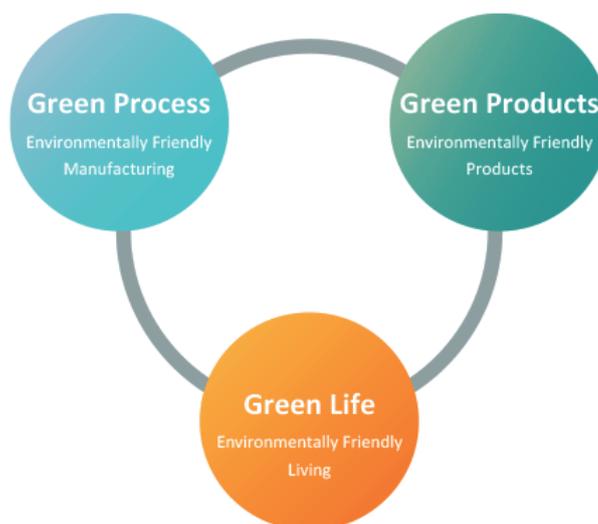


# Green Plan and Environmental Policy

## SII Green Plan Concept

The SII Group has formulated the Green Plan based on the "Three Green" concept of "Green Process, Green Products, and Green Life," under which the company practices environmentally conscious management.



## SII Group Environmental Policy

SII had previously established an environmental policy for the SII Group, but when the Environmental Policy of its parent company, Seiko Holdings Corporation (now Seiko Group Corporation), was revised in November 2021, SII decided to comply with Seiko Holdings Corporation's Environmental Policy.

### Environmental Policy

The Seiko Group recognizes that the preservation of the global environment is one of the most important issues in the world today. We will constantly strive to help realize a sustainable society that will benefit everyone.

1. We are committed to a wide range of environmentally responsible activities, and we will continue to make unceasing efforts to improve our environmental performance, thereby providing increased value for all our stakeholders.
2. We not only comply with all relevant laws and regulations, but also go far beyond legal compliance in our efforts to reduce environmental risks and prevent pollution.
3. Being acutely aware of the part we have to play in mitigating climate change, we are working hard to reduce greenhouse gas emissions.
4. Because we recognize the limits of our precious natural resources, we are increasing our efforts to reuse and recycle every resource possible.
5. We are also working to preserve biodiversity, recognizing that our business activities inevitably affect surrounding ecosystems, and that we also benefit from the health and diversity of those systems.
6. We rigorously ensure proper management of all chemical substances used in production as well as any that are contained in our finished products.
7. We consider the environment throughout the entire life cycle of our products. We are proud that our products and services actively contribute to environmental conservation.
8. Environmental responsibility starts as a management imperative, but to effectively carry out that mission requires the understanding and cooperation of every employee throughout our Group. With that in mind, we are working to raise everyone's environmental awareness so that all of us can work together to protect and nurture our natural environment.
9. Transparency is another part of our social responsibility. We are therefore promoting active disclosure of material information about our environmental activities and promoting increased communication with local, regional, and global stakeholders.
10. In order to derive maximum benefits from these policies, we establish clear environmental targets and strategies to attain them. Then we steadily improve our efforts by constantly re-examining both our targets and our progress towards achieving them.

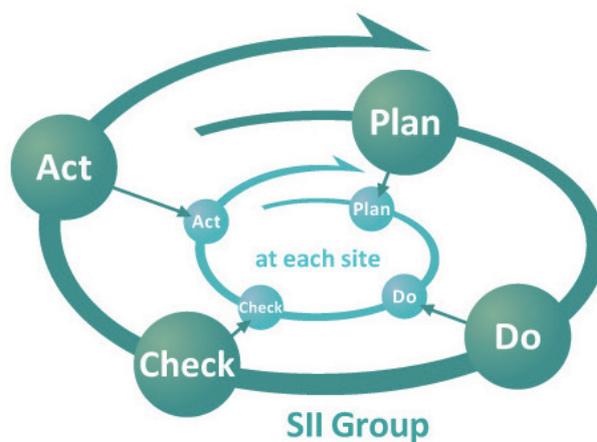
# Environmental Management System

## Environmental Management System

We established the environmental management systems in compliance with ISO 14001 at each site and throughout the Group. The Plan-Do-Check-Act cycle has been steadily implemented to improve our environmental performance.

