measures, we have classified new initiatives for the prevention and/or correction of each significant risk



Specific response policies from **A** to **G**.  
[https://www.seiko.co.jp/en/csr/sustainability\\_policy/human\\_rights.html](https://www.seiko.co.jp/en/csr/sustainability_policy/human_rights.html)

# Human Resource Strategy

For working together as one Group toward our aim of becoming a solutions company, we drive innovation through boosting employee satisfaction. In order to do that, we actively work to develop human resources, improve diversity, build our organizational culture.

**Basic Policy** Build an organizational culture and systems that turn failure into value, with human resource development as a pillar of its growth strategy, by improving engagement and promoting diversity

Human resource strategy is one of the Group's core strategies. Our human resource strategy involves various initiatives centered on three priority themes: developing human resources who can navigate complex social issues to create new value; promoting diversity and inclusion to build an organization adapts to change; and improving employee engagement to maximize employee motivation and ability.

### Progress in fiscal year 2022

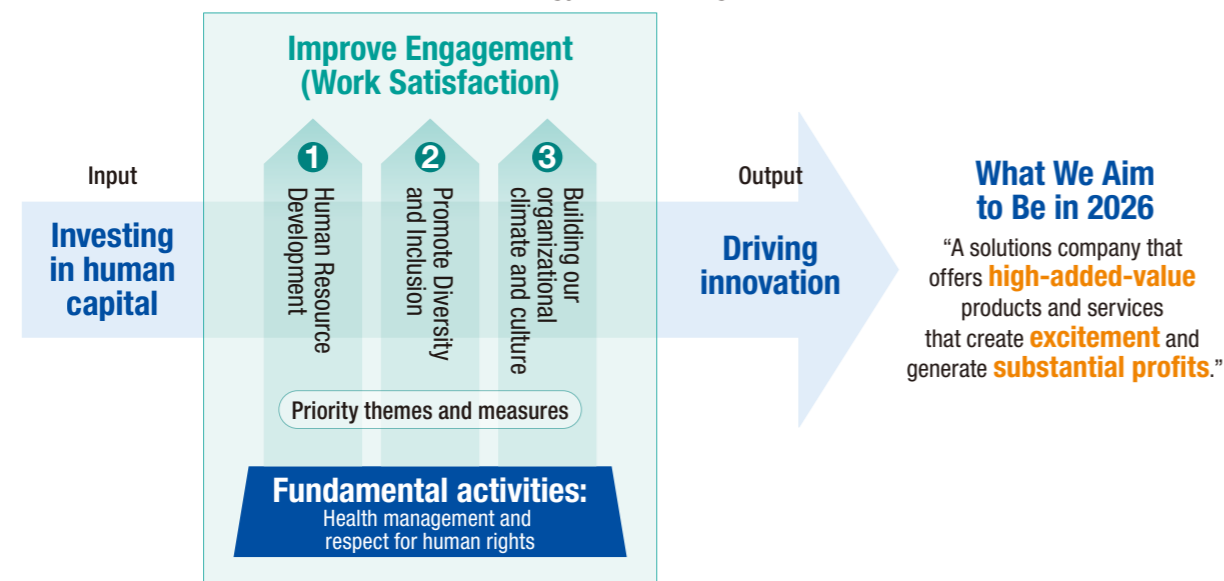
In fiscal year 2022, we formulated separate plans, aligned to our basic policy, for initiatives by the entire Group and by each operating company. When implementing each plan, we carried out an engagement survey on human resource issues. Assessing the current situation in this way allowed us to spot any gaps for improvement and act quickly to address those areas.

### Initiatives for fiscal year 2023

The engagement survey results indicated a need for reform of our organizational culture and for even stronger cooperation within and outside the Group, which are necessary conditions for driving new innovation. We also saw a need to support middle management, a core function of the organization that works to promote management plans. Based on these findings, we have newly added building our organizational climate and culture development as pillars of our human resource strategy, and have reflected these into our priority themes for this fiscal year and beyond.

We have positioned health management and respect for human rights, areas that we have been actively addressing in our activities so far, as the framework for our human resource strategy for a solutions company. We have reorganized our human resource strategy around these fundamental activities.

