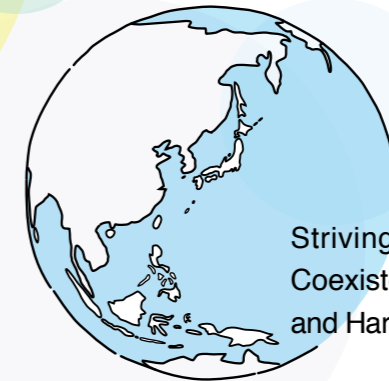


Seiko Instruments Inc.
Corporate Environmental Administration Department
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Striving for
Coexistence with Society
and Harmony with the Earth

SII Group Overview

SII Group products are used in a wide range of applications throughout society, including consumer products, devices used for ordering in restaurants and taxis, and electronic equipment in offices, laboratories and factories. Our parts are key components for many products. This section introduces main SII Group products.

Mechatronics



Mechanical Watches
Our traditional luxury mechanical wristwatches are known for their outstanding classical style and design.



Watch Movements
Quartz movements are one of our bestselling components globally, and our mechanical movements embody true value loved by every generation.



Hard Disk Drive Components
Based on our precision processing technologies, we supply key mechanical components for hard disk drives.



Thermal Printers (Mechanisms, Assemblies and Peripherals)
Our compact, light, high-speed thermal printers are widely used in POS, medical measurement, and logistics applications.



Automatic Internal Grinders
Our fully-automated, small footprint, CNC internal grinders are used by customers to produce super-small bearings and high precision automotive parts.

Electronic Components



CMOS ICs
Our small, low-power consumption, high reliability CMOS ICs are used in products for daily use including personal mobile devices, home appliances and automotive electronic components.



Liquid Crystal Devices
Using advanced optical design and assembly technology, our ultra-slim displays combine liquid crystal panels and touch panels to produce high quality images.



Quartz Crystals
Based on photolithographic technology, our extremely small and highly accurate products contribute to low power consumption.



Microbatteries
As backup power supplies for the memory and clock functions of mobile devices, our products provide a sense of security to customers.



Inkjet Printheads
To satisfy a wide variety of printing requirements, we provide products with the best printing stability and diverse ink availability.

System Applications



PHS Phones/ Data Communication Modules
Based on our wireless communication and small terminal technology, our products contribute to the evolution of a ubiquitous society.



Electronic Dictionaries
We provide a wide range of dictionaries to meet the needs of users from business people, medical specialists, translators, and to students.



Ordering Systems
Our ordering systems are extensively used in restaurants, bars and golf courses.

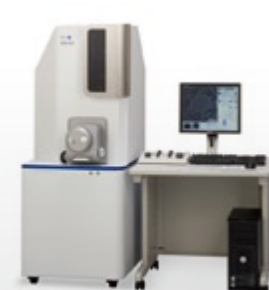


Wireless Payment Terminals
Our "CREPICO" systems enable wireless credit card payments, and have been widely introduced by taxi companies.

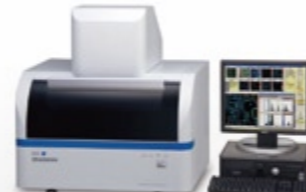


Large Format Printers
Our high level technology achieves efficiency and reliability required for business-oriented printers.

Scientific Instruments



Measurement and Analysis Instruments
Our focused ion beam, scanning probe microscopes and other products are used in nano-technology research.



Fluorescent X-ray Analyzers
Our fluorescent X-ray analyzers are widely used to detect regulated hazardous substances like lead.



Radiation Spectroscopy Instruments
Our precision measuring instruments are used by advanced institutes and labs for academic research and safety management.



Communication Products
We offer broadband communication products and services for a wide variety of uses, including network integration and management products.

Corporate Data

Corporate name: Seiko Instruments Inc. (SII)

Established: September 7, 1937

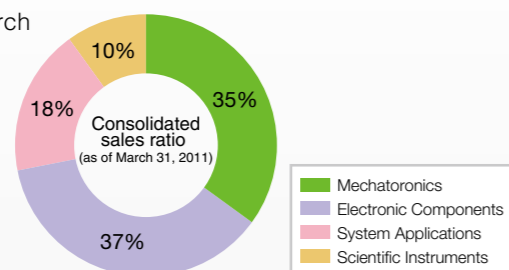
Paid-in capital: 7,256 million yen

Fiscal year end: End of March

Annual sales (FY2010):

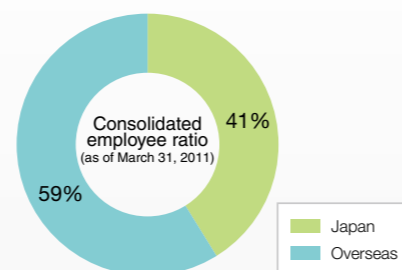
116,000 million yen (nonconsolidated)

167,200 million yen (consolidated)

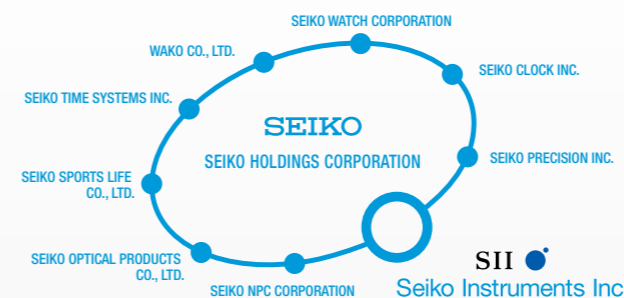


Number of employees: 2,748 (nonconsolidated)

11,507 (consolidated)



SEIKO HOLDINGS GROUP



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About This Report

- This report was published to provide all stakeholders with simple and clear information about the SII Groups environmental and social activities.
- This report was prepared in reference to a variety of guidelines including the Environmental Reporting Guidelines 2007 issued by the Japanese Ministry of the Environment.

Scope of This Report

- This report covers business units, sales offices and affiliated companies of Seiko Instruments Inc.

*The report focuses on the efforts and achievements of eight Japan sites and seven overseas sites (which obtained ISO14001 certification).

Period Covered by This Report

- This report covers activities and results in FY2010 (from April 2010 through March 2011).

*The report also includes information about prior and ongoing initiatives.

Contact us

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Facsimile: +81-43-211-8019
Website: <http://www.sii.co.jp/eeco/eg/>

Additional data and the latest information not covered in this report are indicated as [Web](#) and are available on the SII website.

Striving to become a company that contributes to and is needed by society



Masafumi Shimbo, President
Seiko Instruments Inc.

After experiencing the Great East Japan Earthquake

An unexpected severe earthquake struck the Tohoku region on March 11, 2011. I would like to express my deepest condolences to the victims of the earthquake and offer my sincere prayers for the safety of people in the disaster-stricken areas and for their early recovery.

The Tohoku region is important for SII due to the high concentration of manufacturing sites in the area, but fortunately the safety of all SII and SII group companies' associates was confirmed and our buildings and facilities did not sustain any serious damage. I would like to take this opportunity to extend my gratitude to our clients and stakeholders for the significant assistance and cooperation we received from them to resume operations.

With lessons learned from the earthquake disaster, I

am striving to develop the "indomitable SII", while making a commitment to help rescue and relief efforts in the affected communities and throughout Japan based on our core values of "Integrity, Trust, and Appreciation".

Fostering human resources and a company characterized by a strong ethical sense

The publication in November 2010 of International Standard ISO 26000, Guidance on social responsibility, encouraged SII to revise the SII Group Charter of Corporate Behavior. The revised Charter of Corporate Behavior emphasizes our focus on the responsibility of senior management in corporate management, corporate social responsibility, and compliance. Our associates play a key role in corporate activities. I would like each and

every associate to understand and implement the Charter of Corporate Behavior, to ensure more associates have a strong ethical sense. A sense of ethics is essential in a society in which fierce competition exists. I would like to establish and maintain SII's corporate culture, involving competition that comprises a strong sense of ethical behavior. With this goal in mind, I will continue to strive to further develop human resources.

Mission as a global company

In many regions across the world, people's expectations for corporations to live up to their social responsibilities have been raised and diversified. Corporations must understand the expectations and issues of each region and society while, at the same time, giving appropriate consideration to the total impact of their business operations. As a global corporation with worldwide subsidiaries and affiliate companies that benefit both from local communities and society at large, SII practices fair business with integrity by respecting workers and effectively communicating with local communities. I sincerely hope that the implementation of SII's social responsibilities will help contribute to resolving social issues.

Striving towards a sustainable global environment

Japan's and the world's energy situation is about to shift, in part due to the experience of the devastating Tohoku earthquake and tsunami. Increasing utilization of highly safe, renewable energy is more necessary than ever to prevent global warming. SII has been and will continue to be deeply committed to our CO₂ emissions reduction strategy, and will continue to explore possibilities of utilizing renewable energy.

We have also been focusing on incorporating our environmental consciousness into our products. In addition to the "SII Green Products" that improve the environmental performance of our own products, we have established "SII Green Products plus" based on the concept of improving the environmental performance of end products as well as contributing to preserving the environment we all share. We will continue to further improve our manufacturing technologies to help improve the global environment.

Along with preventing global warming, biodiversity conservation is also a critical issue. The Nagoya protocol and the Aichi target were adopted at the Conference of Parties to the Convention on Biological Diversity in October 2010. Corporations must fulfill their responsibilities to preserve biodiversity.

SII established a "Biodiversity Action Agenda" in April 2011. By utilizing this agenda, we will contribute to biodiversity conservation while gaining a clearer understanding of the impact of our business activities on biodiversity.

Contribution to society with proprietary SII technologies

SII has a technology philosophy of "SYO"ism, which is based on advanced skills and techniques, miniaturization technologies, environmentally friendly products, and their fabrication technology. In the context of this philosophy, SII has pursued a broad strategy of technology deployment cultivated from the development and manufacture of wristwatches. I would not like our engineers to be content with the present capabilities because technological innovation is constantly changing and evolving, with no end in sight. The revised Charter of Corporate Behavior also declares our "commitment to enhancing our technologies".

I believe that the development of new technologies and products require engineers' insatiable questioning spirits as well as a corporate culture of frank and open communication that encourages associates to freely express their ideas in open discussions. Through technological development drawing fully on "SYO"ism, I feel strongly compelled to grow a company where our technologies and associates are vibrant and where our technologies can make a contribution to society. To accomplish this goal, it is also important for senior management to take the lead in an exemplary manner. As president of SII, I am sincerely committed to working toward this goal.

We definitely appreciate your continuing cooperation and support, and welcome any comments or suggestions you may have.

July 2011

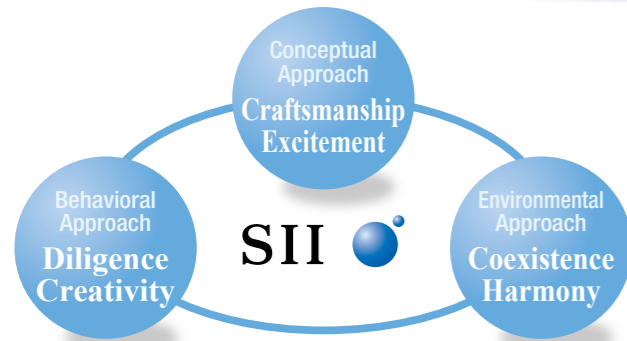


SII Group's Corporate Social Responsibility (CSR)

Core Values and Corporate Identity

Core Values **Integrity - Trust - Appreciation**

Corporate Identity (CI) **Creating Time - Optimizing Time - Enriching Time**



SII core values of "Integrity, Trust, and Appreciation" represent our basic approach to our company's relationship with society and stakeholders. SII's CSR originates in these core values, and the "SII Group Charter of Corporate Behavior" expresses our strong will as a company bearing expectations to help create a sustainable society. This Charter of Corporate Behavior was revised in April 2011 to respond to changes taking place outside SII.

The SII Group Charter of Corporate Behavior

(Established in October 2005, Revised in April 2011)

The SII group is committed to pursuing its affairs ethically and lawfully. This Charter of Corporate Behavior establishes policies and procedures intended to secure our position as an entity that honors its responsibilities to contribute to the economic development of society and seeks to serve as a needed and trusted part of society at all times. The SII group companies and their employees are committed to providing value to all group stakeholders, as well as to society at large, fulfilling their social responsibilities based on a strong ethical sense and contributing to the creation of a more sustainable society.

Article 1. Providing value

● We are committed to enhancing our technologies, creating new value, and producing safe, socially useful, and high-quality products and services that strengthen satisfaction and trust among our customers.

