

The CITIZEN Group's CSR

We have established the Citizen Group Code of Conduct based on our corporate philosophy, "Loved by citizens, working for citizens." We believe that CSR activities contribute to the resolution of social issues. And through disseminating the Code of Conduct to each and every employee in the Group and conducting business and social contribution activities we contribute to such activities. The concept of broadly contributing to the lives of people throughout the world, through "manufacturing of products that are loved and trusted by citizens," has been a standing-point of our company since its foundation. The CITIZEN Group has always aspired to supply quality products, to meet the needs of society through business activities, and to continue to be a company needed by the society.

The new Medium-term Management Plan 2021, which started in FY2019, upholds the promotion of group-wide

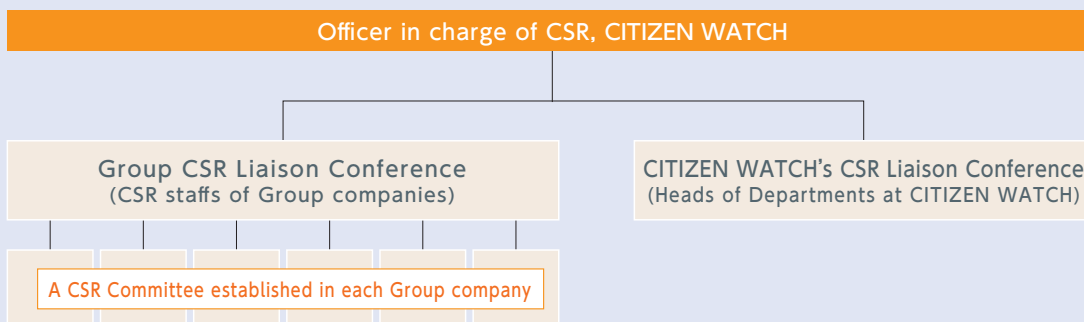
Sustainable Management as one of our priority measures. As well as creating products and services that respond to changes in society, we exercise due diligence in procurement and production processes. Through such management and by exercising of due care and diligence in regards to compliance, human rights and the global environment—all of which underpin the foundation of all of our corporate activities—we will strive to win stakeholder trust, expand our business and increase our corporate value, and thereby contribute to the resolution of social issues and the promotion of the SDGs. Going forward, the social issues the Group will deal with will be identified in reference to the Corporate Philosophy, the Code of Conduct, Sustainable Strategies, the CITIZEN Environmental Vision 2050, and relevance to our business domains. Specific actions will be taken and the progress made will be disclosed to external parties.

CSR Management Structure

With an initiative of CITIZEN WATCH, an operating holding company of the CITIZEN Group, we have linked its CSR objectives to the Citizen Group Code of Conduct, and practice CSR activities in which everyone participates so that each employee contributes according to their capabilities to society on a daily basis without ever forgetting the origins. The CSR Department of CITIZEN WATCH plays a central role in promoting information sharing in coordination with CSR departments of the Group companies. The CSR departments in each Group company periodically meet and hold a Group CSR Liaison Conference in which they discuss directions and measures regarding group-wide activities, and share best practices within the Group, such as confirming the status of activities in each

company. While these efforts represent CSR activities based on the Code of Conduct, our efforts to promote the new Sustainable Management initiative aim to promote activities for the SDGs by leveraging our products and services to help solve social issues and by implementing measures set forth for each aspect of our materiality. To this end, we will establish the Sustainability Committee, which makes decisions on important matters related to group-wide initiatives for SDGs. The Corporate Planning and CSR Departments of CITIZEN WATCH, which serve as the secretariat of the Sustainability Committee, are responsible for promoting the CITIZEN Group's initiatives for SDGs. The departments operate the Committee, monitor the progress of activities, and disclose information to outside parties.

Chart of the CSR Management Structure



Process to identify and review materiality

In 2017, the CITIZEN Group, in fulfilling its responsibility as a member of the international community, and as a Solid Global Company, has started identifying materiality for its sustainable growth. The CITIZEN Group referred to principles and guidelines related to CSR in addition to sustainability guidelines such as the United Nations Sustainable Development Goals (SDGs), the United Nations Global Compact, ISO26000, the RBA (Responsible Business Alliance), and GRI standards while gaining a thorough understanding of the social issues that are important to the community and stakeholders. The CITIZEN Group also identified the challenges of greatest importance in light of the Group's Corporate Philosophy, Code of Conduct and business strategies outlined in the Medium-term Management Plan, and compiled them into a list of materiality. In FY2018, as

part of the initiatives for the 100th anniversary, a Round Table Relay was held, mainly among CITIZEN Group employees, to deepen the discussion on the ideal future of CITIZEN over the next 100 years. Through this dialogue, a new topic, "pursuing social contribution activities," was added to our list of materiality. Furthermore, in FY2019, "commitment to quality" was added to our materiality, given the incident of inappropriate activities in the previous year, while the previous issues of "thorough compliance" and "comprehensive risk management" have been consolidated into "strengthening corporate governance" as we recognize the importance of governance by the top management. "respecting human rights" is also included to create six new materiality to be worked on by the entire group. In the future, to maximize the viability of initiatives, specific objectives will be set for each materiality.