### ● Framework of our human resource strategy for realizing what we aim to be



Human resources are the most important asset underpinning the Group's value creation story. With this in mind, we will continue working to create a structure and environment that will allow Group employees to use their abilities to the full and achieve personal growth and self-realization.

### Priority themes ① : Human Resource Development

#### Digital Transformation (DX) skills enhancement program

Starting in fiscal year 2022, we launched a program aimed at raising the level of DX skills among all our employees in Japan. Following completion of a 10-hour fundamental course in the first year, this program will cover additional trends in the rapidly evolving DX field, with courses in data-driven and generative AI technologies from the second year onward. We are sequentially planning and implementing this program to strengthen our foundational digital transformation skills throughout the Group. We are also introducing practical programs that integrate digital with business to support the creation of new businesses. In doing so, we aim to develop human resources who can help accelerate our creation of new businesses.



A session of the DX Skills enhancement program fundamentals training

#### Initiatives for strengthening management skills

Since fiscal year 2021, we have been implementing a management skill training program for managers in the workplace. The program aims to equip managers with the skills they need to maximize the results of their team. Such skills are key to ensuring that each employee understands the team's objectives and goals and how they align with overall management and business plans. We also plan to introduce a program aimed at strengthening the communication and facilitation skills of managers. The aim is to enable them to draw out positive opinions and ideas from their subordinates, with a view to increasing employees' sense of ownership over their work.



A session of the management skills enhancement program

#### Developing human resources as potential candidates for senior management

To increase corporate value and achieve sustainable growth in a complex management environment, it is vital to systematically develop management human resources who can be responsible for the management of the Group and the promotion of each business. Going forward, we will work to build a system that systematically instills the literacy necessary for management while affording employees the type of experience that they would need in a senior management position.

### Actively investing in human capital to boost employee work satisfaction and together pursue the goal of becoming a solutions company

Through its history of pursuing the creation of new value, the Seiko Group has developed a wide range of businesses. Many of our employees throughout the Group bring advanced expertise in their fields, which they apply to their work. We believe that for the Group to work as one team to generate new innovations, such diverse employees need to be able to move beyond organizational barriers both physically and mentally. They need to be able to discuss their ideas freely and openly so that they can create new value without fear of failure.

To build a foundation and environment for such human resources to perform at their best, the Seiko Group will commit more than ever before to actively investing in human capital. This will include areas such as human resource development, organizational culture development, and diversity improvement. We will work to increase employee work satisfaction and create an environment where everyone works together toward our aim of becoming a solutions company.

Senior Vice President **Naoki Tajima**

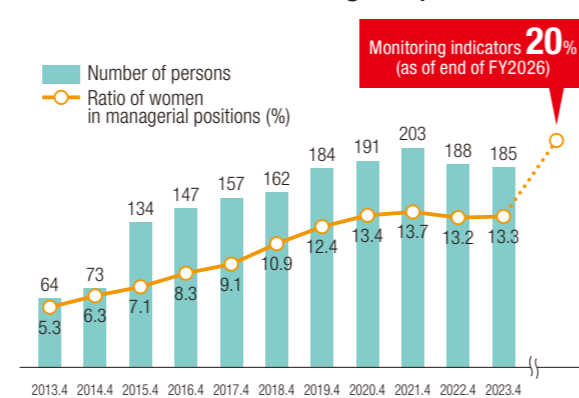


Priority themes ② : Promote Diversity and Inclusion

**Initiatives to support women's empowerment**

Since fiscal year 2013, the Group has been working to promote the empowerment of women in various ways including introducing various systems for improving the working environment and changing attitudes. We believe that it is important to reform the consciousness of all employees, not just women. That is why in our approach to promoting the advancement of women, we carry out educational programs that target all employees. In fiscal year 2023, in addition to the introduction of a staggered working hours system, we expanded our work from home system. As part of our educational program, we plan to conduct unconscious bias training and e-learning for all employees, including officers. We will continue working to create a working environment that supports female employees as they advance their careers.

