

Environment surrounding the CITIZEN Group and concept of “sustainable management”

Situation surrounding the business

The spread of COVID-19 infection has brought unprecedented changes to society and the economy and significantly affected people's lives, work styles, and values. Businesses are required to respond to changes in an unknown business environment in addition to ongoing issues. The watch business, the core of the CITIZEN Group, saw the importance of sales through e-commerce increase, which took the place of sales at brick-and-mortar stores as society has increasingly become digitized and the flow of people has changed amid the pandemic. In Japan, the market scale has been shrinking because of the decreasing birth rate, aging population, and population decline. It is therefore necessary to capture demand and effectively get across online the quality and attractiveness of products. In addition, while the expectations and roles of businesses in realizing a sustainable society have been growing and consumer needs and values have diversified, the CITIZEN Group's products and services must tackle the creation of new value, regarding the value they provide to

customers, including contributions to solving social issues through the production and use of products, as well as the extant values of high quality and precision.

To supply such valuable products and services, implementing measures against risks, such as an impact on the environment and violation of human rights, throughout the value chain and building and managing a robust supply chain that can respond to abrupt events, such as the coronavirus pandemic, are essential. Collaboration with business partners and customers is also important.

To respond globally to these business opportunities and risks that arise amid substantial changes in society and people, it is indispensable for the whole CITIZEN Group to secure competent human resources, create a working environment where each one of them can show off their abilities, and give consideration to the value that should be provided to customers through its products and services.

“Sustainable factory” and “sustainable products”—the key to “sustainable management”

A “sustainable factory” and “sustainable products” hold the key to the practice of and success in the “sustainable management” that the CITIZEN Group's target. We define “Sustainable factory” as sustainable production facilities that reflect the comprehensive consideration of matters, such as compliance, human rights, labor practices, business continuity planning (BCP), and productivity improvements throughout the entire value chain, including suppliers, in addition to existing environmental considerations. The “Sustainable products” produced in such sustainable factories not only stress the perspective of sustainability but also take into consideration the creation of new value to lead to innovation. The CITIZEN Group will continue focusing on the practice of “sustainable management” through alliances and collaborations with not only our employees but also various business partners, including customers, so that it can contribute to the lives of “citizens” and society as a whole.



Conceptual diagram of sustainable management