Article 2. Approaching corporate activities with fairness and integrity

● In addition to compliance with all applicable laws and regulations, we accurately manage all types of information, including personal and customer data, and pursue our corporate activities with ethics, fairness and integrity.

● We maintain a sound relationship with governmental and administrative authorities and take a rigorous, resolute position against antisocial forces that pose a threat to social order or security.

Article 3. Human rights and human resource development

● 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.

Article 4. Creating harmony with the environment

● Recognizing that environmental issues affect all of us, we focus intently on resolving such issues and initiate proactive measures to avoid burdening the public.

Article 5. Establishing a constructive coexistence with society

● We communicate openly with society and promote the appropriate disclosure of company information to become a more open enterprise.

● As good corporate citizens, we engage in extensive philanthropic activities.

● Through our business activities on the global stage, we advance corporate management that takes into account the interests of our stakeholders and contributes to the development of each country pursuant to this Charter.

Article 6. The commitment of senior management

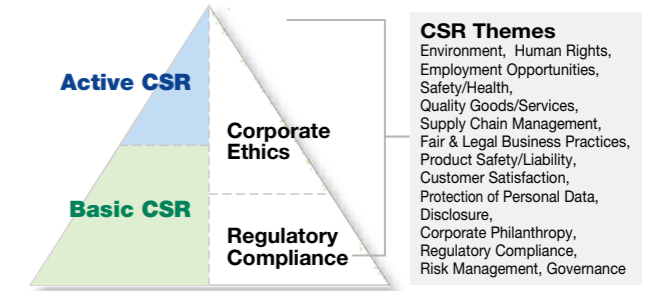
● After realizing the spirit of this Charter and taking the lead in an exemplary manner for the implementation of the Charter, senior management has established a mechanism throughout the corporation to ensure thorough implementation of the Charter within the SII group companies. Senior management encourages our business counterparts to follow this example.

● In the event of violations of the Charter, senior management must assume responsibility for resolving the issues in question and make full and prompt public disclosure. On identifying the responsibility for the violation, senior management must impose strict disciplinary action on those responsible, including members of senior management itself.

SII's Sense of Corporate Social Responsibility

We look at CSR from two viewpoints: Basic CSR and Active CSR. Basic CSR includes the fundamental responsibility of a company to manage the business in an orderly manner and earn trust through compliance and ethical corporate conduct. In addition to compliance, or any other obligations, Active CSR is the proactive creation of meaningful value for stakeholders, and the enhancing of satisfaction for each and every stakeholder.

SII's Corporate Social Responsibility



CSR Themes
Environment, Human Rights, Employment Opportunities, Safety/Health, Quality Goods/Services, Supply Chain Management, Fair & Legal Business Practices, Product Safety/Liability, Customer Satisfaction, Protection of Personal Data, Disclosure, Corporate Philanthropy, Regulatory Compliance, Risk Management, Governance

CSR Targets and Results

The FY2010 policy was to "promote CSR activities appropriate for a global company".

The Charter of Corporate Behavior

Providing value (Refer to pages 9 and 10.)

◎: More than achieved ○: Almost achieved △: Partly achieved

FY2010 Target and Plan	Major items implemented in FY2010	Evaluation	FY2011 Target and Plan
● Continually improve customer satisfaction	● Continually improve customer satisfaction	○	● Continually improve customer satisfaction
● Check the product safety and technology law compliance, as well as 100% improvement of reported issues	● Complete 100% correction of 40 indications for 40 new models from 13 categories	○	● Check the product safety and technology law compliance, as well as 100% improvement of reported issues
● Implement the product safety education (3 times / year) and hold seminars on technology laws of each country	● Hold 8 education and seminars	◎	● Implement the product safety education (3 times / year) and hold seminars on technology laws of each country
● Reflection to the manufacturing operation processes check	● Implementation with a focus on manufacturing lines of 22 business units in Japan and overseas	○	● Conduct operation process check
● Examine elements for "Green Design" as implementation of UD	● Conduct on-site inspection to check utilization of IT	○	● Perform radiation inspection and guarantee no radioactive contamination of shipments
	● Suggestion of "Green Design" and survey analysis of elements	○	● Examine evaluation items for "Green Design"
	● Develop actual GUI practice in the operation (5 practices in total)	○	● Prepare guidelines based on examples of GUI development

Approaching corporate activities with fairness and integrity

(Refer to pages 11 through 14.)

◎: More than achieved ○: Almost achieved △: Partly achieved

FY2010 Target and Plan	Major items implemented in FY2010	Evaluation	FY2011 Target and Plan
● Consolidate compliance systems (Global Compliance Network) at overseas sites	● Appoint coordinators for the promotion of compliance systems (Global Compliance Network) at overseas sites	△	● Consolidate compliance systems (Global Compliance Network) at overseas sites
● Continually implement on-line compliance quizzes	● Implementation of quizzes for every employee and board member	○	● Continually implement on-line compliance quizzes
● Conduct compliance awareness survey	● Implementation of survey for every employee and board member	○	● Conduct periodic compliance awareness survey
	● Establish guidelines for use of entertainment expenses and conduct the audit	○	
● Continually implement risk management activities based on each headquarter business unit and operation	● Implement countermeasures against the total 44 risks at the headquarter business units	○	● Continually implement risk management activities based on each headquarter business unit and operation
● Improve emergency response system	● Assess and handle the emergency situation by the emergency center during and after the 2011 Tohoku earthquake and tsunami	○	● Review emergency response system
● Complete the renewal of buyer education, purchasing audit and supplier certification systems, and further enhance risk management (Japan sites)	● Renew buyer education, purchasing audit and supplier certification systems, as well as implement risk management activities.	○	● Renew buyer education, improve efficiency of purchasing audit and supplier certification systems, and further enhance risk management activities
● Further enhance buyer education systems and supplier certification systems (overseas sites)	● Carry out buyer education and supplier certification in Hong Kong and other Chinese-speaking countries	○	

Human rights and human resource development

(Refer to pages 15 and 16.)

◎: More than achieved ○: Almost achieved △: Partly achieved

FY2010 Target and Plan	Major items implemented in FY2010	Evaluation	FY2011 Target and Plan
● Prepare the Code of Conduct, the Action Guidelines and the declaration of human rights (at 12 overseas affiliate companies)	● Prepare the Code of Conduct, the Action Guidelines and the declaration of human rights at 6 sites	△	● Prepare the Code of Conduct, the Action Guidelines and the declaration of human rights (at 12 overseas affiliate companies)
● Build and rebuild new HR system at overseas affiliate companies (3 sites in China)	● Build and rebuild new HR system at 3 sites in China	○	● Build and rebuild new HR system at an overseas affiliate company (Thailand)
● Promote and support health management	● Launch of specific health guidance systems (10.7%)	○	● Support health management (aiming for 45% implementation of specific health guidance systems)
● Hold lifesaving seminars at 6 Japan sites	● Hold lifesaving seminars at 6 Japan sites (222 participants)	○	● Hold lifesaving seminars at 6 Japan sites
● Implement a regular risk assessment in working area (at Japan and overseas manufacturing sites)	● Conduct a comprehensive safety inspection of SII group (voluntary inspection) at all Japan sites and overseas manufacturing sites.	○	● Conduct a comprehensive safety inspection of SII group (voluntary inspection) at all Japan sites and overseas manufacturing sites.

Establishing a constructive coexistence with society

(Refer to pages 17 and 18.)

◎: More than achieved ○: Almost achieved △: Partly achieved

FY2010 Target and Plan	Major items implemented in FY2010	Evaluation	FY2011 Target and Plan
● Continually contribute to local regions for each site	● Perform local area cleanup activity at each site	○	● Continually contribute to local regions for each site
● Continually provide field-study and internship programs at each site	● Provide field-study and internship programs at each site	○	● Continually provide field-study and internship programs at each site

Refer to pages from 19 through 30 for the Charter of Corporate Behavior "creating harmony with the environment".

Green Products plus -SII's energy solutions-

Introducing unique SII energy solutions based on the concept of "SII Green Products plus"; "improving the environmental performance of our clients' products", and "contributing to conserving the environment we all share" in addition to improving the environmental performance of our own products.

Proprietary SII Technologies



Micromechanics

Micromechanics are tiny moving parts like gears and are leveraged in mechanisms such as wheel train combining gears.

Materials and Electrochemistry

Materials and electrochemistry are found in spring materials (SPRON) of mechanical wristwatches and silver oxide batteries used in quartz wristwatches.

Magnetic Circuits

Magnetic circuits are used in miniature motor design to move quartz watch hands.

Low-power ICs

Ultralow power technologies are utilized in quartz watch ICs for quartz drive and current control.

Analysis Technologies

Analysis technologies are utilized in mechanism analysis for optimal design of springs and wheel trains as well as magnetic field analysis for motors.



"SYO"ism is based on advanced skills and techniques, miniaturization technologies, environmentally friendly products, and their fabrication technology.

Generation

Generating electricity with ingenuity

Higher efficiency

Miniaturization

Control

Managing electricity efficiently

Low-power consumption

Storage

Storing electricity compactly

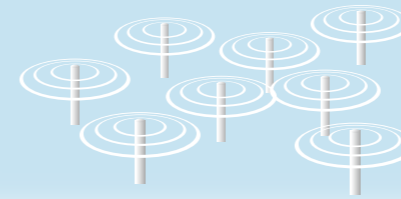
Higher capacity

Higher output

Energy Harvesting World

We leverage our diversified technologies developed through watch manufacturing to contribute to an energy harvesting world by generating electricity more efficiently and using miniaturization technologies, by enabling higher-capacity storage and higher output, and by controlling them in a manner that expresses SII's corporate culture.

SENSOR NETWORK



The energy harvesting allows us to have various expectations, such as using electricity without electrical outlets by harvesting small amounts of energy around us such as light, heat, vibrations and temperature differences. This eliminates the need to replace batteries as well as concerns about battery charging or power supply.

In addition to the development of "SEIKO THERMIC", a wristwatch incorporating a thermoelectric generation system, SII has commercialized a highly-efficient solar-powered charger, currently intended for mobile phones, and the wireless network system for saving energy. We strive to be of further service in new fields by drawing on our technologies.

EMERGENCY



Technological advances have promoted low power consumption and wireless technologies in many product areas. SII will contribute to developing wireless energy technology.

WATCH





Valuing Customers' Voices from Customers' Viewpoints

To deliver safe products to customers, SII develops a wide range of quality assurance processes throughout the Group from customers' viewpoints.

SII Group Basic Quality Policy

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

The SII Group Basic Quality Policy 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 established a quality assurance promotion system to take 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 phase
3. Share information of product quality and safety

Web Quality assurance promotion system

Ensuring Product Quality in the Development Phase

For the most part, quality problems and variances occur due to causes in the development and design stages. As a part of quality improvement activity, SII ensures product quality in these stages to raise the products' entire quality level.

To achieve this goal, SII has taken a variety of initiatives to enhance engineers' views and ways of thinking, using quality engineering, statistical approach, 3D CAD, CAE and instrumental analysis. We also strive to minimize quality variances due to concurrent optimization of design and machining parameters in collaboration with Quality Assurance Division, Research and Development Division, Production Technology Division and Analytical Estimate Division.

Quality Assurance Establishing Security and Reliability

The SII basic product safety concept is "to improve customers' trust by providing safe products and services". Based on this concept, we established the Product Safety Network. For all the SII products, it conducts regular inspections of compliance with laws and regulations concerning product and technical safety, as well as verifying product safety and appropriateness according to each country's engineering laws and regulations.

The Fukushima Daiichi nuclear disaster triggered by the Tohoku earthquake and tsunami in March 2011 created serious radioactive contamination issues, resulting in several countries introducing import restrictions, implement-

ation of inspections for radiation, and overseas customers' requests for manufacturers to issue certificates certifying that products have not been affected by radioactive contamination. To promptly handle this emergency situation, we assembled quality assurance managers from all divisions and instructed them to measure radiation on all our products immediately after the accident occurred.

In case of accidents due to SII products, we report to senior management within ten minutes, as well as promoting information sharing throughout the entire Group and conducting horizontal activities to promptly solve and prevent problems.

Products Safety Education

In addition to the basic safety education to raise product safety awareness and cultivate engineers with safety knowledge, we hold the Electric Safety Standard Working Group and provide programs to acquire more specialized knowledge.



