

Quality Control and Product Safety

Our Concepts and SII Group Basic Quality Policy

SII deploys a wide range of quality assurance activities across the board from customers' viewpoints to ensure that our customers use our products safely with a sense of security.

"Improve the Quality, Cost, Delivery and Safety of our Products and Services to create increased value for customers."

This is the SII Group Basic Quality Policy, which incorporates our strong commitment to achieve customer satisfaction with our product quality as well as meeting high standard of cost, delivery and product safety.

We have established a quality assurance promotion system to embody the policy and have been taking the following basic measures.

1. Comply with each country's engineering laws, regulations and a wide variety of specifications
2. Establish a system and develop human resources to ensure product quality and safety in the development and design phases
3. Share information of product quality and safety

Quality Assurance that Establishes Security and Reliability

The SII basic concept of product safety is "to improve customers' trust by providing safe products and services." Based on this concept, we continue to provide the Products Safety Education to raise product safety awareness and cultivate engineers with safety knowledge.

We also established the Product Safety Network within the SII Group. For all the SII products, it conducts regular inspections of compliance with laws and regulations concerning product and technical safety, and verifies product safety and appropriateness according to each country's laws and regulations.

In case of accidents due to SII products, we report to the senior management within ten minutes, as well as attempt to promptly solve the problem and prevent the recurrence of accidents. After these actions, we share the information throughout the entire Group and deploy activities horizontally.

Communication with Customers

SII Customer Service Center

SII Customer Service Center is committed to providing prompt, accurate and sincere responses to customer inquiries.

Our customers' opinions, requests and complaints are communicated to the relevant divisions, and are used effectively for product and service quality improvement.

In addition, we focus on improving the quality of our after-sales service to attain the higher level of customer satisfaction through product consultation service as well as repair and supply services.

Disclosure of Product Safety and Quality Information

We strive to minimize our customers' disadvantages by promptly and precisely providing SII products' safety, accidents, and important quality information.

Support for Employee Development

Respect for Human Rights

In the SII Group Charter of Corporate Behavior, "Article 3: Human rights and human resource development" states as follows.

- We respect the diversity and the human rights of all our employees and seek to achieve safe, comfortable working conditions. We facilitate and support the advancement and growth of each employee and endeavor to ensure all employees the fair evaluation and treatment. We respect the human rights and individuality of all stakeholders in our business activities.
- We strive to develop a creative, professional human resources characterized by a strong ethical sense.
- We have been trying to ensure that the Charter is thoroughly implemented within SII Group companies.

Including our affiliated companies outside Japan, we have taken steps to further clarify the Basic Policies of Human Rights, reflecting the various cultures and customs of each region. We have thoroughly instructed our personnel to make sure that all actions pertaining to stakeholders are conducted in the spirit of the message of these Basic Policies of Human Rights.

Support for Career Development

SII is focusing on developing independent and self-responsible human resources who can establish their own careers and missions.

An "in-house recruitment system," a "free-agency system," and an "open study abroad system" were established to respect each employee's goals and to support expansion of the range of career choices available to them.

Work/Life Balance

In Japan, SII has established and been continually enhancing a variety of systems which support every employee in balancing their careers and family lives so that they can fully exercise their abilities. Notably, our elderly nursing care leave system ensures employees to take 3 years leave for each family member.

In regard to our hourly leave system, from April 2017 we switched from the conventional two-hour unit to a one-hour unit, enabling greater flexibility. Furthermore, in May 2019 we implemented a time-shift system for work hours.

Status of Utilization of the Systems (Japan)

System	FY2014	FY2015	FY2016	FY2017	FY2018
Childcare leave	26	33	22	18	21
Short-hours work for childcare	29	35	38	27	24
Elderly nursing care leave	0	0	0	0	0
Short-hours work for elderly nursing care	0	0	1	1	1

Safety and Health

Concept of Occupational Safety and Health

SII believes that the basis of a healthy company is formed by maintaining a safe and healthy work environment as well as all the employees' physical and mental well-being.

Based on the "SII Group Occupational Safety and Health Policy" established in 2008, all the SII Group sites work on the prevention of plant and industrial accidents as well as pursue the high safety level to create a comfortable workplace.

Purchasing Activities with Fairness and Integrity

Our Concept of CSR in Supply Chain

Cooperation from our suppliers is essential for SII to fulfill our social responsibilities. The SII Group Purchasing Policy stipulates "Enhancing our partnerships with suppliers," and we seek to improve the level of CSR together with our suppliers based on fair and honest transactions.

Purchasing Policy

SII develops our purchasing activities based on the following Purchasing Policy.

Purchasing Policy

1. Pursuing minimum costs.
2. CSR
 - a) Strengthening compliance.
 - b) Promoting Green Purchasing.
 - c) Risk management
3. Enhancing the partnership with suppliers.
4. Reforming and reinforcing our purchasing function and items listed above.

Supplier Certification System

SII uses the Supplier Certification Criteria to select fair business partners and build the CSR framework based on the purchasing supply chain.