Our mid-term and annual goals are established based on the "SII Group Environmental Policy," and pursued by the environmental management system at each site.

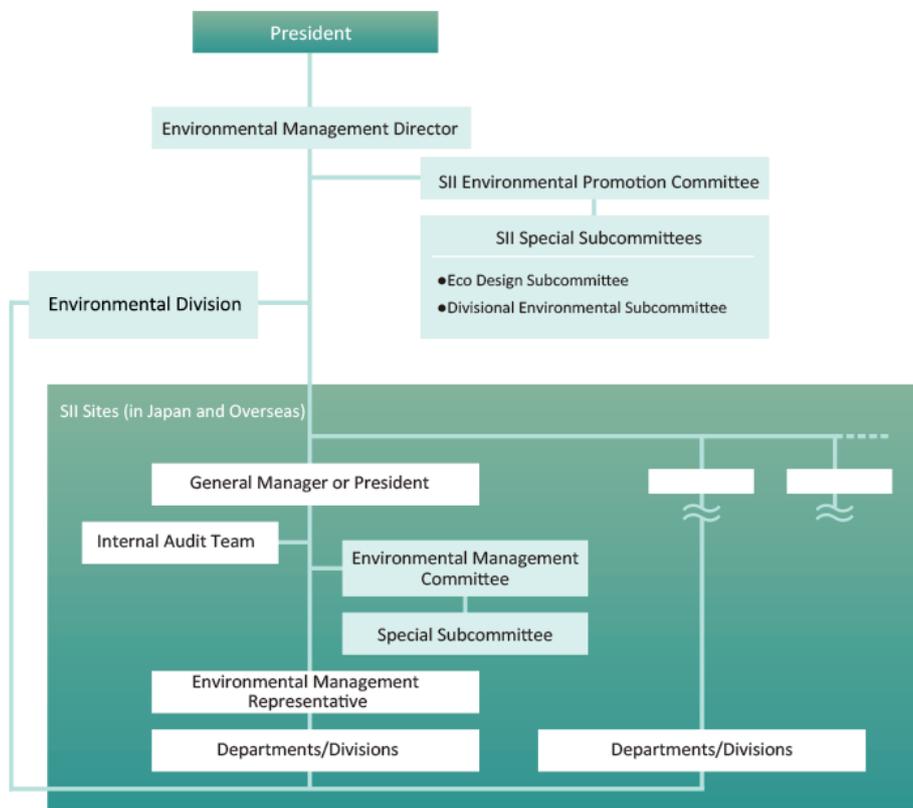
The Environmental Division at the head office operates the entire SII Group environmental management system and achievements of each site are reported on a regular basis.



## Environmental Management Framework

SII established the environmental management system consisting of the SII President as well as the Environmental Management Director serving as a chief executive. Having two organizational structures on a unit and divisional basis, the Environmental Division at the head office cooperates with each unit and division and takes a leading part in addressing their issues.

The SII Environmental Promotion Committee deliberates on the SII Group's mid-term plans, reports on activities from each site



and exchanges information, and confirms the steady promotion of environmental activities throughout the Group.

The FY 2022 committee meeting was held as scheduled using the web conferencing tool as in FY 2021.

# Eco-friendly Products that Contribute to Environmental Conservation

## Evolution of Green Products —Eco-friendly Products that Contribute to Environmental Conservation—

The basic concept of SII environmental management is the "Three Green" concept: Green Process, Green Products, and Green Life.

Among these, Green Products (in other words, creating eco-friendly products that can contribute to environmental conservation) are a manufacturer’s mission. We keep evolving based on the SII’s technological philosophy of "SYO" ism.