Practice at Products Safety Education

Global Operation Process Review

The Head Office Quality Assurance Division conducts an annual "Operating Process Review" of all the operating divisions in Japan and overseas. The review includes checking the certainty, the level of employee awareness and the progress of improvement of all operation processes from development through manufacturing. There are two kinds of review: the review focusing on manufacturing and the review focusing on development and design, and they are implemented alternately every year.

In FY2010, specifically the IT system and its management situation are also reviewed, and cases that can serve as a useful reference will be horizontally deployed across the board. As a result of the continuous review, we feel that the awareness level and our manufacturing strength have increased.

On-the-spot Operating Process Review



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 operating divisions, and are used effectively for product and service quality improvement.

In addition, we focus on improving the quality of our after-sales service through repair service questionnaires filled out by customers.

Disclosure of Product Quality Information

In response to the enforcement of Consumer Product Safety Act, SII established an icon "Important Announcement" on our website. We strive to minimize our customers' disadvantages by promptly and precisely providing SII products' safety and quality information.

Universal Design Initiatives

Based on the concept "Integrity", with emphasis on the three keywords, "User-Friendliness", "Diversity", and "Beauty", the SII Universal Design Concept is practiced throughout the Group.

Universal Design Concept

Integrity
Universal Design, recognizing individual diversity, promotes innovative product creation.

User-Friendliness Easy-to-understand, intuitive design	Diversity A wide range of designs that users can select according to their personal preferences and needs	Beauty Captures a sense of beauty that will satisfy the users
--	---	---

In FY2010, we developed the Universal Design such as exterior design of business-orientated printers as well as touch-panel screens including interface. The focus of developing the screen design is "visual simplicity", "intuitive understandability" and "operational priority".

Touch-panel screens are more likely to be colorful in general because they are designed for visibility based on colors. However, this year we put importance on instant legibility of letters and icons based on black color while



Wide Format Multifunction Printer LP-2050

refraining from using many color variations as much as possible. Complexity could be avoided by using effective colors only for icons calling for attention. The screens for maintenance were based on white colors so that the operability could improve.

Our next step is utilizing the know-how to business-oriented terminals and consumer devices.

We also have embarked on the "Green Design" which takes into consideration environment and energy.

Good Design Awards

SOMA RunONE 300PACE

Sensor-equipped running watches with upgraded quality and functionality

"RunONE 300PACE" features an acceleration sensor that can count the number of steps taken, in addition to the basic functions such as a chronograph that is necessary for running. The design incorporates a large display tilted at a 30-degree angle and wide user-friendly buttons that enable users to easily check the estimated speed, pace and running distance while running.



This watch received an award for its multi-functionality and usability that minimizes button operation and allows users to operate it without looking.



Corporate Governance

To maintain the trust of our stakeholders, it is important for us to build and maintain rational and transparent governance, as well as monitor management.

Basic Corporate Governance Policies

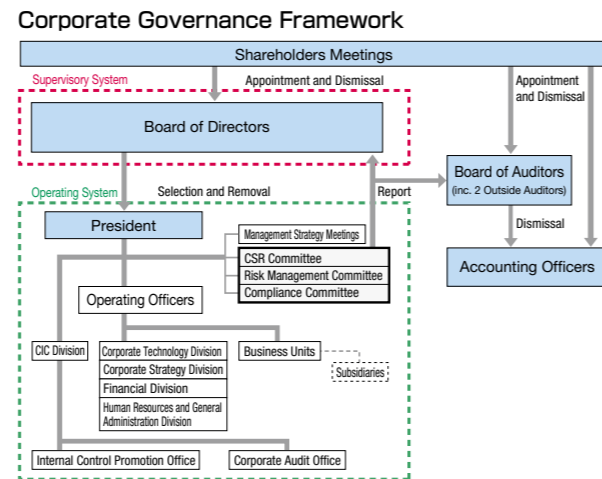
We focus on transparency and fairness in our management as an important business priority. To achieve this, the SII Group strives to improve our corporate value by improving the company organizational structure and system, as well as implementing necessary measures and gaining the trust of our stakeholders.

Corporate Governance System

(1) Corporate Organization

The board of directors consists of eight board members, holds meetings on a monthly basis in principle (13 meetings were held in FY2010), supervises company management and makes important business decisions for the SII Group. Outside auditors attend all meetings, ask questions and provide advice as appropriate from an independent, external position and with the aim of ensuring the validity and appropriateness of decision making by the board of directors.

The board of auditors consists of two internal and two external auditors and has meetings almost every month (10 meetings were held in FY2010). Each member follows the audit policy and plan determined by the board of auditors, conducts regular audits, exchanges opinions regarding the audit results, and attends management meetings. Through these activities, they gain insight into directors' operations and monitor the status of internal control system consolidation. The external auditors participate in all board of auditor meetings to express their opinions on how to conduct audits as well as on directors' operations.



In addition, the board of auditors understands the audit plan of the accounting auditor, KPMG AZSA LLC, and strives to ensure audit effectiveness through information sharing at regular meetings.

(2) Internal Control System

After the "Basic Internal Control System Policy" has been established in 2006, the SII board of directors verifies its operating condition and determines the continuation of the policy every year. Since 2008, the Corporate Internal Control (CIC) Division, consisting of the Corporate Audit Office and the Compliance Department, has played the central role in consolidating the internal control system.

For our internal control system report over the financial reporting in compliance with the Financial Instruments and Exchange Act, we started from voluntary activities and have been developing the SII group system as a subsidiary company of a publicly listed parent company, Seiko Holdings Corporation, since October 2009.

Also, the Information Disclosure Committee has been playing a key role in operating and improving the system to disclose corporate information in an appropriate and timely manner, as well as to thoroughly prevent insider transactions.

of subsidiary companies worldwide. Coordinators for the promotion of compliance were appointed at each overseas subsidiary company to establish and build up the framework.

SII Code of Conduct and Action Guidelines

To act in accordance with the SII Group Charter of Corporate Behavior, SII established the "SII Code of Conduct", defining the basic requirements that all the SII Group directors and employees need to comply with. The "Action Guidelines" for Japan sites was also established to provide a specific and detailed code of behavior. In addition, English and Chinese versions of the SII Code of Conduct are created to achieve thorough compliance and raise moral awareness in overseas subsidiaries on par with Japan sites. Currently we are preparing the contents of the Action Guidelines for overseas subsidiaries.

[Web SII Code of Conduct](#)

Compliance Consultation Services

If our employees discover a violation of compliance within the company, they can consult an outside attorney through the SII Helpline, at any time. The SII Helpline service has been expanded to include our clients to receive any information regarding our employee's compliance violations. We also provide an internal consultation service, and the detail of the report is informed to the senior management and auditors on a regular basis.

During FY2010, there was no case reported to the Helpline, and 17 cases were processed by the consultation service.

Compliance Education

In order to fully enforce the compliance with each senior management and employee, the SII Group executives and employees participated in an online quiz education program again in FY2010.

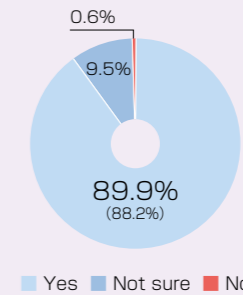
Also, to have the senior management reaffirm the importance of compliance and take the lead in an exemplary manner, we provide them with an awareness-raising compliance education on a monthly basis since August 2010.

Compliance Awareness Survey

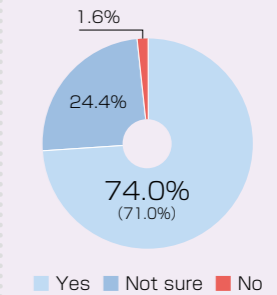
Following the previous year, SII conducted a compliance awareness survey to check how much the SII Group employees' compliance awareness was raised. We also collected opinions on education themes and questions about compliance and will utilize them for next measures.

Survey Period: May 3 through June 2, 2011
 Target: Employees and executives of SII and affiliated companies in Japan
 No. of Respondents: 4,124 (3,754)
 Response Rate: 84.5% (79.2%)
 (Numbers in parentheses show the previous survey results.)

Q1 Do you always bear in mind the laws and rules concerning your operation when you are working?



Q2 Does everyone in your division or department fully understand the importance of compliance with laws and rules?



Compliance

It is fundamental to business activities to be compliant with laws and regulations as well as to practice business with fairness and integrity based on a strong ethical sense. We are striving to achieve thorough compliance.

SII Compliance System

Since the establishment of the SII Compliance Committee, we have been working on raising compliance awareness and responding to each compliance problem.

Based on the Internal Control Basic Policy, we continuously strive to enhance and improve our compliance framework and are currently consolidating the framework



Risk Management

The SII Group continuously strives to properly manage a variety of risks associated with business activities to ensure the security and safety to our stakeholders.

Group-Wide Risk Management Efforts

Head office members take central roles in the Risk Management Committee, with the President serving as the Chairman. The Committee selects and shares a wide range of risks to the functions of the head office and each business unit respectively in order to promote activities. Through reports at management meetings and regular reviews carried out by senior management, we assure the implementation of PDCA (Plan-Do-Check-Act), for risk management in full coordination with management.

The emergency center was formed during and after the 2011 Tohoku earthquake and tsunami and deployed activities according to the status of each business unit. No buildings or facilities sustained serious damage and the safety of all the employees was confirmed, however, the impact of lifeline disruptions made us realize that there was room for improvement. In light of the lessons learned and reflections on the disaster, we are continuing to make improvements to ensure that the management system is more effective and efficient.

Risk Management in Continuing Business

In production facilities, we manage risks to prevent production interruption, aiming to continuously offer products even in an emergency situation. The examples of risk management are operational improvements at the local-working level, fundamental improvement which requires equipment investment, and adoption of seismic isolation in new factory constructions. Because we employed the seismic isolation, our buildings and facilities did not sustain any serious damage from the Great East Japan Earthquake.

The earthquake disaster caused unexpected problems derived from external factor, including the planned power outage, fuel supply shortage and retarded distribution. We will keep working on strengthening the business continuity.

Preparation against Disasters

Japan sites have been preparing water, food, bedding and other emergency supplies. On the day the Tohoku earthquake and tsunami struck, we ensured evacuation shelters not only for our employees but also for visitors and clients inside SII buildings. We provided emergency supplies and allowed everyone to temporarily stay on company premises until public transportation services resumed. In addition, emergency supplies were effectively disseminated to affected SII group sites in the Tohoku region.



Intellectual Property Initiatives

Regarding intellectual property as essential resource in business activities, we proactively engage in obtaining and utilizing our development results as intellectual assets.

Basic Policy and Management of Our Intellectual Property

Based on the mid- to long-term “Develop a Business Culture that Respects Intellectual Property” policy, we continuously enhance our intellectual property framework, working with the Intellectual Property Division, the R&D Division and the Production Technology Development Division. We also promote intellectual property initiatives according to development and business strategies. In FY2010, as a part of our CSR activities, we provided support activities as our contribution to encouraging the creation of intellectual properties for SII eco-friendly products.

Invention Incentive System

To encourage inventions and enhance SII’s technological competitiveness, we established invention incentive system since FY1965. In April 2005, this system was revised in line with the amended Japanese Patent Law Article 35. This

attractive system motivates individual inventors to obtain upper-level patents.

To further enhance invention incentive, we also established and have been operating a new incentive system for an inventor with multiple inventions since FY2009.

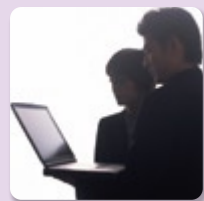
As of April 2011, the SII Group owns about 2,000 patents in Japan and about 3,200 patents overseas.

Employee Education and Training

We established intellectual property education programs based on the level of each employee’s understanding. The education program aims to develop employee knowledge and awareness for developing strong patents and preventing infringement of competitor’s patents, as well as enhancing motivation in the area of intellectual property.

Support to Intellectual Property-Related Associations

We have been actively supporting intellectual property-related associations which strive to achieve an intellectual property-based nation. SII dispatches committee members and lecturers, and provides comments on proposals from the associations to the Patent Agency, as well as promoting local intellectual property strategies.



Information Security

Along with the development of IT infrastructure, the SII Group strives to ensure, maintain and improve information security from a variety of viewpoints.

Information Security

A company assumes a grave responsibility to protect and prevent leaks of confidential information, including the personal data of customers and stakeholders. In addition, information security is of great significance in internal control.

As SII regards the system for managing this information as a significant asset of the Group, we are continuously enhancing our system security.

