

## Modern Slavery Act Transparency Statement

To be "a company that wins the confidence of society through our business endeavours" — this fundamental aspiration guides actions and decisions of all Seiko Group companies.

We are committed to strictly comply with all laws, regulations and international norms, including Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. Seiko explicitly prohibits all forms of human and labour rights abuses and takes appropriate steps to ensure that modern slavery and human trafficking is not taking place in our supply chains or in any part of our business.

### **Our Business Structure**

This statement is published on behalf of Seiko UK Ltd. — the wholly-owned UK subsidiary of Seiko Watch Corporation (SWC), which is engaged in product planning and sales of watches for domestic and overseas markets. The parent company of SWC, Seiko Holdings Corporation is headquartered in Tokyo, from where it coordinates the activities of all consolidated companies, i.e. manufacturing, distribution and sales of watches, electronic devices, system solutions, clocks, luxury accessories and other products.

Seiko UK Ltd. controls the UK marketing, sales and service activities for the SWC brands — SEIKO, PULSAR and LORUS — as well as the distribution of clocks, electronic dictionaries, printers, musical accessories and other products, supplied by Seiko Group companies — SWC, SEIKO Hong Kong Ltd., SEIKO CLOCK (Hong Kong) Ltd. and Seiko Solutions Inc. Most of these products are manufactured by Seiko Epson (SE) and Seiko Instrument Inc. (SII).

### **Our Supply Chain**

SE and SII manufacture watches, acoustic equipment (tuners, metronomes), printers, and other products, distributed by Seiko UK Ltd. These products are manufactured in Japan (by both SE and SII), China (SE), Singapore (SII) and Taiwan (SII).

The suppliers of components for SE products sold in the UK are located in Malaysia and Singapore, while those of SII are based in Japan and Hong Kong. The most frequently procured goods include metal parts and circuit components. The number of suppliers for SE and SII is 900 and 1,200 respectively.

Clocks and electronic dictionaries, which occupy only a small share in the total

turnover of Seiko UK Ltd. are supplied by SEIKO CLOCK (Hong Kong) Ltd. and Seiko Solutions Inc.

### **Our Policies**

Article 5 of "Action Guidelines for Corporate Ethics" of Seiko Holdings Corporation requires all executives and employees to "respect fundamental human rights and individual personalities" and to "strive to realize an environment that is healthy and safe, free from unfair discrimination and harassment".

In addition, Seiko UK Ltd. has issued the Employee Guide, stipulating the rules that aim to ensure ethical behaviour of all employees. The Guide is accompanied by Harassment Policy and Procedures, which prohibit all forms of physical, sexual or mental harassment, and Procedures for Disclosure of Information, describing the steps to report violations of corporate ethics, including human rights abuses.

### **Steps to Prevent Modern Slavery and Human Trafficking**

Seiko UK Ltd. validates the results of due diligence processes, carried out by its suppliers, SE and SII. Furthermore, it regularly monitors the activities of these companies to ensure that all relevant policies are duly followed and that human rights violations are not taking place in their operations or in the supply chains. The measures taken by SE and SII to prevent human rights abuses, including modern slavery and human trafficking, are described below.

#### **• Measures taken by SE**

"Epson Group Procurement Guidelines", aligned with EICC\*<sup>1</sup>, clearly state the prohibition of forced labour or other human rights abuses. Human rights criteria are also included in the supplier screening, which is conducted in accordance with internal procedures. Furthermore, SE reserves the right to perform regular assessments of existing suppliers in order to evaluate their business management practices, environmental management, QCD\*<sup>2</sup> performance, as well as compliance with labour standards and human rights principles. Suppliers demonstrating low performance are requested to submit an improvement plan. Failure to achieve satisfactory performance for two consecutive years may result in the termination of contract.

Supplier assessments can take the form of a self-check questionnaire, an interview or an on-site audit. By 2015, the number of assessed suppliers reached 900.

· Measures taken by SII

SII implements its original Supplier Certification System, which covers law compliance, protection of human rights, environmental management, risk management and other criteria. Between 2004 and 2014, about two thousand suppliers in Japan and overseas were certified through this system.

These measures of Seiko Group companies are designed to ensure that modern slavery, human trafficking or other human rights abuses are not taking place in the supply chains of Seiko UK Ltd. and SWC. The executives of all operating companies are required to familiarize themselves with the Group's Law Handbook, which clarifies their authorities and obligations related to the management of legal risks. All concerns related to law violations or corporate misconduct can be lodged through an anonymous whistleblowing system.

※1 The Electronic Industry Code of Conduct (EICC) establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible.

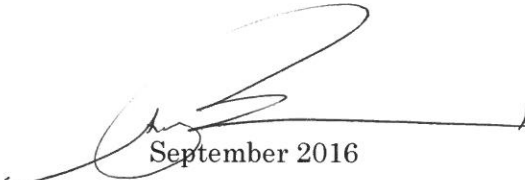
※2 QCD - Quality, Cost, Delivery

**Training**

Seiko Group requires all employees and executives to complete business ethics training and compliance training, as well as familiarize themselves with all relevant laws and regulations, including those pertaining to human rights. Apart from that, we plan to take appropriate measures to ensure that our employees and management are aware of the Modern Slavery Act and steps required to comply with it.

Atsushi Kaneko

Chairman and Managing Director, Europe



September 2016