

Quality Control and Product Safety

Our Concepts and SII Group Basic Quality Policy

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

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

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

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

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

Quality Assurance that Establishes Security and Reliability

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

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

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

Communication with Customers

SII Customer Service Center

SII Customer Service Center is committed to providing prompt, accurate and sincere responses to customer inquiries. Our customers' opinions, requests and complaints are communicated to the relevant divisions, and are used effectively for product and service quality improvement.

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

Disclosure of Product Safety and Quality Information

In response to the enforcement of Consumer Product Safety Act, SII created 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.

Support for Employee Development

Respect for Human Rights

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

In regard to the "Human rights" described in the SII Group Charter of Corporate Behavior, our overseas affiliated companies are promoting documentation for this that reflects the cultures and customs of each country.

In FY 2015, the Human resources department at the head office visited each site to confirm that "spirit of respecting human dignity" statement is posted on bulletin boards, thoroughly communicated, and serving as a standard of value for employee behavior. As for FY 2016, SII duly verifies this spirit in each regulation and promotes the same as employees' code of conduct.

Support for Career Development

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.

Work/Life Balance

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

From FY 2016, the shift working hours range has been expanded for childcare and nursing care, and childbirth leave program has been offered for male employees from their spouse's 2nd delivery, enabling more flexible working styles. We will continue to make efforts in improving working conditions and environment.

Status of Utilization of the Systems (Japan)

System	FY2011	FY2012	FY2013	FY2014	FY2015
Childcare leave	29	26	25	26	33
Short-hours work for childcare	36	32	29	29	35
Elderly nursing care leave	1	0	0	0	0
Short-hours work for elderly nursing care	2	0	0	0	0

Safety and Health

Concept of Occupational Safety and Health

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

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

Purchasing Activities with Fairness and Integrity

Our Concept of CSR in Supply Chain

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

Purchasing Policy

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

Purchasing Policy

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

Supplier Certification System

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

SII Group Supplier Certification Criteria

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

Based on our Supplier Certification System that we established in FY 2004, the number of certified suppliers has reached to approximately 1,200 in total in Japan and overseas as of the end of FY 2015. In FY 2015, we completed 99.4% of the planned renewal assessment. We reviewed our Supplier Certification System in FY 2015 to facilitate actions for CSR requirements and assessment methods.

Conflict Minerals Policy

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

With Regions and Society

Academic Promotion and Technical Advancements

Advanced Technology Institute, LLC

Advanced Technology Institute (ATI), LLC was founded in 1986 and has been fully supported by SII. It was authorized as an incorporated foundation in 1993 and has been performing public welfare services as a public interest incorporated foundation under the new public interest corporation system since 2012.

ATI's mission is to contribute to the promotion of learning, which is fundamental to the progress of society. As an attempt to find true harmony between science and people and to clear the way for a fruitful future for a new generation, ATI has promoted research across various fields of nanoscience conducted by researchers with different approaches, supported international symposiums and other international exchanges, and granted aid to young researchers to nurture the leaders of the next generation.

Mechanical Watch Seminar

Morioka Seiko Instruments Inc. sponsors a seminar that provides the public with an opportunity to participate in a hands-on mechanical watch assembly workshop. This seminar was launched in 2007 with hopes of increasing interests in watches and inspiring more mechanical watch enthusiasts. A total of 167 people have joined the seminar up to now. The seminar consists of two courses: a hands-on course for beginners and a more advanced course, using watches as educational materials in which SII-made mechanical movements are incorporated. The ninth seminar was held in FY 2015 and 19 participants experienced and enjoyed disassembling and assembling mechanical watches.



Environmental Activities

"Seiko Instruments Forest" Maintenance Activity

In March 2015, Makuhari Unit staff planted Japanese black pine trees in the "Seiko Instruments Forest" located along Kujūkuri Beach in Niibori, Sosa, Chiba, Japan. This activity was performed according to the "Cooperative Forest Agreement" concluded with Chiba Prefecture in August 2014. SII has engaged the Northern Division of Chiba Prefecture Forest Owners' Cooperative to conduct weeding as part of the maintenance activity—accomplished twice during FY 2015.



Environmental Report Meeting

Morioka Seiko Instruments Inc. (hereafter MSI) has held an "Environmental Report Meeting with Local Communities" since 2008. A total of 25 members, including local residents as well as members from companies and the government of the Shizukuishi area, participated in the eighth meeting held on October 21, 2015.

The Environmental Report Meeting has deepened their understanding of production activities and environmental activities.

Educational Support

Internship Programs and Factory Tours

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

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

During the two-day Work-Study Program at SII, each participant is challenged to disassemble and assemble a mechanical watch.



Community Activities

Social Welfare Activities

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

Seiko Instruments (Thailand) Ltd. continuously is visiting local facilities such as temples and schools; donating daily commodities and food.



At Dalian Seiko Instruments Inc., a total of 20 employees, including Managing Director, visited a nursing home in Pulandian and offered food. A pleasant time of social interaction with the residents brought joy to everyone.



As part of Safety and Health Month activity in Instruments Technology (Johor) Sdn. Bhd, 212 employees participated in the Blood Donation activity organized by a public hospital. This activity also is continuously performed at other SII Units.



Local Cleanup Activities

Every SII unit holds or participates in regular cleanup activities for environmental beautification around their premises, at roadsides, and other local areas. Each unit gives variety to the activities, such as a cleanup activity with walking.

