



To realize business growth with eyes
on the next 100 years,
we will challenge to create new values
through contributing to SDGs achievement.

The CITIZEN Group has taken a fresh step as it marked the 101st anniversary from its founding this year. The Medium-term Management Plan 2021, which was launched in this milestone year, sets forth the Group's Medium-term Management Vision, with the slogan of "Innovation for the next—Sense the Time and Create an Impression for the Future." Guided by the Vision, we will endeavor to create new value in the Group's respective businesses.

Under the previous Medium-term Management Plan, CITIZEN Global Plan 2018, in an effort to evolve into a "solid global company," we promoted the multi-brand strategy for our core Watches business. Meanwhile, in our second core segment, the Machine Tools business, we focused on the development of products and the proposal of solutions by incorporating new technologies and managed to achieve numerical targets earlier than planned. However, the Watches business slowed down due to a drop in the inbound demand and changes in the market, compelling us to begin the new Medium-term Management Plan under conditions of uncertainty.

The Medium-term Management Plan 2021, which we launched this year, aims at the group-wide promotion of Sustainable Management as one of the Group's priority initiatives. To enable the growth of our business into the future, we strive

to contribute to the achievement of the Sustainable Development Goals (SDGs) by address global issues leading into 2030. The name of our Company is derived from the concept of "citizens," and our Corporate Philosophy guides us to be "Loved by citizens, working for citizens." We believe it is our mission to practice this philosophy through our business activities.

We are offering new value-added products developed using clean energy technology. Moreover, we have developed a "Sustainable Factory" concept for the production processes used to produce such products. Under this concept, we will promote manufacturing practices that comprehensively address compliance, human rights, and labor practices across the supply chain, in addition to our ongoing consideration for the environment. Consequently, we are able to provide customers with the option to choose ethical products. In addition to conventional benefits delivered with CITIZEN products, we will create new value in which ownership makes a difference.

Watches are products that consumers view as indispensable to their lives. We regard the offering of products that cater to different lifestyles as constituting our value creation through business. In the rapidly growing smart

watch market, we will create a unique platform for smart watches through our alliance with Fossil Group, Inc. and our joint development with VELDT Inc., which offers the Riiiver IoT platform. Meanwhile, in the Machine Tools business, we will create value in terms of providing environmentally-friendly products made using our unique technology. Through the development of technology to reduce offcuts in the cutting process, we help our corporate customers to mitigate the environmental impact of their operations and improve their production efficiency.

In FY2018, the CITIZEN Group reviewed its materiality (material issues), and added "commitment to quality" and "respecting human rights" to the list of the group's materiality. As we develop as a globally operating entity, we place priority on human rights issues as a fundamental issue, and as we are committed to working for citizens, we regard respect for human rights as an essential policy. Based on this recognition, we have formulated a human rights policy and a plan to promote diversity initiatives more proactively. Last year, the CITIZEN Group initiated the Citizen Social Contribution Dispatch System, where employees are dispatched to various regions in and outside Japan to take part in assistance efforts to address social issues in respective

communities.

I expect that, through participating in this activity, employees will be able to broaden their perspective and foster new awareness, leading to their own growth and positive effects on their business performance.

I believe it is important to keep questioning ourselves about what CITIZEN should do in order to remain a beloved brand and what "working for citizens" means. At the time the company was first established, watches were imported from abroad and perhaps CITIZEN's watches became so popular because they were made domestically but The citizens of today are different from people living a century ago. The CITIZEN Group aims to grow into a company that can sustain itself over the next 100 years. To this end, we stand at the side of people all over the world and contribute to the achievement of the SDGs, which are relevant to all citizens.

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