

## Third-Party Comments

As its company name suggests, the Citizen Group follows a corporate philosophy of “contributing to and striving to be respected by the citizens of the world.” The “Citizen of the Year” award program is entering its 25th year as an ongoing initiative, the Company is offering branded products targeting women, and Citizen is linking its marketing activities with efforts by an international NGO to support girls and women in developing countries. I believe these distinctive undertakings reflect the spirit of the Citizen philosophy.

Also, the more than 1,000 thank-you letters received from customers in conjunction with the initiatives of the Customer Watch Consultation Department suggest to me that the Company is successful in taking citizens’ perspectives seriously.

Value creation and creating shared value (CSV) are central themes raised in this report. Creating corporate value through a business model hinging on brand strength has a certain appeal. On the other hand, the fundamental significance of CSV lies in applying business processes in approaching social problems that have not been resolved. Business links with welfare centers for people with disabilities may be one example of these activities, but their significance is not altogether clear to me. Going forward, I would like to see the Company create shared value by adopting a more “Citizen-like” approach to addressing social problems from a citizen’s perspective.

One point I found noteworthy in this report was the frank reference in the management message to the backlash surrounding the closure of a production base in China. This candor is in keeping with Citizen’s goal of becoming a truly global company. In the future, I believe the Company will face a growing number of opportunities to consider the social and environmental impact of its business decisions. Separately, the results of the employee awareness survey concerning the corporate ethics hotline leave me a little concerned whether employees accurately understand the role the hotline plays. Given the diverse risks Citizen faces as a global company, from a risk-response perspective this result is not necessarily reassuring.



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This report follows the seven core themes of ISO 26000, but considering the risks mentioned above, in addition to revising existing activities I believe it would be helpful to analyze activities on the basis of more all-encompassing guides to social responsibility, such as ISO 26000 and the United Nations Guiding Principles on Business and Human Rights, making a close examination of the Citizen Group’s activities a priority issue. I believe Citizen then needs to proactively reflect these results in its management strategy and business continuity plan (BCP) from such socioeconomic angles as climate change and human rights risk.

I strongly applaud Citizen for its efforts as a global company to enhance its disclosure. The introduction of a Japanese stewardship code is leading to significantly higher interest in environmental, social, and governance (ESG) investing in Japan, as well as with overseas investors. By responding actively to CDP Worldwide, the Global Reporting Initiative (GRI), and other international disclosure initiatives, Citizen will be making steady strides toward becoming a company that stakeholders hope to continue operating 100 years into the future.

### Response to Third-Party Comments

Thank you for your thoughtful comments.

As Citizen aims to become a truly global company, we deeply appreciate your many suggestions.

Companies are called upon to help resolve social issues and contribute to society through their businesses to achieve growth over the medium-to-long term, and we recognize we have many topics to address in the areas of ESG responsiveness and enhanced disclosure.

Based on our corporate philosophy of “contributing to and striving to be respected by the citizens of the world,” we will redouble our efforts to become a corporate group that is trusted by our stakeholders.



### Junichi Suzuki

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