● Ratio of women in managerial positions



**Efforts to support work-life balance**

The Group is also actively providing support for balancing work and childcare.

In fiscal year 2022, to encourage male employees to take childcare leave, we introduced paid childcare leave at birth. We also carried out various activities aimed at encouraging men to take childcare leave, such as communication from top management to Group employees and seminars on that theme. By promoting understanding among supervisors and colleagues, we are working to build a culture that supports a balance between work and childcare.

As a result of these efforts, the rate of men taking childcare leave in fiscal year 2022 was 46.7%, a year-on-year increase of 23.6%.



Childcare system guidebook

**Developing a system for work flexibility**

As values toward working styles diversify, it is more important than ever to build an environment and system that allows employees to work productively, whenever and wherever suits them best. That flexibility is key to enabling employees to have a strong sense of motivation and energy to their work. As well as introducing a work-from-home system that enables remote work, we piloted and introduced the use of shared offices, which enable efficient working. This also offers an opportunity for employees to interact with other professionals in a way that beyond the boundaries between companies.



A remote work meeting

**Recruiting and hiring employees with external experience**

Many of our more experienced employees are active in fields that require advanced knowledge, such as business creation and digital promotion. They apply diverse experience from outside the Company to creating new value. Many of these employees are appointed to management positions, with the result that the number of such employees involved in making important Company decisions has been growing year by year. We have also introduced a regular follow-up system to support employees after they join the Company. This creates a support system for enabling employees to quickly contribute while also aiding retention. To promote value creation that applies knowledge from inside and outside the Company, we will further work to ensure fair and impartial hiring based on individual merits, and promote the success of experienced hires.

Priority themes ③ : Building our organizational climate and culture

**Reforming our organizational culture throughout the Company**

Starting in fiscal year 2023, we launched the SWING Project for organizational culture reform. The aim of the project is to build the organizational culture needed for driving new innovation and further strengthening cooperation within and outside the Group. The name "SWING" is taken from the initials of the following words: Seiko (Seiko Group), Will, Identity, Natural, and Glory. It also captures the idea of swinging the organizational culture and climate (like a wave that shakes and changes it).

As a first step, we carried out measures for removing physical barriers. These included relaxing policy on office attire, abolishing positions and honorific titles within the Group, and building a new workplace that enlivens communication.

As part of building a new workplace that enlivens communication, we took onboard the opinions of employees at each Group company, introducing free addressing and refresh areas and abolishing private offices for officers.

We have also established opportunities for dialogue with senior management in an effort to help employees take more ownership of management and business strategies through direct dialogue with Group management executives.

Going forward, we will continue to develop initiatives that help build an organizational climate and culture of free and open communication across organizations and positions.



Lunch meeting with senior management



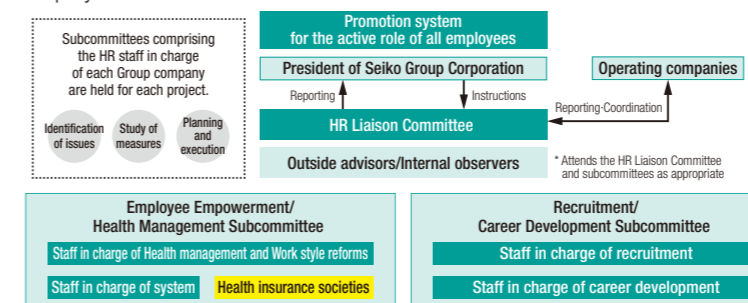
Introduction of standing spaces

Fundamental activities : Health management

The Seiko Group made the "Declaration of Health Management" in fiscal year 2019, and since then have been promoting initiatives for the health maintenance and improvement of all employees across the Group.

The Seiko Group has been recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large-Enterprise Category) for four consecutive years starting in fiscal year 2019. Five other Group companies have been the same recognition.

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



**Declaration of Health Management**

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

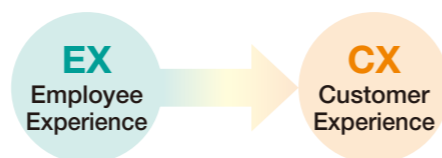
**Shuji Takahashi**  
President  
SEIKO GROUP CORPORATION

# Digital Transformation Strategy

We use digital technology to deliver products and services from the perspective of customers that provide a better customer experience (CX).

