

Basic concept

Since signing the United Nations Global Compact in 2005, as an enterprise that does business worldwide, the CITIZEN Group has supported, respected, and enacted its 10 principles related to human rights, labor, the environment, and anti-corruption. In addition, Article 4 of the CITIZEN Group Code of Conduct identifies the basic policy of "Respect human rights and

diversity and create safe, comfortable workplaces." We have established guidelines on respect for human rights, building comfortable workplaces, workplace safety, and health management. Through these efforts, we strive to fulfill our responsibilities with respect for human rights in cooperation with our business partners.

Establishment of the human rights due diligence structure

In FY 2019, through a decision by the Board of Directors, we established the CITIZEN Group Human Rights Policy as a reaffirmation of the CITIZEN Group's responsibilities for and its approaches to respect for human rights. Together with our Statement on Modern Slavery and Human Trafficking and the CITIZEN Group Policy on Conflict Minerals, this policy describes the Group's understanding of issues related to human rights on which we base our clear definition of related initiatives as a global enterprise. We have also enhanced our structures for implementing these policies and other measures and established, under the Sustainability Committee, the HR Committee as an important organization tasked with securing respect for human rights. Chaired by the director of CITIZEN WATCH responsible for HR, the HR Committee consists of members from the HR sections of Group companies in Japan. The CITIZEN WATCH HR Division serves as its secretariat to effect cooperation in related areas group wide while working with HR and CSR sections to deploy initiatives at overseas facilities in order to ensure a thorough understanding of matters, such as the decisions of the HR Committee. We also implement thorough internal training on the Human Rights Policy, including an e-learning program provided for all Group employees in Japan in FY

2019. In particular, December has been named Human Rights Month in the CITIZEN Group, and during this time, Group companies in Japan engaged in activities, such as setting up panel displays on human rights, to deepen the understanding of the subject by introducing the Human Rights Policy and all 30 articles of the Universal Declaration of Human Rights. We plan to deploy these initiatives to Group companies overseas as well in the future. We are implementing human rights due diligence through such means as attitude surveys of employees at Group companies in Japan. We also strive to respond to and prevent risks through the use of an internal whistleblowing system (together with the Speak Up system) to accept from employee reports, requests for consultation, comments, proposals, and other feedback regarding human rights issues. In addition, we are making progress in areas such as on-site fact-finding to suppliers under the CITIZEN Group CSR Procurement Guidelines. Also, since the CITIZEN Group includes subsidiaries subject to UK Modern Slavery Act, we employ measures, such as publishing the Statement on Modern Slavery and Human Trafficking at the start of each fiscal year, to fulfill our responsibility to help resolve human rights issues as a member of the international community.

Outlook

In light of the enactment of the law preventing workplace power harassment in Japan in June 2020, in FY 2020 and later, we will continue to enhance training systems at Group companies in Japan and establish training programs in the English and Chinese languages at Group companies overseas to raise

awareness of respect for human rights even further. In addition, we will aim to enhance our human rights due diligence systems and functions to help reduce risks related to human rights overall by identifying human rights risks in a multifaceted manner, including measures implemented at Group companies overseas.

Basic concept

The CITIZEN Group stresses efforts to create comfortable and rewarding workplaces. As part of these efforts, we have issued the Health Declaration under which we are promoting health management based on thinking and practice intended to ensure the good health of our employees. We are also stressing gender

management practices based on thinking about the working environment for female employees from the perspective of gender diversity. In these ways, we aim to build an organization in which our diverse human resources, the source of our strength as an organization, can work and demonstrate their abilities over the long term.

Securing and training diverse human resources, and outlook

A look at the macroeconomic environment in which the CITIZEN Group does business shows a changing population structure and increasing lifestyle changes and diversity accompanying this trend amid the rapid social and economic digital innovation. In addition, social changes resulting from the super-aging of Japan's population are expected to lead to increasing difficulty in securing human resources as the working population starts to decrease. Under such conditions, the Medium-Term Management Plan 2021 released in 2019 expresses our desire under the Group medium-term management vision of "Innovation for the next - Sense the Time and Create an Impression for the Future" to "be sensitive to changes over time as we take on the challenge of creating completely new value, not merely continuing manufacturing as in the past, and moving toward a sustainable future." Putting this into practice will require securing and training human resources who can take on the challenges of creating new value. At the same time, we face calls to implement work style reforms and a pressing need to increase organizational productivity.

CITIZEN WATCH took the lead ahead of other Group companies in Japan by launching a new company-wide flextime system in May 2020. At the same time, through the setting of appropriate goals by management and the adoption of programs to improve advising and guidance capabilities for enhancing our ability to challenge issues in the workplace, we have strived to firmly establish those systems and increase their effectiveness. In addition, as we aim to realize workplace environments where employees can get a stronger feel for rewarding work, we have introduced a talent management system. In order to evaluate these initiatives properly, we have adopted a 360-degree HR evaluation program and, in October 2019, introduced a new salary system that takes roles and results into account for all employees. In FY 2020, we intend to enhance our systems and programs based on results from FY 2019, including consideration for the adoption of CITIZEN Watch's initiatives at other Group companies in Japan.