**SII Green Products**

SII introduced the SII Green Product Label System in December 2001 and the SII High Grade Green Product Label System in October 2006, which have ensured the Improvement of environmental performance of our own products.

**Green Products plus**

In addition to improving the environmental performance of our own products, the concept of "improving the environmental performance of our clients’ products in which SII devices or components are incorporated" and "contributing to conserving the environment we all share" is called "Green Products plus," and we have been focusing on developing the products and services.

**Expansion of Scope**  
— Software and Services—

In addition to hardware products such as equipment and components, the scope of the SII Green Products certification system has been expanded to include software and services.



## Climate Change

In order to achieve a decarbonized society, companies have an increasingly important role and responsibility to play. At the same time, the risks to business due to climate change, such as the frequent occurrence of natural disasters, have been increasing year by year.

SII has been striving to reduce greenhouse gas emissions through all of our business activities, including energy-saving activities at our manufacturing sites as well as the products and services our subsidiaries and affiliates provide. While continuing these activities, we will further strengthen our efforts toward decarbonization by introducing renewable energy and other measures.

### FY 2022 Overview

While SII was able to reduce energy consumption at domestic production sites through these initiatives in FY 2022, greenhouse gas emissions increased slightly, such as fluorocarbons. SII greatly reduced greenhouse gas emissions at overseas production sites. This was due to the expansion of renewable energy use and a reduction in production.

### Greenhouse Gas Emissions by Scope [Total of sites in and outside Japan]

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Scope1	4,012	4,057	3,636	4,166	4,063
Scope2	87,253	86,115	55,235	56,479	52,583
<b>Total</b>	<b>91,264</b>	<b>90,172</b>	<b>58,872</b>	<b>60,645</b>	<b>56,646</b>

\*There are some items that do not add up to the total due to fractional processing.

## Resource Circulation

For manufacturers who use resources to provide products and services, resource recycling is an important management issue, and the responsibility to form a “recycling-oriented society” is becoming more and more important.

SII uses many resources such as mineral resources, plastics, and biological resources like wood and paper as materials for products, and chemical substances and water resources in the production process. We strive to make effective use of resources and reduce waste not only in manufacturing and sales, but also throughout the entire life cycle of our products, from raw material extraction to disposal and recycling.

We strive to thoroughly implement waste reduction by extending the service life of products and making them smaller and lighter, and recycling by using recycled materials and recycling resources.

### Waste

#### FY 2022 Overview

In FY 2022 as well, SII worked hard on a stable resource cycle based on the 3Rs, for example, by improving the number of items acquired from materials, downsizing products, and reusing cleaning agents.

The amount of waste generated at domestic sites was roughly the same as the preceding fiscal year. At domestic sites, roughly 80% of waste is general waste, sludge, waste plastic, and scrap metal. At overseas sites, scrap metal was reduced due to a reduction in production, and the amount of waste generated was reduced by 8%.

### Water Use

#### FY 2022 Overview

Recognizing that water is a precious natural capital, SII is working on the 3Rs of water resources. In addition to reducing water consumption itself, we are also working to recycle water used in the manufacturing process.

In FY 2022, we reduced water consumption by 7% at sites in Japan and by 10% at overseas sites compared to the previous year.

## Conservation of Biodiversity

The SII Group's business activities depend, to some extent, on ecosystem services. We consider biodiversity conservation to be a key issue of environmental management that needs to be addressed in our daily business activities.

SII established a Biodiversity Action Agenda in April 2011 to specifically work on the conservation of biodiversity. Each site is promoting biodiversity activities tailored to the characteristics of the sites, such as biodiversity-conscious land use, planting activities, and collaboration with stakeholders, with the aim of realizing a “society in harmony with nature.”

### FY 2022 Overview

SII's goal is to contribute to the realization of a society in harmony with nature—a place of business in harmony with living things. SII works hard from the point of views of attention to biodiversity at the plant grounds, attention to biodiversity with products, and coordination with stakeholders.