Information Security System

We manage information security systematically and efficiently by forming a framework and rules based on SII’s basic rules of information security: “Information System Security Policy” and “Information System Security Management Regulation”.

Availability Improvement

We also reinforced data protection and the ability to operate the system stably by consolidating server storage and the system comprised of information assets, and making them redundant through virtualization technology. We also worked hard to achieve Green IT by working to save power and space.

The Tohoku earthquake caused communication failures and power outages, but fortunately no data loss.

We would like to establish a highly available system environment with a view to adopting cloud services as one means of preparing against disaster.

Strengthening Technology for Information Security

As protective measures designed to prevent corporate information leakage, we strengthened our information security technology, including uniform management of e-mail data and electronic documents, IT assets management and collection of PC operational log data.

We will develop further information security management tools that keep up with changes in IT technology, such as leveraging other mobile devices including smartphones.

[Web Privacy Policy](#)



Fair Purchasing Activities

The SII Group promotes a wide range of activities for fair and honest transactions.

Purchasing Policy

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

SII Group 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.

Regarding certified suppliers as suppliers of the whole SII Group, instead of a single business unit, we strive to strengthen our partnership with them.

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
- Quality assurance system
- Management system for confidential information, delivery and manufacturing

Based on the Supplier Certification System established in FY2004, we certified about 1,600 suppliers in Japan as of the end of FY2010. In FY2010, we nearly completed the reevaluation of the suppliers that we certified initially. Now we started certifying suppliers conducting transactions directly with our overseas sites.

Purchasing Management Manual

SII has prepared a manual outlining purchasing rules and ethics as well as management guidelines regarding purchasing practices. The Purchasing Division now follows this manual as a set of basic rules, and we have issued English and Chinese versions for overseas sites.

Compliance with the “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act)”

The Subcontract Act has a major significance in purchasing activities in Japan.

SII established the Subcontract Act Section in the Head Office to reinforce compliance with the Subcontract Act by cooperating with the SII Group’s purchasing staff through activities including appropriate guidance to daily management operations and education on Subcontract Act.

We have also provided a reporting and consultation service for listening to issues or concerns of all the parties concerned to SII group based on the fair trade perspective.

Purchasing Risk Management

As a role of purchasing divisions, it is important to minimize the risk in disrupting parts supply. We not only search for alternative suppliers or parts, but check the financial condition of suppliers on a regular basis.

In addition, by defining key parts and comprehending their manufacturing bases, we can promptly handle emergency situations in case of disaster in local area like earthquake. Our risk management proved effective during the Great East Japan Earthquake by checking and dealing with the situation quickly.

Basic Education Programs for Purchasing Divisions

Education programs have been provided to employees and managers in purchasing, design, manufacturing and production control divisions to acquire basic knowledge of purchasing operations. In FY2008, the program was enlarged to include overseas employees. The number of employees participating in the education program is over 1,000 in total. The contents of the education have been reviewed for renewal since FY2010 to build and implement a more fulfilling educational system in the future.



Education program held in China

Purchasing Audit

The Head Office Purchasing Division carries out audits in accordance with the Purchasing Management Manual. In the audit, we point out issues which must be improved and give guidance for further enhancement.



Supportive Employee Development

SII has been promoting creation of a work environment that encourages our employees to grow and exercise their abilities.

Respect for Human Rights

The SII Group Charter of Corporate Behavior states that we respect the human rights and individuality of all people during the implementation of our business activities, as well as the diversity and human rights of all our employees. We have been trying to ensure that the Charter is thoroughly implemented within SII group companies.

Human Resource Development

SII's ideal employee is a creative, professional individual characterized by a strong ethical sense. Our Human Resource Division aids human resource development by offering training for each level, professional education by job category in areas such as quality assurance, environmental administration and intellectual property, and OJT. The "mentor system" is also provided to new employees. This system appoints a senior employee as a mentor and counselor who is able to be consulted with to each new employee in order to provide continuous mentorship and support.

In addition, we focus 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.

SII Group HR System

Under the concept that employees are all equal, SII has been promoting the establishment of new HR systems based on the consistent SII Group values and evaluation criteria throughout Japan and overseas sites. The new HR system is being prepared through communication among HR departments at headquarter and worldwide affiliated companies. In addition to compliance with each country's laws, the regional cultures and customs are also taken into consideration.

Work/Life Balance

In Japan, SII has established a variety of childcare and nursing care systems which support every employee in balancing their careers and family lives so that they can fully exercise their abilities. We have been enhancing the systems continuously, and our elderly nursing care leave system allows employee to take leaves 3 years for 1 out of subject family members. From October 2010, an hourly

Status of Utilization of the Systems (Japan)

System	FY	FY2008	FY2009	FY2010
Childcare leave		11	23	20
Short-hours work for childcare		28	37	36
Elderly nursing care leave		0	1	2
Short-hours work for elderly nursing care		0	1	1

leave system has been introduced, enabling more flexible working styles. We will continue to make efforts in improving working conditions and environment.

Professional Resources Management System

In FY2004, SII introduced the "Professional Resources Management System" to pass down skills and techniques, and also to train junior employees. With this system, we certify "professional" employees who possess advanced expertise. The system includes Specialists, who are experts in fields like R&D, design and production technology; and Meisters, who specialize in manufacturing operations such as processing and assembly. There are three levels respectively.

As of March 2011, SII has certified 46 Specialists and 16 Meisters, and they are playing active roles in their fields and training their successors. This system will be deployed to the overseas sites.

Senior Employment

SII actively promotes senior employment. In FY2010, the official retirement age was extended to March 31 at the age of 61 to increase work opportunities for senior workers who have more incentive in exercising their abilities. In addition, Seshika Inc. was established in 2006 for employment of the elderly, aiming to support operations within the SII Group.

The Father Support Course

Morioka Seiko Instruments Inc. (MSI) held a "Father Support Course" as one of its work-life balance promotion activities. Eighteen fathers participated, reviewed the joy of child raising and the role of fathers from various perspectives. They learned the meaning of their participation in child care and the importance of maintaining a healthy work-life balance.



The Father Support Course



Creating a Safe and Efficient Workplace

SII continuously strives to create a safe and efficient workplace.

Concept of Occupational Safety and Health

We believe 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, the SII Group employees conduct business with enhanced safety awareness at every unit.

[Web](#) SII Group Occupational Safety and Health Policy

SII Group Occupational Safety/Health Management System and Information Sharing

In addition to each unit's safety management system, the SII Group established a group-wide safety management organization.

The "SII Group Safety Management Committee", consisting of members from each unit, was held to report activities and to share safety management-related information including law revisions and internal rule review. The Committee is scheduled to be held on a regular basis to enhance the SII Group safety management.

With lessons learned from the Great East Japan Earthquake, we are going to take corrective action on issues of current Occupational Safety/Health Management System.

Safety Inspections and Survey

To maintain and improve occupational safety and health, SII conducts not only annual workplace safety inspections at every unit, but also fire prevention inspections, a risk assessment in working area and safety inspections of premises and equipment of all SII Group sites including overseas manufacturing sites.

Since FY2010, we have conducted those three inspections and surveys around the same time as a "comprehensive safety inspection".

We will regularly perform this inspection on a yearly basis to firmly fix this "comprehensive safety inspection" of SII group.



A comprehensive safety inspection at an overseas site

Lifesaving Practice

As AED (automated external defibrillator) was introduced, each SII Japan unit holds lifesaving seminars on a regular basis. The total number of participants at all SII Japan sites achieved 849 (222 in FY2010) and they acquired lifesaving skills. The seminars will be held frequently so that as many SII employees as possible can learn and acquire the lifesaving skills.



Lifesaving practice

Supporting Physical and Mental Well-being

As health is the first wealth, SII strives to maintain our employees' physical and mental well-being and promote health enhancement programs.

In April 2008, specific medical checkup and health guidance systems were launched. The seminars focusing on metabolic syndrome and individual specific health guidance were held again in FY2010 for employees aged 40 or over.

In addition, employees aged 39 or below received similar checkup and lifestyle instructions, yielding remarkable improvements.

Health Enhancement with Family

Our regularly held health enhancement programs includes shoulder stiffness and lower back pain prevention seminars and a walking with family campaign.

In FY2010, a total of 300 people participated in four walking campaigns. This campaign gives variety to programs every time, so more employees are looking forward to these programs.



A walking campaign

Health Counseling

SII has provided a 24-hour consultation service for health counseling by cooperating with an external specialist agency.



With Regions and Society

As a good corporate citizen, taking advantage of our core business, the SII Group strives for coexistence with society and contributes to the community.

Social Contribution by the Academic Promotion



Foundation Advanced Technology Institute (ATI) was founded in 1993 by SII's charitable contributions. ATI's mission is to contribute to the promotion of learning, which is fundamental to the progress of human society, by creating a new research concept of nanoscience and performing comprehensive research studies to promote integration of different research areas.

● Promotion of Nanoscience Research

With the aim to create new research concepts in nanoscience, five research committees carried out activities in the fields of physics, biology and advanced nanometrology technologies. As a unique activity, we also have a "Measuring Time" research committee that examines "Time" and "Timepieces" from technological, historical, cultural and social perspectives.

We also worked on a number of research projects, such as holding a joint research committee on "Integration of Science II - progress of nanoscience-", attempting to integrate different research areas, as well as a research committee on a specific theme that corresponds to current research requirements.



The Fifth Joint Research Committee "Integration of Science"

● ATI Forum (Public Lecture)

Public lectures have been held on a regular basis to broadly present hot science and technology topics and to respond to the intellectual curiosity of the public. In FY2010, approximately 100 participants attended lectures on the topics of "Creation of the Universe and Multiverse" and "The reason why 'umami' (flavor) is popular".

Under the new corporate system, ATI has applied for transition to "Public Interest Incorporated Foundations Advanced Technology Institute" from April 2012 in order to conduct business in a way that provides greater benefits to the public.

Web [ATI http://www.ati.or.jp/eg/](http://www.ati.or.jp/eg/)

Technical Advancement in Singapore

SII Singapore office, as our overseas research and development base, has promoted joint development in cooperation with national research institutes under the Agency for Science, Technology and Research of Singapore and universities in Singapore.

From an environmental viewpoint, the office launched a project with Singapore Institute of Microelectronics for new packaging technology development. This development will achieve miniaturization and low power consumption.

They are also promoting 3D manufacturing facility designs by using a computer simulation in cooperation with the Institute of High Performance Computing (IHPC) and have accomplished a drastic reduction in cost and time for prototype fabrication.

Participation in the Think the Earth Project

Think the Earth

The Think the Earth Project is a NPO founded in 2001 based on the concept of "ecology and the economy in coexistence".

SII has participated in the project since its establishment, and developed the project's kickoff product, the wn-1 Earth watch (northern-hemisphere version). Later, a southern-hemisphere version and an aluminum version were released. We hope that these Earth Watches will inspire people to think about the Earth.

The project receives a portion of the revenues generated by sales of related products and services, and uses these funds to support its own operation and to contribute to NPOs and NGOs.

wn-2 silver

The wn-2 Earth Watch, featuring a 24-hour hand, captures the double meaning of watching the Earth and being a watch of the Earth. We hope that this watch will provide the user with opportunities to think about and to do something to tackle global problems, including global warming, in everyday life.

Web

[Think the Earth Project http://www.thinktheearth.net/](http://www.thinktheearth.net/)



Mechanical Watch Seminar

The mechanical watch seminar has been held regularly at Morioka Seiko Instruments Inc. (MSI) since FY2007. This seminar allows participants to experience the assembly of mechanical wristwatches, with hopes of increasing interest in watches and inspiring more mechanical watch enthusiasts. A total of 103 people have joined the seminar up to now.

MSI has also conducted the "Iwate mechanical watchmaker skills assessment" since 2006. This assessment aims to promote and improve mechanical watch-making skills, to pass the skills to the younger generations, and to revitalize Japanese mechanical watches.



Mechanical Watch Seminar

Cleanup Activity

Every SII unit participates in cleaning activities in their local areas.

Seiko Instruments Singapore Pte.Ltd. (SIS) participated in a cleaning campaign called "Clean and Green Singapore 2010" and cleaned up the Admiralty Park.



Tree-planting Activity

Guangzhou Seiko Instruments Ltd. (GSI) planned and carried out a tree-planting activity in cooperation with a labor union. A total of 174 employees participated and planted ten Ilex Rotunda (Kurogane Holly) plants in South China Botanical Garden.