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

The Group believes that digital transformation (DX) consists of understanding customers' pains and gains and using digital technology to improve assets, both internal and external, to supply products and services with even better customer experience (CX). Enriching employee experience (EX) is vital to providing superior CX. Led by our basic policy, we are more dedicated than ever to digital technologies and data. We will thus focus our efforts on achieving what the Group aims to be in the following six areas.



### Areas related to our businesses

<p><b>B2C</b></p> <p>Promote OMO*1 measures to enrich customer experiences, and provide high-value-added products and services</p>	<p><b>B2B</b></p> <p>Further refine our customer-oriented sales activities and create new high-value-added services, while working to create a highly productive and flexible manufacturing system</p>	<p><b>Data driven</b></p> <p>Respond to the rapidly changing environment and continue to achieve sustainable growth by leveraging digital technology and data to refine our business processes</p>
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### Areas related to IT infrastructure

<p><b>Infrastructure/Security</b></p> <p>Operate our IT infrastructure stably and without interruption while enhancing its information security to take our IT operations to a higher level</p>	<p><b>Digitalization</b></p> <p>Improve productivity and review/revise our operation processes through the digitalization of business processes</p>	<p><b>Business systems</b></p> <p>Develop and upgrade core business systems to support the stable and uninterrupted operation of our IT systems</p>
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\*1 OMO : Online Merges with Offline

## Progress in fiscal year 2022

In fiscal year 2022, we made efforts to enhance the competitiveness of our businesses by developing our human resources and skills and utilizing digital technology as we work toward achieving what we aim to be in 2026. As one measure to achieve this goal, in our B2C business we aimed to integrate online and offline customer data and promote digital marketing based on this. In order to meet the growing demand in online sales channels, we also enhance our Boutique Online and other services. With regard to developing digitally skilled human resources, we have set the goal of fostering our corporate culture for developing of human resources that gain a further understanding of DX and carry out it as innovators. To this end, we have established the DX Lab as an initiative to enhance the basic skills and motivation of all employees to enable them to conduct DX on their own.

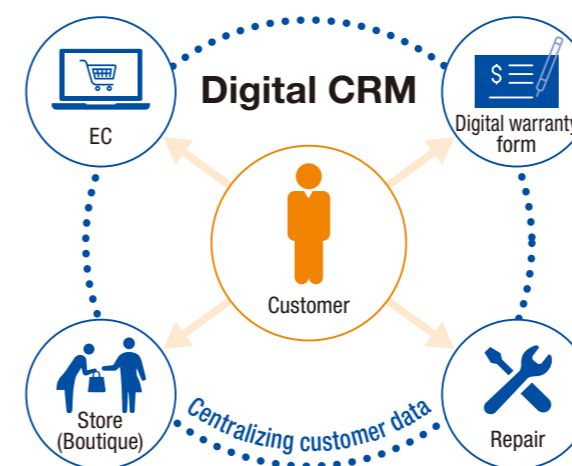
## Initiatives for fiscal year 2023

In fiscal year 2023, we will continue to carry out measures for our B2C business and develop digitally skilled human resources. In our B2C business, under the concept of strengthening relationships with target customers and improving the quality of our customer service based on centralized customer data, we will carry out measures to promote digital marketing, such as promoting digital CRM\*2 and strengthening customer management systems. Alongside the DX Lab, we are promoting DX Core initiatives, under which we are aiming to develop human resources that can engage in digital transformation on their own.

\*2 CRM : Customer Relationship Management

## Promotion of digital marketing by centralizing customer data

Each Group company is working to enhance their marketing activities by utilizing digital CRM to strengthen their relationships with target customers and improve the quality of their customer service.