In FY 2022 as well, SII worked hard on considerations for biodiversity at the plant grounds based on the SII Group Land-use Guidelines on the Conservation of Biodiversity. SII made progress with the visualization and understanding of biodiversity, for example, by surveying the creatures living on the grounds and sharing these survey results in-house. SII continually worked on product considerations based on the green product system. For the coordination with stakeholders as well, SII also worked hard to nurture Japanese white pine .

### Assessment of Land Use

#### Greening Activities and Flower Bedding

At the two factories of Seiko Instruments (Thailand) Ltd., a total of 320 trees were planted as part of greening activities for the factory grounds. The employees themselves planted five types of seedlings, with an emphasis on *dalbergia cochinchinensis*. SII will watch the growth of the trees attentively as it promotes greening in the future. Furthermore, these activities are intended to contribute to a reduction in greenhouse gases through the CO<sub>2</sub> absorption of the trees.



## Chemical Substances Control

It is an important responsibility for companies to not only correctly and safely control chemical substances, which can cause environmental pollution and accidents, but to take measures to reduce their environmental impact by reducing their use and substituting safer chemical substances. Each SII site that uses chemical substances conducts appropriate control and reduction activities as well as ongoing education and training on chemical substance control.

### FY 2022 Overview

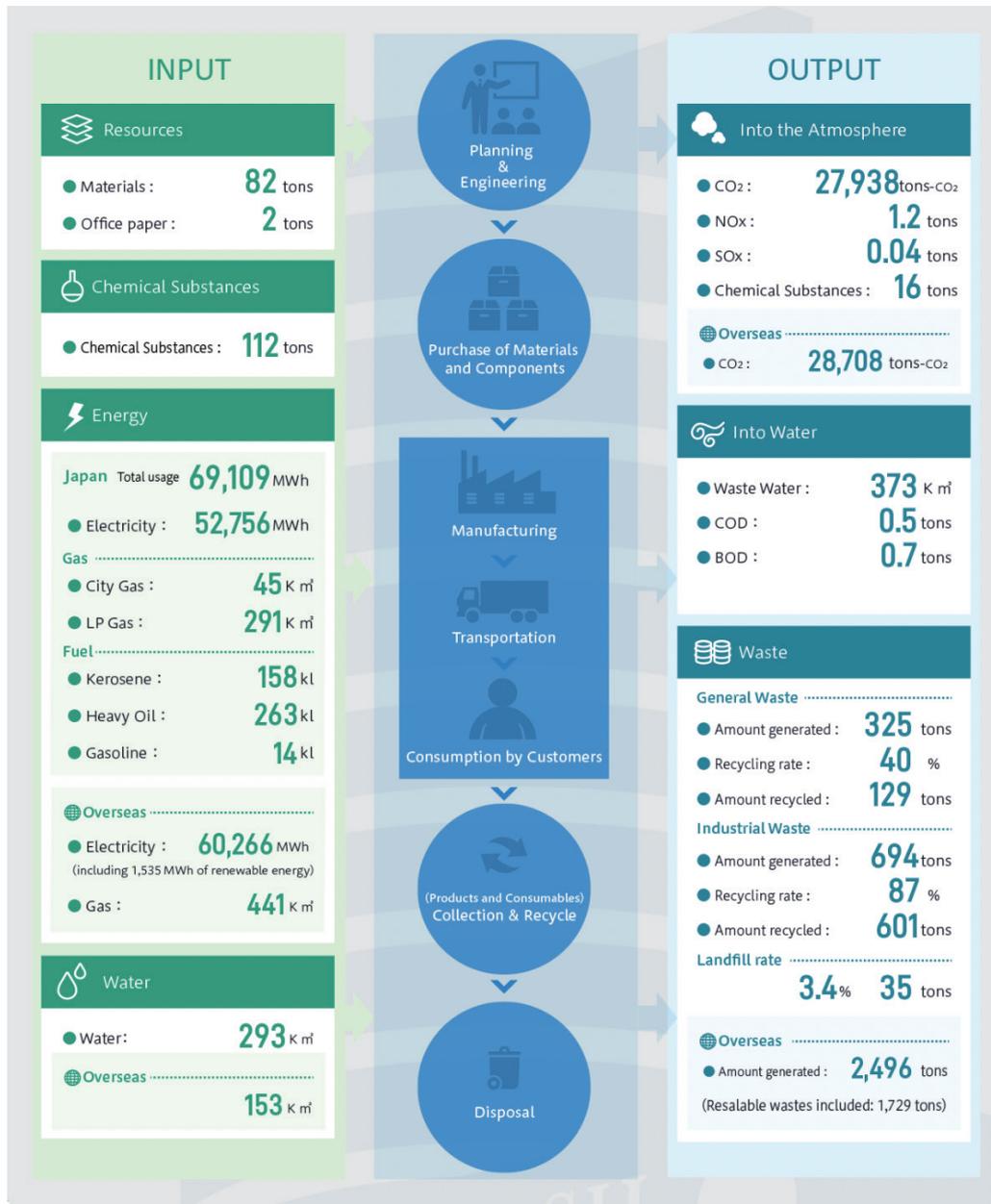
The FY 2022 total emission of chemical substances subject to control in manufacturing process<sup>\*1</sup> was 16.3 tons, which was approximately 7.8 tons less than the total for FY 2021. The amount of PRTR<sup>\*2</sup> substances handled was 49.1 tons, which was 13.5 tons less than the amount for FY 2021. The increase is largely due to increased production.