Internship Program and Assistance in Education

Each SII unit provides work-study and internship programs as well as factory tours. Tochigi unit continuously accepts internship students from high school and universities. They offer a wide range of programs, including general education intended for business-people and training at manufacturing facility. A workshop is also held for participants to give a presentation.



A workshop

Guangzhou SII Watch Co., Ltd. (GSW) cooperated in "the 24th Guangzhou Speech Contest in Japanese for college students", which was sponsored by the Consulate-General of Japanese in Guangzhou, the Guangzhou Japanese CCL, and Guangdong University of Foreign Studies.

Relief Activities

Seiko Instruments (Thailand) Ltd. (SIT) facilitates various relief activities. The examples include relief supplies provided to victims of floods that often struck Thailand. Those supplies were delivered through Thai Red Cross Society and a volunteer group "Ruamkanyu Foundation". SIT also sent a donation to the victims of the Great East Japan Earthquake through Thai Red Cross Society and Chulalongkorn Hospital.



In addition, SIT cooperated in the organ donation project initiated by Thai Red Cross Society and 174 employees voluntarily registered.

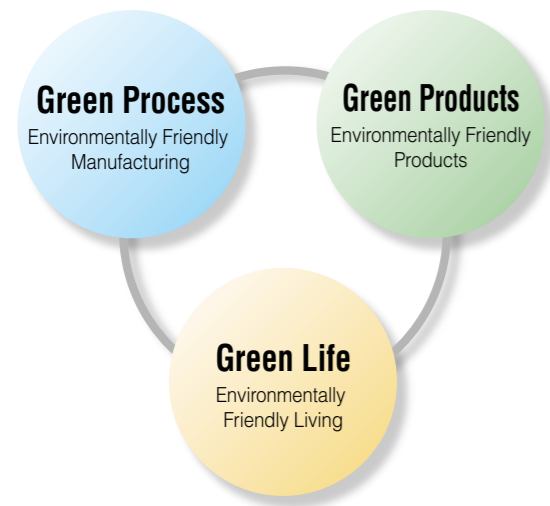




SII Group Environmental Management

The SII Group practices environmental management based on the “Three Green” concept: Green Process, Green Products and Green Life.

SII Green Plan Concept

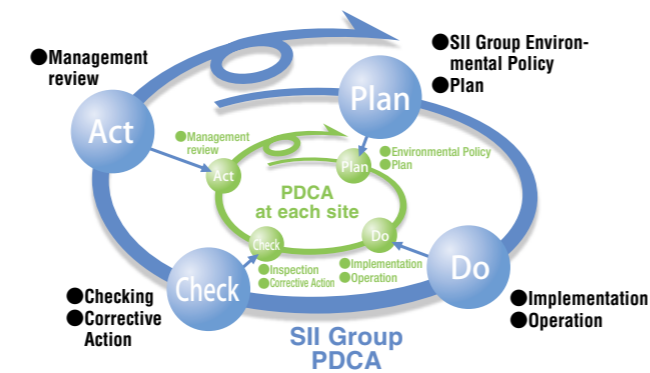


Environmental Management System

We established the environmental management systems 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 targets are established based on the “SII Group Environmental Policy”, and pursued by the environmental management system at each site. The head quarters operates the entire SII Group environmental management system and achievements of each site are reported regularly.

SII obtained ISO14001 certification at major sites in Japan and overseas. (Please refer to page 30.)

[Web](#) ISO 14001 Certified sites



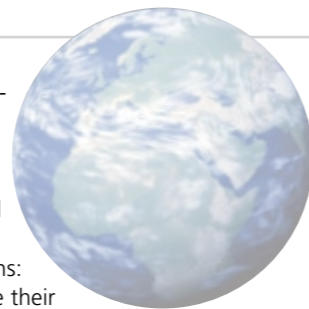
SII Group Environmental Policy

Environmental Concept

As a good corporate citizen, the SII Group will continue to harmonize its corporate activities with the global environment, protect and improve the environment, and contribute to the establishment of a sustainable society that can coexist with all nature.

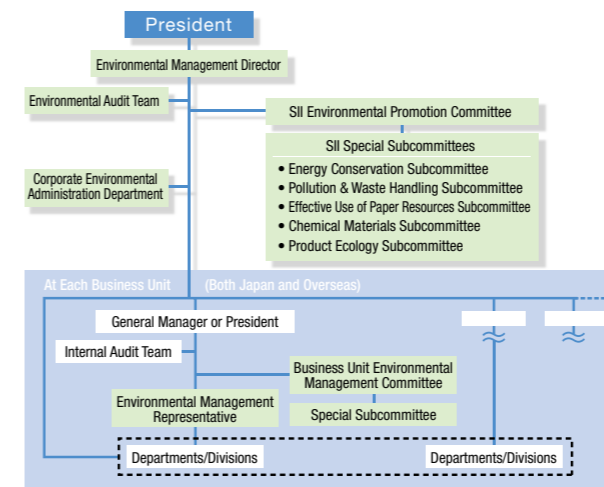
Environmental Activity Guidelines

1. Continually strive to implement and enhance our environmental management system.
2. Observe all of laws, rules, regulations and agreements relevant to the environment, and prevent environmental pollution.
3. Provide products and services that enable state of the art environmental protection research, monitoring and compliance.
4. Continually reduce the environmental impact through the following actions:
 - (1) Provide products and services that, throughout their lifecycles, minimize their impact on the environment.
 - (2) Methodically conserve energy and proactively address global warming.
 - (3) Practice Reduce as well as Reuse and Recycle (3R), and promote effective use of resources.
 - (4) Reduce environmental risks from chemical substances and promote the elimination of harmful substances use.
5. Promote SII GREEN PURCHASING and purchase eco-friendly products, parts, materials and services.
6. Enforce internal audits to improve corporate environmental management system.
7. Contribute to society through our unique environment preservation activities.
8. Provide seminars and training to all employees to elevate their environmental consciousness, and encourage them to protect the environment in their personal life.
9. Proactively and openly disclose information about the implementation state of our environmental management system.



Environmental Management Framework

SII established the environmental management system consisting of the SII President, the Environmental Management Director serving as a chief executive, and the Head Office Corporate Environmental Administration Department. The Department takes a leading part in operating the system in cooperation with each site and operating division. The SII Environmental Promotion Committee discusses the SII Group targets and exchange information including activity report at each site. We strive to promote the environmental activities steadily throughout the Group.



Company-Wide Education

SII headquarters conducts a wide range of environmental programs in three categories: general education, special education and training for internal qualification. We review the programs every year to establish an annual environmental education plan, and request each site to participate in the programs. In FY2010, 130 employees attended the courses held by headquarters, bringing the total number of participants to 2,709. At the completion of the courses, we send out questionnaires to improve the next programs.

In addition to the headquarter programs, each site also conducts unique environmental education programs and enlightening activities.

Education Held by SII Headquarters

	Course	Participants
General Education	Global environmental issues and SII's approaches	New employees
	Environmental protection course for mid-level employees	Mid-level employees
	Environmental protection course for managers	Managers
	Environmental protection course for sales persons	Salespersons
Special Education	Waste management	Employees who handle chemicals or wastes
	Chemical Control	Operators of environment-related equipment
	Energy saving	Manufacturing and production engineers
	Eco-friendly Product	Product development personnel
Training for Internal Qualification	Internal environmental auditor training	Candidates from each business unit
	Internal environmental auditor brush up seminar	Internal auditors

Training for Emergencies

Each unit has been consolidating an emergency procedure manual regarding actions and communications. Through periodic emergency response trainings based on the procedures, employees can review if the procedures are effective, and then practice emergency countermeasures to prevent the expansion of environmental contamination.

Internal Environmental Audit

To continuously improve the environmental management system and its performance, an internal audit is carried out with objectivity and independence. Auditors are invited from other sites and the Head Office to enhance the audit effectiveness and create a synergy effect through exchanging information among the sites.

In FY2010, the most frequently identified categories for both Japan and overseas sites were “environmental aspects”, “competence, training and awareness”, and “operational control”.

In order to improve the internal audit reliability, we need to develop internal auditors. While holding internal auditors training regularly, we also set up the refresh course for internal auditors to raise their competency levels.

In addition, the “SII Environmental Auditor Certification System” was established, and the Environmental Management Director certifies auditors who satisfy certain requirements including audit experience. As of March 2011, we have 22 certified auditors and 8 auditors registered at the Center of Environmental Auditors Registration (CEAR).

Carbon Sink Certification System

Morioka Seiko Instruments Inc. (MSI) has become the first company certified by Iwate Prefecture’s “Corporate Forestation: Carbon Sink Certification System” in December 2010.

The carbon sink is quantified and evaluated for the forests improved by the forest improvement activity, and Iwate Prefecture grants the certification to a company which makes remarkable achievements. Since MSI concluded the “Corporate Forestation” agreement with Iwate Prefecture and Shizukuishi-cho in April 2009, they had been promoting the forest improvement activity including tree thinning as a part of social action programs. MSI was certified after the screening based on the criteria specified by Iwate Prefecture.



Certificate



Environmental Results and Future Plans/Environmental Accounting

FY2010 Overview and Mid-Term Plan

Environmental Performance Indicators

◎: Overachieved ○: Achieved or almost achieved △: Partly achieved ×: Not achieved (evaluated based on FY2009 results)

Action Item		FY2010 Target	FY2010 Result	Rating	FY2011 Target	Mid-Term Plan	Page	
Product Related	Eco-Friendly Products Creation	Improve the sales ratio of SII Green Products.	General Purpose Products 96%	98.2%	◎	Maintain the ratio at 96% or more.	Maintain the sales ratio of SII Green Products (general purpose products) at 96% or more.	24-26
			Large Products 40%	36.5%	○	45%	Increase the sales ratio of SII Green Products (large products) to 55% or more by the end of FY2013.	
	Strict Management of Hazardous Chemical Substances	Increase the number of SII High Grade Green Products.	Create 3 products or more per year.	Create 3 products or more per year.	○	Create 3 products or more per year.	Increase the creation of SII High Grade Green Products to 4 products or more per year by the end of FY2013.	25
		Control inclusion of cadmium, hexavalent chromium, mercury and lead in products.*1	Maintain the ratio at 95% or more.	99.1%	◎	Maintain the ratio at 95% or more.	Maintain the ratio of cadmium, hexavalent chromium, mercury and lead-free products at 95% or more.*1	
	Control inclusion of polyvinyl chloride in products.*2	Maintain the ratio at 95% or more.	97.2%	◎	Maintain the ratio at 95% or more.	Maintain the ratio of polyvinyl chloride-free products at 95% or more.*2		
Japan Sites	Action against Global Warming	Reduce CO ₂ emissions.	69,803 ^{tons-CO₂} (1% improvement per basic unit annually)	67,264 ^{tons-CO₂} + 6.5% from FY2009	◎	68,576 ^{tons-CO₂} (1% improvement per basic unit annually)	Reduce energy-related CO ₂ emissions by 25% from FY1990 by the end of FY2020.	27
	Waste Reduction/ Recycling	Reduce total waste generation.	2,161 tons	2,939 tons +16% from FY2009	×	Recycling ratio 88% or more. *4	Increase recycling ratio to 90% or more by the end of FY2013.	28
	Chemical Substance Reduction/Control	Reduce emissions of PRTR ³ hazardous chemical substances + SII's voluntary controlled hazardous chemical substances (HFCs, PFCs and SF ₆) + VOC.	45.6 tons + 5% from FY2009	27.7 tons - 36% from FY2009	◎	Maintain the value in FY2010 Less than +5% from FY2010	Maintain emissions of PRTR hazardous chemical substances + SII's voluntary controlled hazardous chemical substances (HFCs, PFCs and SF ₆) + VOC at FY2010 levels. (Less than +5%)	29
	Water Use Reduction	Reduce water use.	716,000 m ³ - 1% from FY2009	824,000 m³ + 14% from FY2009	×	816,000 m ³ - 1% from FY2010	Reduce water use by 1% every year.	—
Overseas Sites	Action against Global Warming	Reduce CO ₂ emissions.	42,011 ^{tons-CO₂} - 1% from FY2009	47,810 ^{tons-CO₂} + 12.7% from FY2009	×	47,332 ^{tons-CO₂} - 1% from FY2010	Reduce CO ₂ emissions by 1% every year.	27
	Waste Reduction and Recycling	Increase recycling ratio by 3 points.	60%	62%	◎	65% + 3 points from FY2010	Increase recycling ratio by 3 points.	28
	Office Paper Use Reduction	Reduce office paper use.	20.8 tons - 3% from FY2009	27.1 tons + 26% from FY2009	×	26.3 tons - 3% from FY2010	Reduce office paper use by 3% every year.	—
	Water Use Reduction	Reduce water use.	613,000 m ³ - 1% from FY2009	763,000 m³ + 23% from FY2009	×	756,000 m ³ - 1% from FY2010	Reduce water use by 1% every year.	—

Environmental Management Indicators	Action Item
Environmental Management System	Improve the online site reports. Enhance operation-based themes.
Community and Social Contribution	Promote employees' participation in environmental activities for community and society.