Using a tablet to view customer purchase and other data at the store

In order to provide customers with better products and services, SEIKO WATCH CORPORATION is aiming to promote digital CRM by centralizing customer data, such as digitizing and registering warranty forms via QR codes in addition to regular sales data, making it possible to update the database immediately. In fiscal year 2023, we will continue to strengthen our Boutique Online, an online sales channel, and enhance our use of accumulated data to provide a better customer experience.

By using a unified customer data platform that integrates online and offline customer data, WAKO Co., Ltd. has deepened its understanding of customers through OMO measures, such as sending direct messages (eDMs) to target customers and sending questionnaires to customers that have purchased products, then analyzing their responses collected. WAKO is also working to provide services tailored to individual customers and products to be purchased, and to increase opportunities to approach customers, such as enabling sales personnel to view customer information on tablets at stores.

## Developing innovative human resources through DX Core

The creation of new businesses using digital technology is becoming increasingly important. In fiscal year 2022, we conducted "DX Lab" training for all Group employees in Japan to improve their basic DX skills and motivation.

In fiscal year 2023, we will also conduct "DX Core" training to create new businesses based on actual experiences rather than classroom lectures, as we work to create new businesses that leverage Group synergies and digital technologies. Going forward, we will strive to develop innovative human resources and create new businesses while further strengthening our partnerships with third parties.



# R&D Strategy

We aim to be a solution company that inspire people and society through the development of high-added-value products.

## Basic Policy

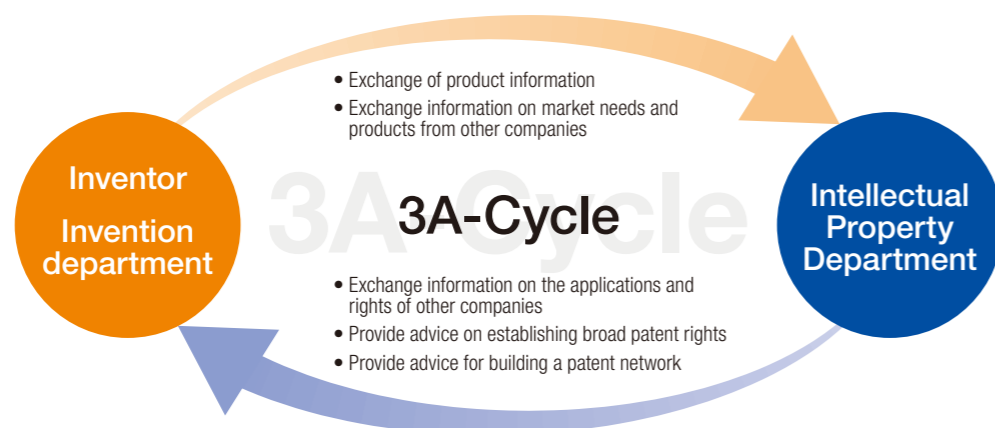
Further evolve its technology and create new value by combining its long-cultivated technological philosophy of “Craftsmanship, Miniaturization, and Efficiency” with digital technology

Under the basic policy of our R&D strategy set forth in SMILE145, we will establish product development and production technologies as a solutions company. We will strive to develop high-added-value products and services that create excitement and generate substantial profits, as well as technology that will contribute to growth in the Society 5.0 field. To this end, we will strengthen cooperation with the planning divisions of each operating company to promote the MVP strategies of each business domain. In addition, to remain a sustainable company together with society, we are actively working to reduce the environmental impact of our operations by conserving resources and manpower, a strength of the Group, as well as by streamlining and improving the efficiency of our processes.

## Group intellectual property activities

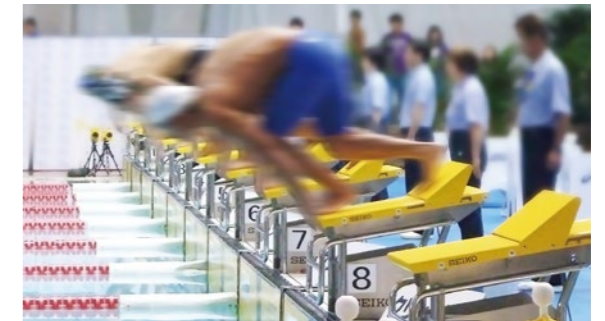
Led by our Statement of Purpose, as a solutions company, the Group promotes intellectual property (IP) activities based on the idea that our creative IP activities support innovation and business activities, which in turn contribute to the sustainable growth of society. With the aim of ensuring the acquisition of IP rights that support the sustainable growth of our business and minimizing business risks, we are working to prevent and resolve disputes, thoroughly review IP contracts, and strengthen the protection of our products.