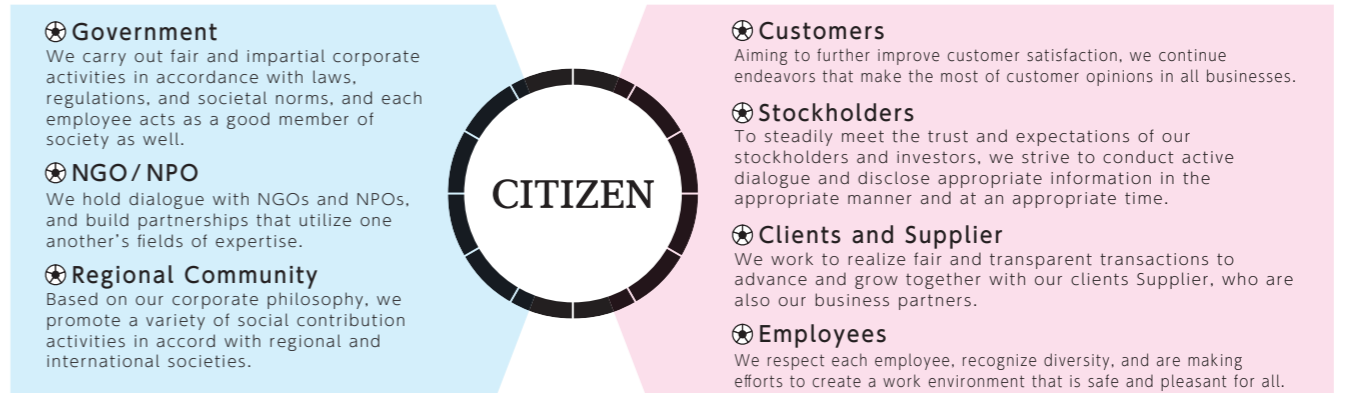
A New Set of Material Issues for FY2019

Materiality	Relevant SDGs
Strengthening Corporate Governance We aim to continually enhance the CITIZEN Group's corporate value through improving the internal control system to ensure transparent and sound management, ensuring efficient operational processes across the Group and administering appropriate supervision.	10 REFORMED INFRASTRUCTURE, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Commitment to Quality Defining the maintenance and improvement of reliability and safety as the core of our corporate philosophy of "Loved by citizens, working for citizens" we strive to maintain and improve effective quality assurance systems in all manufacturing processes.	4 QUALITY EDUCATION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Respecting Human Rights and Labor Practices As a globally operating corporate group, we are committed to fulfilling our responsibility for respecting human rights throughout our value chain. We will reinforce a corporate culture that embraces diversity and helps one another to hone our abilities. We will create a safe and supportive work environment for all employees.	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Advancing Responsible Procurement With the aim of optimizing procurement activities throughout the Group, we are working to resolve social issues in the value chain.	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
Promoting Environmental Innovation We endeavor to reduce environmental load of/by the CITIZEN Group's products and in the value chain business process.	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Pursuing Social Contribution Activities CITIZEN Group staff, coming face to face with social issues in communities around Japan and across the world, and engaging in social contribution activities in the fields of learning and education, environment, and disaster relief, aim to live in harmony with local communities.	1 NO POVERTY, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS

Relationship with Stakeholders

The CITIZEN Group conducts corporate activities with the support of various stakeholders. We also communicate daily with our stakeholders to achieve our corporate philosophy, "Loved by citizens,

working for citizens." We endeavor to gain the trust of the society and appreciate our relationship with our stakeholders as we aim to be a corporation capable of continuing to provide value.



Stakeholder Engagement

The Citizen Group places great importance on incorporating diverse requests and expectations from stakeholders in its management to accurately reflect on them in order to maximize the value we provide to society. Based on this principle, we communicate with stakeholders and strive to materialize our Corporate Philosophy. In FY 2018, which welcomed the centenary anniversary of

the Group, we have newly begun Social Contribution Dispatch System, to make the year a foothold for further growth of the Group. We will vitalize the entire organization with new values, which were brought by our employees who broadened the views and came to know social problems through activities in tandem with NGO / NPO and regional communities.

Stakeholder	Method/details of engagement	Results/evaluation	Response/plan
Customers	Handling of the opinions and requests submitted to CITIZEN WATCH Customer Watch Service	A total of 8,312 views submitted to the Customer Watch Service	Consideration of products and improvement in response to customer views; future challenges and plans
	Company and business information to be posted on the official company website, product website and various social media sites	Around 1.6 million followers on Facebook (CITIZEN WATCH global account)	Provision of useful information to customers and communication via the official social media sites.
Shareholders	General Meeting of Shareholders; opinion exchange with investors; information disclosure through various reports; results briefings; release of information to investors through the company website	31,240 shareholders; 127 individual meetings held with investors	Improved shareholder value as a result of ESG-related information disclosure
Suppliers	Implementation of briefings on CSR Procurement Guideline	Briefings held as planned; briefing sessions held within the Group on a supplier questionnaire that is scheduled to start in FY2019	Supplier briefings planned; implementation of Human Rights Due Diligence on a trial basis
	Provision of product information to retailers at business meetings	The information tools for exhibitions were well received by retailers and are used in their stores	Information sharing and building of relationships for mutual development
Employees	Gathering events for Group employees; employee satisfaction survey; interviews with senior staff; meetings between management and staff; intranet	Approx. 6,000 participated in the gathering events (100th anniversary event)	Increased employee satisfaction; expanded and enhanced work-life balance system; development of more pleasant and supportive work environment; development of an environment that maximizes the potential of all employees
NGO/NPO	Collaboration on social contribution activities	A total of 210 employees participated in a total of 16 social contribution dispatch projects in collaboration with NGOs/NPOs	Debriefing sessions held to report outcomes of social contribution dispatch projects
Regional Community	Community contribution activities (including watch assembly workshops, donation and sponsorship activities); participation in local events; hosting of plant visits	Participation of a total of 3,600 employees in 175 clean-up activities; hosting of 214 plant visits; holding of 61 watch assembly workshops; a total of 43.8 million yen donated as social contribution activities	Holding of events within the company by inviting locals; contribution to mutual understanding and the formation of stable local communities; enhancement of community contribution activities through the Group's business