*1 Completed elimination in May 2006 for products shipped to the EU.
 *2 Except those used within the safety standards or difficult to be substitute.
 *3 PRTR: Systems to collect and disseminate information on use and environmental releases of specific chemicals.
 *4 From FY2011, we changed the indicators to the "recycling ratio increase".

Environmental Accounting

The FY2010 results show that the total investment and the total expenses were 253 million yen and 2,385 million yen respectively.

Environmental protection Costs (Japan sites)

(million yen)

Category	Action Item	Investment*1	Expenses*2
(1) Business Area Costs			
Details	1. Prevention of Environment Disruption	73.9	615.3
	2. Global Environment Protection	172.8	449.7
	3. Resource Efficiency	6.4	382.8
(2) Upstream and Downstream Costs	Eco-friendly products creation Recycling of products and packaging	0.0	113.3
(3) Administrative Activities Costs	Environmental education and environmental information disclosure Environmental management system operation	0.0	316.5
(4) R&D Costs	Environmental research and development	0.0	505.1
(5) Social Activities Costs	Supporting environmental protection groups and communities	0.0	2.7
(6) Restoration Costs	Restoration of contaminated soil	0.0	0.0
Total		253.1	2,385.4

Environmental Protection Results

Environmental Impact	Reduced Amount (FY2009-FY2010) (Compared to FY2009)
CO ₂	-4,083 tons-CO ₂
Water	-101,000 m ³
Paper resources	4 tons
Industrial Waste	-399 tons
General Waste	-15 tons
New Material Purchasing Reduction ³ Single year result	551 tons

*1 The investment for FY2010 only. In case we judged that the total outlay included any costs other than environmental protection costs, only the proportion deemed to apply to environmental protection was counted.
 *2 Includes depreciation expense for FY2009 or before. (Equipment and facility investment are depreciated over 5 and 10 years, respectively, in equal yearly increments.) In case we judged that the total outlay included any costs other than environmental protection costs, only the proportion deemed to apply to environmental protection was counted.
 *3 The total amount of recycled and reused waste oil and waste plastics was calculated as the new purchase reduction amount.
 *4 The new purchase reduction cost is calculated by converting the new purchase reduction amount described above.

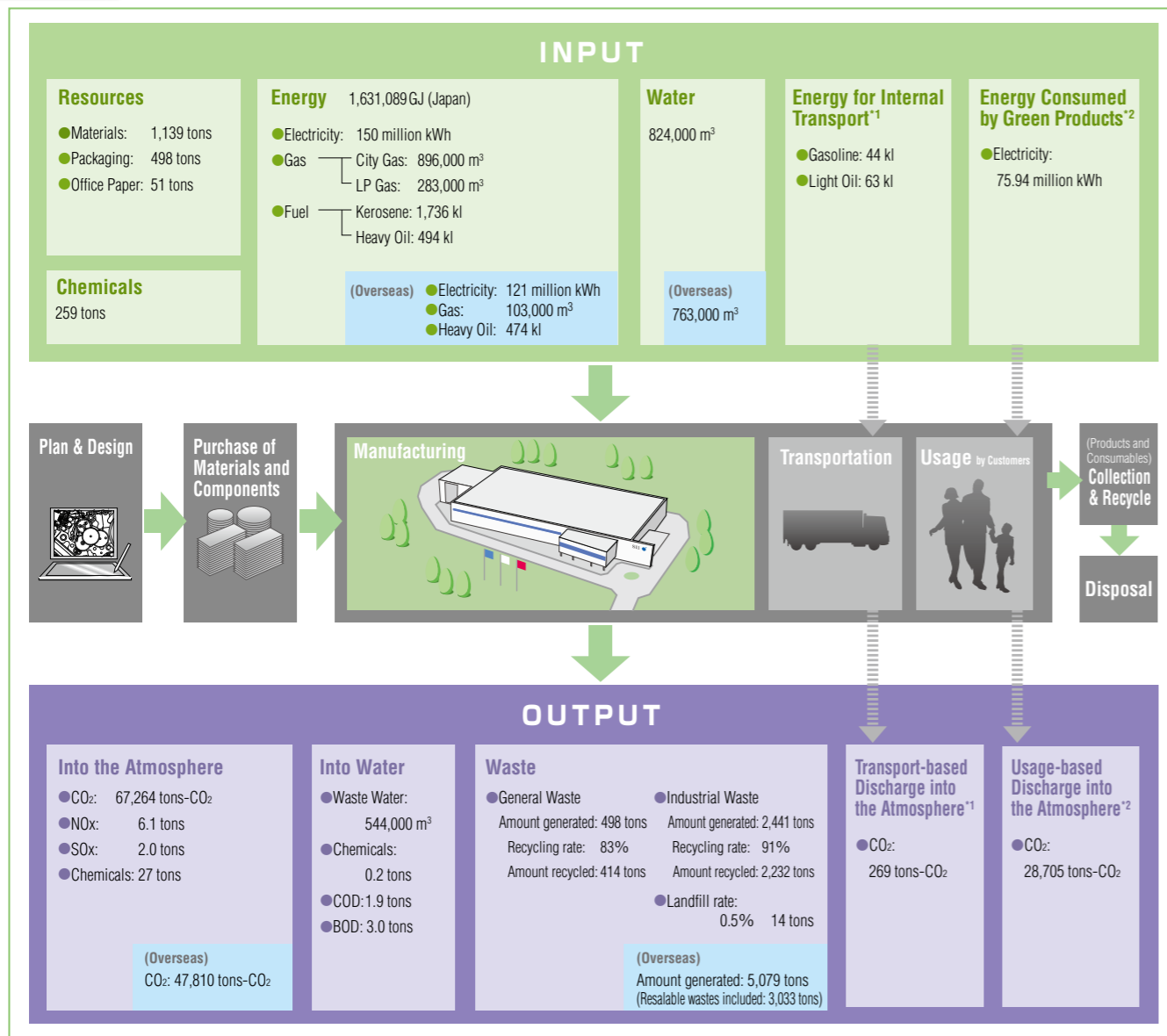
Economies Achieved from Environmental Protection Activities (million yen)

Content of Actual Savings	Cost Actually Saved (from FY2009)
Expense reduction attributable to energy conservation	-121.9
Reduced cost by water use savings	-0.9
Reduced cost by paper use savings	0.6
Reduced general waste disposal cost	-6.6
Income from sales of valuable resources Single year result	261.7
Reduced cost by new material purchasing reduction ⁴ Single year result	483.8
Total	616.7
Estimated Savings from Risk Reduction Single year result	Savings Estimated
Avoidance of shutdown due to air/water pollution	217.2
Avoidance of illegal dumping penalties or others	51.7
Total	268.9
Total Savings	885.6



Business Activities and Environmental Impact

The SII Group believes that understanding environmental impact throughout the product life cycle is necessary to properly conduct environmental activities. The overview of FY2010 environmental impact is explained in the table below.



*1 Transportation among the SII Group companies in Japan *2 Estimated annual energy use of FY2010 SII Green Products

INPUT (Details)

- Materials: Metals, plastics, glass and other materials used in production
- Packaging: Plastics and paper to be recycled according to the Law for Promotion of Sorted Collection and Recycling of Containers and Packaging
- Office Paper: Paper for printers and copiers
- Chemicals: PRTR hazardous chemical substances, HFCs, PFCs, SF₆ 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 (Details)

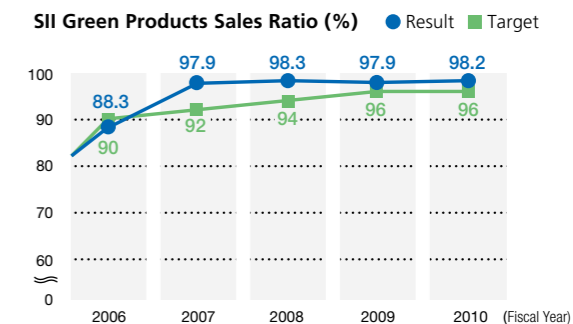
- CO₂: From use of electricity, gas, oil, and, cooling and heating water
- NO_x: From use of gas and oil
- SO_x: From use of oil
- *NO_x and SO_x figures represent business units installing soot and smoke emitting facilities which are regulated by the Air Pollution Control Law.
- Chemicals: PRTR hazardous chemical substances, HFCs, PFCs, SF₆, 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 waste and household-type waste generated by or as a result of industrial operation
- Industrial Waste: Waste oil, acid, alkali, plastics, ash, sludge, and other materials generated by industrial operations
- Final Landfill Rate: The ratio of the landfill amount to the total waste generation amount



Environmentally-Friendly Products

FY2010 Overview

- The SII Green Products sales ratio was 98.2%, achieving our target (excluding some large products).
- Three products were certified as SII High Grade Products (on a cumulative basis, ten product categories and 47 products).
- We achieved 99.1% elimination of Cd, Cr⁶⁺, Hg and Pb, and 97.2% elimination of PVC. (The RoHS regulated substances were eliminated from products shipped to the EU in May 2006.)



SII Green Products and SII High Grade Green Products

In December 2001, we introduced the SII Green Product Label System, which is equivalent to the ISO14021 Type II environmental label. Products are assessed according to the SII Green Product Standards on a scale of one to five, and certified as SII Green Products with an average score of 3.5 and above.

In October 2006, the SII High Grade Green Product Label System was introduced as a higher level certification of SII Green Products. In FY2010, the system was reviewed and a condition was added, which mentions making a great contribution to improving the environmental performance of end products in which SII devices or components are incorporated, as well as to conserving the environment we all share.



SII High Grade Green Products

Mandatory Item	Implemented the Life Cycle Assessment (LCA)
1. Top rank in one or more of the SII Green Product Standards criteria	<ul style="list-style-type: none"> ● Top ranking features including "the smallest" in the world, in Japan and in the industry, etc. ● Twice or more environmental efficiency compared to conventional products (functionality / environmental impact)
Selective Items	2. Unique eco-friendly features
	<ul style="list-style-type: none"> ● Achieved top-level environmental impact reduction through raw materials and processing methods. ● Significantly reduced environmental impact utilizing innovative technology ● Making a "great" contribution to improving the environmental performance of our clients' products in which SII devices or components are incorporated, as well as to conserving the environment we all share.