Close cooperation with the invention department and the inventors is vital in ensuring a company can acquire IP rights that contribute to their business. To this end, the Group works closely with inventors to examine the true technical effects of the invention at the patent application stage. At the acquisition stage, the Group thoroughly examines multiple means of obtaining rights from both legal and technical standpoints, and decides on the most optimal plan. Then, at the final stage we review the specifications of our product, market needs, and trends of other companies, after which we establish a patent network that protects our product on multiple fronts. As a result of these efforts and a thorough investigation of prior art, the Seiko Group’s average patent allowance rate has remained above 90%, compared with the national average of 75.9% (for fiscal year 2022; as announced by the Japan Patent Office). In order to support the execution of the Mid-term Management Plan, SMILE145, by means of our IP strategy, from fiscal year 2022 we started “3A-Cycle” (Analysis, Assistance, Acceleration) activities. We first analyze information collected from the market and the invention department together with IP information. We then assist said department with research to ensure sustainable product development, and with the establishment of IP rights to enhance the product’s market superiority and added value. Finally, we strengthen cooperation between the department and our Intellectual Property Department to accelerate business activities. In order to protect Group MVP products and realize sustainable development, we will strive to thoroughly conduct patent searches. In order to strengthen MVP products, we will also work to build a comprehensive patent network to increase added value, and to obtain patent rights for peripheral technologies and future use.



## The timing technology Seiko is working towards

Seiko is working on the development of timing and measurement technologies and result display equipment for various sports, with a focus on sports events such as track and field, swimming, and alpine skiing where results can vary by as little as one hundredth of a second. One of our key objectives is to contribute to the promotion of sports.



The rules of a sport are often changed to make the sport more interesting, to aim for higher technical levels, or to improve the safety of athletes. Seiko makes sure to always understand the latest rules and applies them in our product development in order to provide accurate and fair results regardless of any rule changes. There have recently been major rule changes in sports such as artistic swimming and water polo.

We are carrying out development activities even if a sport’s rules haven’t changed with the aim of popularizing said sport. Efforts on this front include developing technologies that can contribute to the breaking of a sport’s record, and enabling athletes to enjoy competing in an atmosphere produced by top-level timing and measurement technology and result display. Our past achievements include the development of communication technology that can accurately measure individual records in units of 5 kilometers for civil marathons with over 30,000 runners, a camera that rectifies the image distortion caused by refraction in and above the water, and more recently, our Jump Management System (JMS), an image measurement device developed for the measurement of long and triple jumps. JMS captures and measures the images of take-off and landing moments. By combining the latest camera technology with data recognition technology, we made it possible to capture these moments instantly. In addition to being able to determine whether a take-off is a foul with greater accuracy than ever before, athletes can quickly check their take-off point and make adjustments to their starting point for the next jump, thereby helping them to achieve a good result. Moreover, by helping the competition move at a smooth pace, we help athletes maintain their rhythm and thus contribute to the prevention of injuries.

Seiko aims to provide timing solutions that support the operation of major sporting competitions and the activities and development of athletes, and also contribute to expanding the size of the athlete population through timing and measurement, and result display.

**Jump Management System**

A high-speed camera installed on the extended line of take-off line detects the moment of an athlete’s take-off using Seiko’s proprietary algorithm, and measures whether the jump is valid or a foul. If the jump is valid, a lamp installed next to the take-off board flashes green; if invalid, the lamp flashes red.

Photo by Naoya Ochiai

Images of the take-off are displayed on a monitor

photo by afro sport

If the lamp is green, the attempt is successful. If red, it is a foul.

# Branding Strategy

Through a branding strategy that emphasizes social value, technical value, and emotional value, we aim to create the Seiko brand that inspires our customers and delivers smiles to them.

