

Efforts to achieve materiality (material issues)

CITIZEN Group's materiality road map (excerpts)

The CITIZEN Group has drawn up the Materiality Roadmap for 2030 that puts together the goals, KPIs, and measures for materiality identified by the Group with an eye to achieving sustainable growth. The effort to achieve each goal, which is also an important area of the Group's CSR activities, is self-evaluated and linked to the PDCA

cycle. The FY 2020 goals of materiality, results and evaluation of KPIs, and FY 2021 goals are extracted from the road map and shown below.

For details of the road map, visit the following website:
https://www.citizen.co.jp/global/csr/materiality/road_map/index.html

Materiality	FY 2020 goals and KPI	FY 2020 results	Evaluation	FY 2021 goals
Enhancing quality compliance	Further raising awareness of the Quality Code of Conduct and identifying risks in the state of compliance	Dissemination at overseas branches was continued in China and started in Vietnam and Thailand. The domestic status of recognition was grasped through e-learning.	○	Preparation of effective monitoring system
	Activities to raise awareness of the Quality Code of Conduct conducted twice	Conducted twice online to prevent the spread of COVID-19 infection		
	Percentage of personnel undergoing e-learning: 90%	Provided to all domestic employees. Percentage of attendance rate: 97.8%		
Respect for human rights and labor practices	Establishment of the human rights due diligence scheme and activities based on responding to/compliance with labor-related laws and regulations and basic health and safety policies	Conducted investigations into the state of handling of conflict minerals and due diligence concerning human rights risk on the supply chain	△	Implementation of measures that could not be established due to the pandemic
	Percentage of personnel undergoing human rights e-learning: 100%	Provided to all domestic employees. Percentage of attendance: 96.0%		
	Compliance with laws and regulations on overtime	Cases of violations of laws or regulations: 0		
	Preparations for establishment of human rights due diligence in 2021 (identifying negative risks, and establishing and implementing measures)	Not established because still in the stage of starting to identify negative human rights risk of business activities		
Promoting sustainable procurement	Collecting information to help identify risks	Conducted investigations concerning self-assessment questionnaire (SAQ), conflict materials, and green procurement	○	Promotion of fact-finding based on SAQ
	Distributing SAQ to 20% of major suppliers	SAQ sent to 355 main suppliers		
Promoting environmental innovation	Enhancement and integration of global environmental management systems at major Group operating companies (preparations for realization in FY 2021)	Obtained again unified certification (ISO 14001) in Japan. Domestic efforts expanded to overseas as environment management of the whole group	△	Implementation of measures that could not be established due to the pandemic
	• CO2 emissions • Scope 1, 2: 5% reduction • Scope 3: 2.5% reduction	Attained reduction goal and introduced power coming from reusable energy on a trial basis at the Tokyo office		
	Water use: 5% reduction	Attained		
	Recycling rate: 82.5%	Attained (99% or more in Japan)		
	Nature conservation and community environmental activities implemented at all business facilities	Partially suspended to prevent the spread of COVID-19 and conducted at 59% of offices		

* ○: Attained, △: Partially not attained

Progress in effort to achieve materiality

To enhancing quality compliance, the Group's Quality Code of Conduct was disseminated and expanded overseas and continued at bases in China. Posters describing the Quality Code of Conduct in the local language were displayed in Thailand and Vietnam. For respect for human rights and labor practices, identifying negative human rights risks on the supply chain and in the workplaces is in progress. Regarding the promotion of sustainable procurement, an

investigation into the risks concerning conflict minerals was started in earnest and coronavirus spread preventive measures, such as holding briefings and auditing online, were implemented. As for the promotion of environmental innovation, unification of a global environment management system based on domestic activities was promoted and measures to ease off environmental loads through business operations were implemented.