SII Green Products

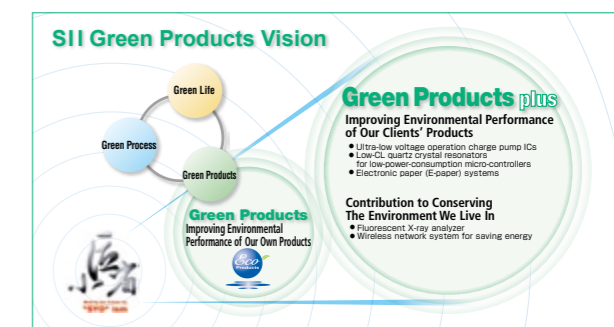
Average assessment of 3.5 points or above

No	Parameter	7	Limitation of including substances to be avoided*	14	Manufacturing process resource conservation
1	Power consumption during use	8	Prohibition of substances to be abolished on condition*	15	Manufacturing process limitation of substances to be avoided*
2	Power consumption during standby	9	Prohibition of including banned substances*	16	Manufacturing process prohibition of banned substances*
3	Product weight	10	Smaller, more lightweight packaging	17	Green purchasing
4	Use of reused parts and recycled materials	11	Limitation of foam packaging materials	18	Easy disassembly
5	Recyclability of used products	12	Avoidance of polyvinyl chloride and heavy metals in packaging	19	Easy sorting of materials for recycling
6	Longer-lasting products	13	Manufacturing process energy conservation	20	Information disclosure in user manuals, and other related documents

* Based on the SII Group standards

New Approach - Green Products plus -

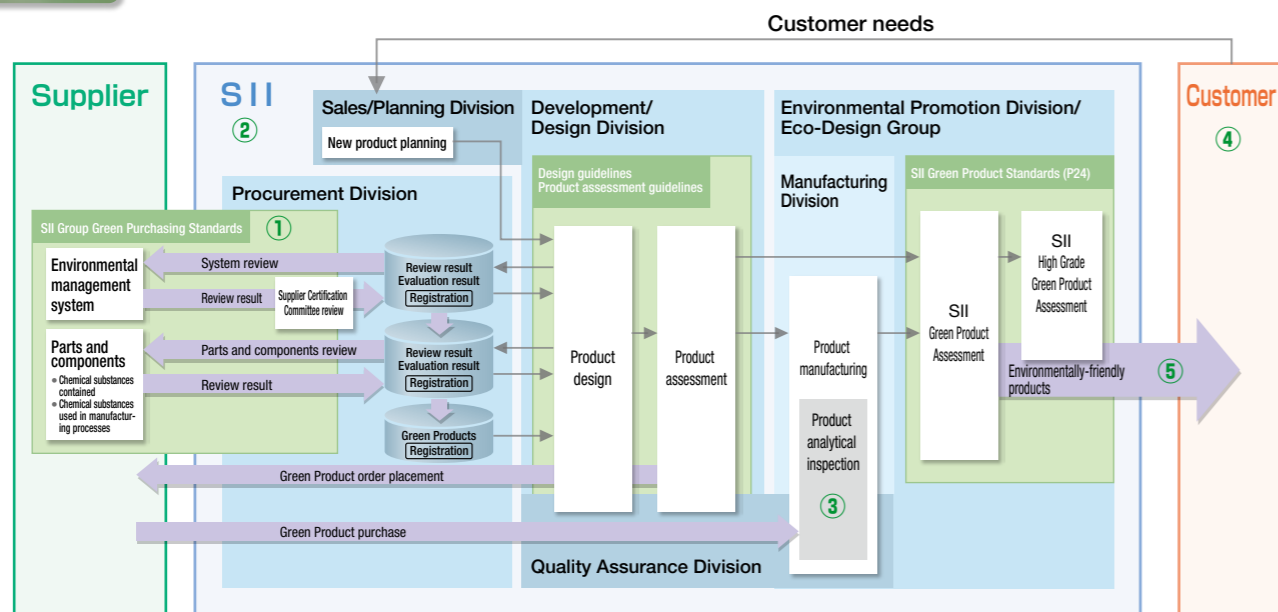
SII formulated the SII Green Products Vision in FY2010. The concept of "improving the environmental performance of our clients' products in which SII devices or components are incorporated" and "contributing to conserving the environment we all share" through SII products is called "Green Products plus", and we have been focusing on developing the products and services. In FY2011, we are advancing the proposal to add the Green Products plus contribution to the evaluation criteria for SII Green Products certification, and planning to revise and launch the new criteria.





Environmentally-Friendly Products

Workflow: Green Purchasing to Green Product Creation



① Green Purchasing

To produce environmentally-friendly products, we need to use parts and materials with low environmental impact.

In 1999, SII launched the Green Purchasing activities to evaluate product quality and price as well as to purchase products with lower environmental impact.

Using the "SII Group Green Purchasing Standards", SII investigates suppliers' environmental management systems and inclusion/use of specified chemical substances, and certifies products meeting all of the criteria as SII Green Production Material. The criteria are reviewed regularly and revised in July 2010.

In addition to production material, we also apply Green Purchasing to office equipment and supplies. Products with lower environmental impact are preferentially registered in an electronic purchasing system, enabling a purchaser to easily perform Green Purchasing. [Web Green Purchasing](#)

② Contained Hazardous Chemical Substance Management

The control of chemical substances in products started from Europe and is currently being developed in each country. At SII, five substances have been specified as chemical substances to be reduced: lead, cadmium, hexavalent chromium, mercury and polyvinyl chloride (PVC). A system was established and has been promoted to control chemical substances by all the business units engaged in products.

In addition to the manufacturing of not only watches but also large format printers in compliance with each country's controls, we respond to customer's requirement on the threshold stricter than regulations or halogen-free material for the components to be incorporated into the end product, such as electric components.

In regard to SVHC (A substance of very high concern)^{*2} which is requirement set under REACH Regulation^{*1}, we will continue checking the inclusion in products. Based on the result, we will promote the reduction and alternative activities as the next step.

*1 REACH Regulation: The regulations describes about registration, evaluation, authorization and restriction of chemicals in the EU.

*2 SVHC: Substances of very high concern which are determined as candidates to be included in Annex XIV of REACH. (SVHC: Substances of Very High Concern)

③ Analysis Using SII Fluorescent X-ray Analyzer

In addition to inspections based on the Green Purchasing Standards, we insure non-inclusion of controlled substances in the parts and components supplied from suppliers at our production facilities. We use fluorescent X-ray analyzers of SII Nano Technology Inc. for the inspection.



④ Collection and Recycling

For effective use of resources, we promote the collection and recycling of used products and consumables.

●Collection of Ink Cartridges

Used ink cartridges and bottles are sent to our collection center, where they are separated according to their constituent materials and then recycled. This proper procedure enables approximately 90% of all collected cartridges to be recycled.

●Collection, Proper Disposal and Recycling through Industry Groups

Products	Industry Groups
Data communication cards PHS Phones	Participation in the mobile recycling network
Button batteries	Button Battery Recycling Promotion Center established in Battery Association of Japan
Small rechargeable batteries	Japan Portable Rechargeable Battery Recycling Center (JBRC)
Packaging	Entrustment with the Japan Containers and Packaging Recycling Association

⑤ SII Eco-Friendly Products

Achieved total 1,000 certified "SII Green Products"

September 2010 marked a milestone of achieving 1,000 certified "SII Green Products" in total. The "SII Green Products" certification system was introduced in December 2001 (see page 24), and since the first four certified products were created in March 2002, we have sought to produce more green products, including consumer products, industrial products and components, and OEM products.

SII Green Product Standards are reviewed and revised every two years to maintain innovation levels while tracking the highest standards in the industry at all times. Products are certified after being assessed by not only the Environmental Division, but also developers and designers in all Divisions. In addition to assessments being carried out from a fair, objective, wide-ranging standpoint, information exchange among divisions is raising the level of green products across the company.

Solar-powered Chargers

Attaining the world's highest level of efficiency (SII High Grade Green Products)

The combination of a single-crystal highly-efficient solar cell, the proprietary SII charge pump IC, and the MPPT function that was first introduced for mobile devices achieved 1.4 times higher efficient power generation than conventional chargers. It requires only four to five hours to fully charge a mobile phone in sunny weather. With energy harvesting, it helps reduce CO₂ emissions and plays an active role in outdoor activities and emergency situations. Solar cell modules feature resin instead of glass, which reduces weight.



Example: NTT DOCOMO product

Electronic Dictionaries

All series are certified as SII green products

All SII electronic dictionaries are certified as SII green products. Employment of proprietary SII damper shell structure and significant reduction of liquid crystal panel breakage contribute to the prolongation of product's life.

Our large selection offers features that make full use of highly-professional contents by using PASORAMA^{*1}.

*1 Function to search electronic dictionary contents on a PC by connecting them with a cable.



Electronic Dictionary SR-G9003 designed for Engineers

Wide Format Multifunction Printers

Eco Mark-certified products

Our wide format multifunction printers, LP-2050/2030/1030, have been Eco Mark certified for its 3R and energy-saving designs, elimination of halogen in plastic, and utilization of recycled plastic. LP-2050 makes a significant contribution to increasing business productivity due to the fact that installation requires 80% of the area of conventional products, and through its utilization of a high-speed print engine and high-speed scanner that achieves a maximum speed of 240 mm per second.



LP-2050-MF



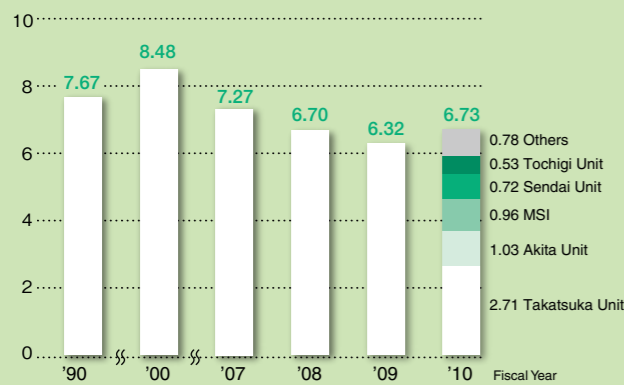
Eco Mark certificate number: 10122005
Certified company: Seiko I Infotech Inc.



Addressing Global Warming

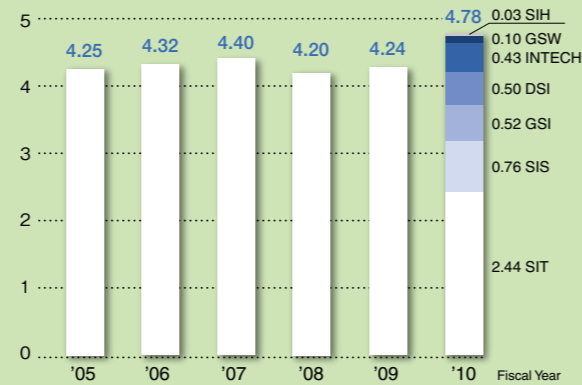
FY2010 Overview

CO₂ Emissions (Japan Sites) (10,000 tons-CO₂)



CO₂ Emissions (Japan Sites): 67,264 tons-CO₂ (4,083 tons-CO₂ increase, or +6.5% from FY2009)

CO₂ Emissions (Overseas Sites) (10,000 tons-CO₂)



CO₂ Emissions (Overseas Sites): 47,810 tons-CO₂ (5,375 tons-CO₂ increase, or +12.7% from FY2009)

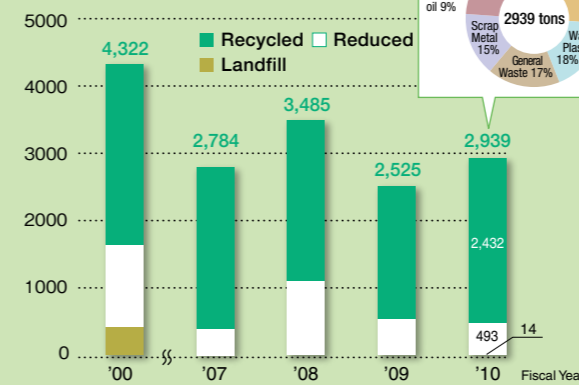
*Please refer to P30 for official company names.



3R Activities (Reduce, Reuse and Recycle)

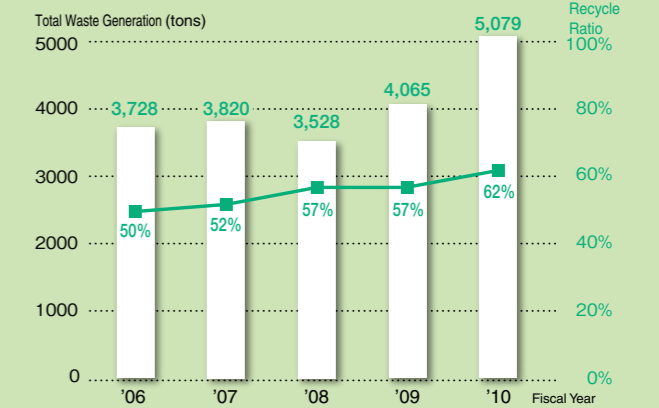
FY2010 Overview

Total Waste Generation in Japan Sites (including resalable waste)



Waste generated in Japan Sites: 2,939 tons (414 tons increase, or +16% from FY2009)

Total Waste Generation and Recycle Ratio in Overseas Sites (including resalable waste)



Waste generated in Overseas Sites: 5,079 tons (1,014 tons increase, or +25% from FY2009)

*See page 30 for official company names.

Our Concepts and Current Status

SII Group's Japan sites achieved the FY2010 target for CO₂ emissions arose from energy consumption. The emissions increased compared to FY2009, but the cause is production increase. FY2010 was the final fiscal year of the mid-term plan. From now on, we will strive to achieve new goal; reduce energy-related CO₂ emissions by 25% from FY1990 by the end of FY2020. On the other hand,

overseas sites failed to achieve the target goal. The cause is significant production increase in some sites.

The world's energy policy is about to shift, in part due to the experience of the devastating Tohoku earthquake and tsunami. In addition to our continuous efforts in CO₂ emissions reduction, SII will explore possibilities of utilizing renewable energy.