## Basic Policy

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

Seiko's contributions to the world are not limited to products, services, and technology. Over our long history, we have created immense value for society through the reliable technologies we have built up and the products and services that have inspired people. Going forward, in our branding activities, we will place greater emphasis on the social value that Seiko creates through technical value and emotional value, so that we can continue to deliver smiles to people around the world.

## Three axes of value that support Seiko's branding strategy

Technical value

A brand that stays one step ahead of the rest through technology, while innovating and tirelessly taking on new challenges

Social value

A brand that contributes to a sustainable society

**Well-being**  
A better life

**Inclusion**  
For all people

**Trust**  
Certainty and Trust

**Harmony**  
Harmony with the Earth

Emotional value

A brand that offers excitement and smiles to people around the world through emotional value

### Progress in fiscal year 2022

In the first year of the Mid-Term Management Plan, we took on the challenge of strengthening initiatives with a particular focus on embodying the Group Purpose. Specifically, instead of sticking to increasing the exposure of our brand logo, we promoted unique branding activities such as sports and music activities that offer excitement and bring smiles to people's faces, and spreading information using Seiko House Ginza.

### Initiatives for fiscal year 2023

We believe a key task going forward is enhancing the ability to communicate our branding activities. After overcoming the COVID-19 pandemic, sports and music events are being resumed around the world without infection control measures or restrictions. We plan to further enhance our own in-person events with a focus on offering excitement and creating smiles. We are also aiming to increase our brand value and realize SMILE145 by garnering recognition for our activities and gaining trust and empathy from as many people as possible around the world. To this end, we will put more power into promoting ourselves globally and in new ways through Seiko House Ginza.

## Main Initiatives

### Branding for delivery of excitement to people all over the world through sports

We continue to serve as the official timer of the World Athletics Championships since 1987. At our 18th edition of said Championships, held in Budapest, Hungary, we introduced our Triple Jump Phase Measurement System, new equipment born from Seiko's innovation, to provide a new way to enjoy watching sports. We also invited local elementary school athletes to the venue and held sports classes by Seiko Smile Ambassador Chisato Fukushima. We also served as the official sponsor of the Japan national team for the first time at this championship, and encouraged the success of the Japanese athletes participating in the tournament. We will continue to deliver smiles and exciting moments to the world through accurate timing and measurement.



### Developing the next generation around the world

Our Exciting School program, a next-generation development program that aims to create a future full of smiles through authentic experiences that only Seiko can deliver, is now in its sixth year. The number of participants is also increasing year by year. In 2023, we held our first overseas Time & Timepieces School class in Taiwan. The event was a fun way for about 200 children to learn about time and watches. The school program also offers classes on sports, music, and the environment, and promotes brand value improvement while also conducting CSR activities through learning.



### Reconstruction support for "Connecting with Smiles" to the next generation

In March 2023, we held the 42nd Sound of "Wa" Concert to Support Eastern Japan. In order to keep memories of the Great East Japan Earthquake from fading and pass them on to the next generation, we continue to hold concerts even 12 years since the disaster. The theme for 2023 is "Connecting with Smiles." Japanese actor NON and Ukrainian soprano opera singer Oksana Stepanyuk participated for the first time and livened up the venue. In 2024, we plan to hold the concert on March 10 at the Tokyo International Forum, and will continue our own efforts to support the reconstruction of Tohoku down the line.



Sound of "Wa"  
Concert to Support Eastern Japan



### Promoting the charm of Japanese culture from Ginza

The Group has always infused Japan's unique aesthetic sense into the designs of its watches and other products. In 2023, we launched the Time and Japanese Culture Project to rediscover and promote the appeal of Japanese culture. As the first step in this project, we presented a special exhibition, a collection of costumes belonging to the highly esteemed kabuki actor Tamasaburo Bando. Going forward, we will continue to host events at Seiko House Ginza on Japanese traditional culture, craftsmanship, art, and more, to provide opportunities for many people to experience the charms of Japanese culture.

### Time and Japanese Culture Project



Photo: Naoya Ochiai