SII Group Supplier Certification Criteria

- Existing framework to conduct fair and honest business, respect human dignity and achieve coexistence with society
- Stable business condition
- Environmental management system
- Management system for quality and risk management

We reviewed our Supplier Certification System in FY 2015, and have taken action for the CSR requirements and have entrenched the smooth assessment.

Conflict Minerals Policy

SII recognizes conflict minerals as being a critical international issue that supports the financing of organizations engaged in human rights violations and/or injustices committed in the Democratic Republic of Congo and adjoining countries. In March 2012, the "SII Group Conflict Minerals Policy" was established, and we ask our suppliers for their cooperation in prohibiting the use of any conflict minerals.

With Regions and Society

Academic and Technical Advancements

Foundation Advanced Technology Institute

SII contributes to technical advancements as a social contribution through donation and operational support to Foundation Advanced Technology Institute (ATI). As well as bringing together unique and talented researchers and providing opportunities for discussions and exchanges across their respective professional fields, ATI's purpose is also to contribute to the academic and technical development of the next generation in various ways, including providing aid to young researchers. In June 2018, SII received the Medal with Dark Blue Ribbon for contributions to the public interest by way of our contributions to ATI.

Mechanical Watch Seminar

Morioka Seiko Instruments Inc. sponsors a seminar that provides the public with an opportunity to participate in a hands-on mechanical watch assembly workshop. This seminar was launched in 2007 with hopes of increasing interests in watches and inspiring more mechanical watch enthusiasts. A total of 212 people have joined the seminar up to now. The 12th seminar was held in FY 2018 and 15 participants experienced and enjoyed disassembling and assembling mechanical watches.



Environmental Activities

Tree-planting initiative –Seiko Instruments Forest–

In August 2014, the MakuHari Unit entered into the Cooperative Forest Agreement with the Chiba prefectural government, and is currently carrying out the planting of black pine trees in the Seiko Instruments Forest located along Kujūkuri Beach in Chiba. Working as volunteers, company personnel planted 300 black pine trees in March 2015 and another 170 in March 2017, and SII has commissioned the Chiba Prefecture Forest Owners' Cooperative Association to care for the trees (cutting grass, repairing protective netting, etc.). This agreement was renewed in April 2018, and in February 2019 soil was added to the site to reinforce the ground. SII will continue to watch over the growth of these black pine trees and has plans to carry out even more tree-planting activities in the future.



Educational Support

Each SII Unit continues to provide factory tours as well as work-study and internship programs for local pupils and students.

SII Watch Technical Training and Education Center in MakuHari Unit has accepted 12 junior high school students in Chiba prefecture for work-study and internship programs.

These educational programs are called Job and Dream Best Match Programs and the aim is to help people find ways to make their work rewarding and interesting and to learn the importance of having a connection with society through working. This marked the 13th time the program was implemented.



Seiko Instruments Singapore Pte. Ltd. accepted four junior high school students for a work-study program from the Japanese School in Singapore. This was the ninth time.

The students participated in the reception service and watch assembly process over a total of two days. During the watch assembly process, they were surprised at the mechanisms and functions of watches, and enjoyed their learning experience.



Community Activities

Social Welfare Activities

The SII Group subsidiaries and affiliates conduct social welfare activities entrenched in local community.

On January 12, 2019, Children’s Day in Thailand, four Seiko Instruments (Thailand) Ltd. employees visited two schools and gave out presents.



As part of Safety and Health Month activities carried out by Instruments Technology (Johor) Sdn. Bhd in Malaysia, employees have been donating blood to the local national hospital since 2013. In FY 2018, 97 employees from Larkin factory and 120 employees from Tebrau factory donated blood.



Because the Ohno Unit (Ichikawa City, Chiba prefecture) is located near houses, it is carrying out initiatives aimed at fostering harmony with local residents, such as participating in local neighborhood cleanup activities and the 110 Safety Refuge Program of local elementary schools.

Local Cleanup Activities

Every SII Unit in and outside Japan holds regular cleanup activities around their premises, at roadsides, etc. for contribution to the local community and as part of environmental conservation.

One of SII’s training programs for new employees is cleanup activity in a local area. This aims to raise their environmental awareness and teach them the importance of making a contribution to a local community as businesspeople. In FY 2018, 10 new employees cleaned up a wide area from Makuhari Unit premises to the nearest Kaihinmakuhari station.

Akita Unit carries out an annual cleanup activity with walking titled "Tomoshihi, cleaning and walking." The title "Tomoshihi" means "servicing together" for making a contribution to a local community. For FY 2018, about 220 employees participated after work on May 30.

Guangzhou Seiko Instruments Ltd. employees volunteered to clean up the local area. A total of 258 people including employees, 32 family members, and the president participated. After cleaning, they went to a Dongguan vivarium and enjoyed recreational activities in nature.



In conjunction with the 2018 Environmental Month, Seiko Instruments Singapore Pte. Ltd. organized the "Keep the Park Clean Activity" at the Woodland Waterfront Park on December 12, 2018, in which 30 employees participated. This project is carried out annually on a continual basis. The aim of the project is to involve employees in nature conservation and to the Adopt Clean & Green Attitude.