Water Use Reduction

Japan sites: the amount of water used was 824,000m³, which failed to achieve the target. (101,000m³ increase, or +14% from FY2009)
Overseas sites: the amount of water used was 763,000m³, which failed to achieve the target. (144,000m³ increase, or +23% from FY2009)

Our Concepts and Current Status

In FY2010, our total waste generation amount failed to achieve the target goal at Japan sites. The cause is the increase in sludge and waste plastic due to production volume increase. Although the waste generation amount increased, the final disposal amount was reduced to less than the amount of FY2009 by finding a new waste disposer.

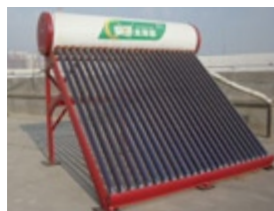
Our overseas production facilities are promoting the recycling rate improvement to use resources more efficiently, and they achieved the FY2010 target. The waste generation amount resulted in more than the amount of FY2009, but this was also due to production increase.

Waste Treatment Audit

SII entrusts waste treatment to waste disposers and carries out on-site audits on a regular basis. In addition to confirming the contents of the contract, we also check the acceptance and storage conditions. To make the audits more reliable, the Head Office Environment Division also checks waste disposers' performance. In case they are entrusted with the waste treatment for more than one site, SII shares information among the related sites.

SII Site Case Study

●Dalian Seiko Instruments Inc. (DSI) performs energy-saving activities to detail not only at manufacturing facilities but also in daily life such as at washrooms and cafeteria. The heat source was changed in FY2010; solar-powered water heaters were introduced at some washrooms.



Solar-powered Water Heater

●Seiko Instruments (Thailand) Ltd. (SIT) has established an energy-specific management system and has subsequently been enhancing energy-saving activities. SIT is subject to the energy saving law in Thailand and its CO₂ emissions are the second highest among SII group sites. In operating the management system, they implemented energy-saving education using a

visiting lecturer and an inspection to check the operational status of existing energy facilities, leading to improvements. Maintenance of air-conditioning equipment and cooling systems was also carried out. SIT will make continued efforts to reduce CO₂ emissions by making effective use of this system.



Energy-saving education



Facilities inspection

●Twenty-four employees at our Sendai Unit checked air leakage from machines and facilities during a shutdown to count inventory. As a result, 298 cases of air leakage were discovered and they were all subsequently fixed.

Case Study

●The Akita unit launched recovery and recycling of steam drain. Steam drain generated from heat exchange between steam and hot water had previously been drained off, however, recovery and recycling of boilers' 48 degrees C hot feedwater reduced the use of kerosene and clean water.

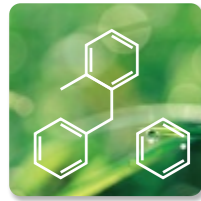


Drain recovery equipment

●Instruments Technology (Johor) Sdn.Bhd installed recycling bins and educated employees on how to separate garbage.



Recycle bins



Chemical Substance Control

FY2010 Overview

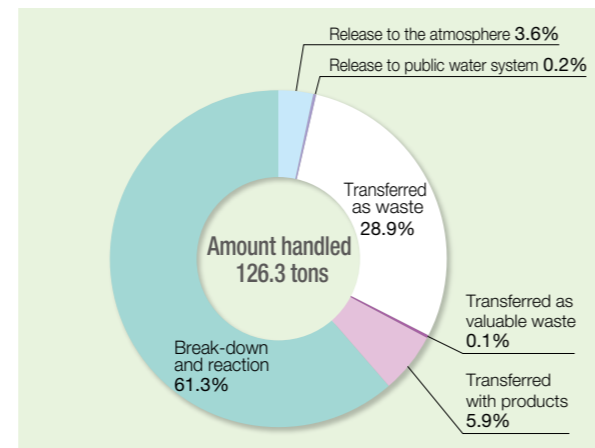
Our Concepts and Current Status

The SII Group believes that the safe and appropriate chemical substance handling is corporate responsibility and important activity for risk management. In terms of chemical substances used in our manufacturing processes at Japan sites, we control the use and emission of PRTR substances, SII voluntarily specified 22 substances, and 100 VOC (volatile organic compounds) substances.

Their emissions were 27.7 tons and achieved the FY2010 target. Overseas sites are tackling the total elimination of chlorinated solvents.

The detail of the emissions and transfer of PRTR chemical substances are shown in the right chart.

PRTR Chemical Substance Emission and Transfer (Japan site)



Approaches to Biodiversity Conservation

Our Concepts

SII Group's business activities depend, to some extent, on ecosystem services. We consider biodiversity conservation to be not

only a social contribution, but also a key issue of sustainable 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 biodiversity conservation. Our next challenge is seeking to conserve the biodiversity, while understanding the connection and relevance between our business operations and biodiversity, as well as engaging in educational activities.

Biodiversity Action Agenda (Established in April 2011)

<Basic Concepts>

Recognizing that SII group's business activities benefit from ecosystem services and make an impact on biodiversity, we will make every effort to preserve biodiversity.

<Key Measures>

- Foster better understanding of an impact on biodiversity through business activities.
- Analyze and evaluate the impact on biodiversity caused by products and services during their life cycles, and endeavor to reduce their impact.
- Promote social action programs that contribute to local biodiversity conservation.

Forest Improvement Activity - Conclusion of "Corporate Forestation" Agreement

Morioka Seiko Instruments Inc. (MSI) has concluded the "Corporate Forestation" agreement with Iwate Prefecture and Shizukuishi-cho (Iwate-gun, Iwate) and has been performing forest improvement activities for "Nanatumori Forest Park" in Shizukuishi-cho.

Nature Reserve Tour

Seiko Instruments (H.K.) Ltd. (SIH) held a tour to visit Mai Po Nature Reserve in Yuen Long to raise awareness of the importance of conserving nature.

A guide from WWF (World Wide Fund For Nature) Hong Kong presented a lecture on the importance of conserving nature to 24 SIH employees and their families.



Participants

Business Units and Environmental Impact



Japan Sites

Makuhari Unit (SII Head Office)
ISO14001 Certification: October 2001

Location: Chiba-shi, Chiba
Business lines: SII Group headquarters; development and sales of watches, electronic dictionaries, and IT devices; sales of electronic components

IN
● Electricity: 9,663,000 kWh
● City Gas: 27,000 m ³
● District Heating and Cooling: 14,047GJ

OUT
● CO ₂ Emission: 4,185 tons-CO ₂
● Total Waste: 193 tons (Recycled: 170 tons)

Takatsuka Unit
ISO 14001 Certification: November 1996

Location: Matsudo-shi, Chiba
Business lines: Development and manufacturing of semiconductors and electronic components; development of microtechnologies and electronic devices; development, design and production technology of micromechanics

IN
● Electricity: 66,251,000 kWh
● Heavy Oil: 38 kl
● City Gas: 762,000 m ³

OUT
● CO ₂ Emission: 27,119 tons-CO ₂
● Total Waste: 1,170 tons (Recycled: 991 tons)

Ohno Unit
ISO 14001 Certification: March 1999

Location: Ichikawa-shi, Chiba
Business lines: Manufacturing and sales of cutting tools, jigs, precision parts, and small automobile parts; manufacturing and inspection of precision miniature motors

IN
● Electricity: 4,126,000 kWh
● City Gas: 108,000 m ³

OUT
● CO ₂ Emission: 1,821 tons-CO ₂
● Total Waste: 59 tons (Recycled: 33 tons)

Tochigi Unit
ISO 14001 Certification: February 1998

Location: Tochigi-shi, Tochigi
Business lines: Manufacturing of quartz crystals

IN
● Electricity: 10,661,000 kWh
● Heavy Oil: 449 kl

OUT
● CO ₂ Emission: 5,275 tons-CO ₂
● Total Waste: 363 tons (Recycled: 363 tons)

Sendai Unit
ISO 14001 Certification: February 1999

Location: Sendai-shi, Miyagi
Business lines: Manufacturing of batteries, capacitors, electronic parts, and precision equipment materials

IN
● Electricity: 14,736,000 kWh
● LP Gas: 258,000 m ³

OUT
● CO ₂ Emission: 7,143 tons-CO ₂
● Total Waste: 101 tons (Recycled: 99 tons)

Akita Unit
ISO 14001 Certification: April 1997

Location: Daisen-shi, Akita
Business lines: STN LCD and unique LCD manufacturing, high-density packaging and IC packaging

IN
● Electricity: 21,949,000 kWh
● Kerosene: 766 kl
● LP Gas: 1,000 m ³

OUT
● CO ₂ Emission: 10,313 tons-CO ₂
● Total Waste: 425 tons (Recycled: 399 tons)

SII NanoTechnology Inc. (Oyama Unit)
ISO 14001 Certification: August 1998

Location: Sunto-gun, Shizuoka
Business lines: Development and manufacturing of analysis and measurement equipment, and acoustic devices

IN
● Electricity: 3,446,000 kWh
● Heavy Oil: 8 kl ● Kerosene: 181 kl
● LP Gas: 4,000 m ³

OUT
● CO ₂ Emission: 1,814 tons-CO ₂
● Total Waste: 80 tons (Recycled: 78 tons)

Morioka Seiko Instruments Inc. (MSI)
ISO 14001 Certification: April 1997

Location: Iwate-gun, Iwate
Business lines: Integrated watch production, manufacturing technology development, and watch part manufacturing, Shizukuishi Watch Studio

IN
● Electricity: 19,603,000 kWh
● Heavy Oil: 0.5 kl ● Kerosene: 789kl
● LP Gas: 21,000 m ³

OUT
● CO ₂ Emission: 9,594 tons-CO ₂
● Total Waste: 548 tons (Recycled: 512 tons)

Overseas Sites

Dalian Seiko Instruments Inc. (DSI)
ISO 14001 Certification: June 2001

Location: Dalian, China
Business lines: Manufacturing and sales of watch parts and small precision parts

IN
● Electricity: 12,539,000 kWh
● Gas: 103,000 m ³
● Steam: 3,000 t

OUT
● CO ₂ Emission: 5,026 tons-CO ₂
● Total Waste: 451 tons (Resalable Waste: 294 tons)

Guangzhou Seiko Instruments Ltd. (GSI)
ISO 14001 Certification: July 2003

Location: Guangzhou, China
Business lines: Manufacturing and sales of LCD panels and various types of display modules

IN
● Electricity: 10,239,000 kWh
● Heavy Oil: 472 kl

OUT
● CO ₂ Emission: 5,178 tons-CO ₂
● Total Waste: 573 tons

Guangzhou SII Watch Co., Ltd. (GSW)
ISO 14001 Certification: March 2005

Location: Guangzhou, China
Business lines: Watch part manufacturing, assembly and sales

IN
● Electricity: 2,700,000 kWh
● Heavy Oil: 1.7 kl

OUT
● CO ₂ Emission: 1,034 tons-CO ₂
● Total Waste: 69 tons

Seiko Instruments (H.K.) Ltd. (SIH)
ISO 14001 Certification: March 2005

Location: Hong Kong
Business lines: Watch and audio equipment manufacturing, and electronic component manufacturing and sales

IN
● Electricity: 661,000 kWh

OUT
● CO ₂ Emission: 252 tons-CO ₂
● Total Waste: 4 tons

Seiko Instruments Singapore Pte. Ltd. (SIS)
ISO 14001 Certification: May 1997

Location: Singapore
Business lines: Manufacturing of watch movement parts and thermal printers, and sales of electronic component, measurement and analysis instruments

IN
● Electricity: 19,953,000 kWh

OUT
● CO ₂ Emission: 7,609 tons-CO ₂
● Total Waste: 272 tons (Resalable Waste: 101 tons)

Instruments Technology (Johor) Sdn. Bhd (INTECH)
ISO 14001 Certification: October 2002

Location: Malaysia
Business lines: Watch movement assembly and manufacturing

IN
● Electricity: 11,253,000 kWh

OUT
● CO ₂ Emission: 4,291 tons-CO ₂
● Total Waste: 92 tons (Resalable Waste: 72 tons)

Seiko Instruments (Thailand) Ltd. (SIT)
ISO 14001 Certification: March 2002

Location: Thailand
Business lines: Hard disk component manufacturing

IN
● Electricity: 64,038,000 kWh

OUT
● CO ₂ Emission: 24,420 tons-CO ₂
● Total Waste: 3,617 tons (Recycled: 2,565 tons)

● The recycled amounts of Japan sites include resalable waste.

Web Sites Report