<sup>\*1</sup> Of the chemical substances used in manufacturing processes, in addition to substances subject to the PRTR system, each domestic SII site aims to manage a reduction in the emission amounts of self-managed substances independently specified by SII (23 substances) and volatile organic compounds (VOCs)(100 substances).

<sup>\*2</sup> PRTR (Pollutant Release and Transfer Register): This system is designed to assess, gather, and disclose data on the volume of chemical materials handled, amounts released into the environment, and volumes transferred in waste materials to points outside the site locations. Companies collect data on the relevant substances and report them to the appropriate government agency once a year.

# Business Activities and Environmental Impact

The SII Group believes that understanding environmental impact properly throughout the product life cycle is the basic practice of environmental activities. The overview of FY 2022 environmental impact is explained below.



INPUT	
Packaging:	Plastics and paper to be recycled according to the Law for Promotion of Sorted
Office Paper:	Paper for printers and copiers
Chemical Substances:	PRTR hazardous chemical substances, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> and VOC
Electricity:	Power purchased from electric companies
Gas:	City gas and LP gas
Fuel:	Kerosene and heavy oil
Water:	Tap water, industrial water and groundwater

OUTPUT	
CO <sub>2</sub> :	Japan: Includes CO <sub>2</sub> emissions from energy and HFC emissions from CFC leakage. No emissions of HFCs, PFCs, SF <sub>6</sub> , and NF <sub>3</sub> in the manufacturing process, although these are subject to control. Overseas: Does not include CO <sub>2</sub> emissions from energy and greenhouse gas emissions other than CO <sub>2</sub> emissions from energy. (Not subject to control)
NOx:	From use of gas and oil
SOx:	From use of oil *NOx and Sox figures represent business units installing soot and smoke emitting facilities which are regulated by the Air Pollution Control Law.
Chemical Substances:	PRTR hazardous chemical substances, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> and VOC discharged into the atmosphere and water
Waste Water:	Released into rivers and sewer systems
COD (Chemical Oxygen Demand):	Pollution load *Limited to the business units subject to the regulations in the Water Pollution Control Law covering the total pollution amount
BOD (Biochemical Oxygen Demand):	Pollution load *Limited to the business units installing specified facilities as prescribed by the Water Pollution Control Law
General Waste:	Paper and food wastes generated by or as a result of industrial operations
Industrial Waste:	Waste oil, acid, alkali, plastics, ash, sludge, and other materials generated by or as a result of industrial operations
Final Landfill Rate:	The ratio of the landfill amount to the total waste amount