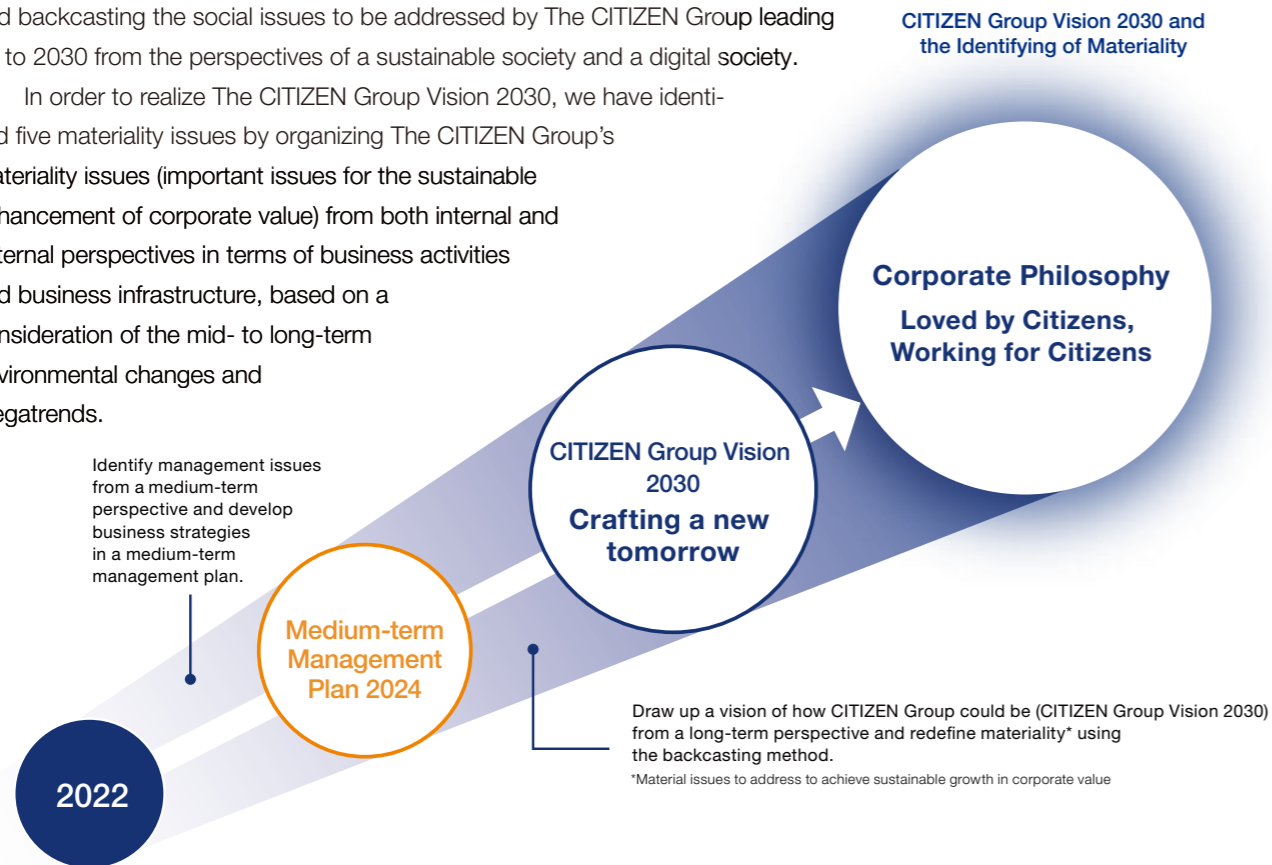


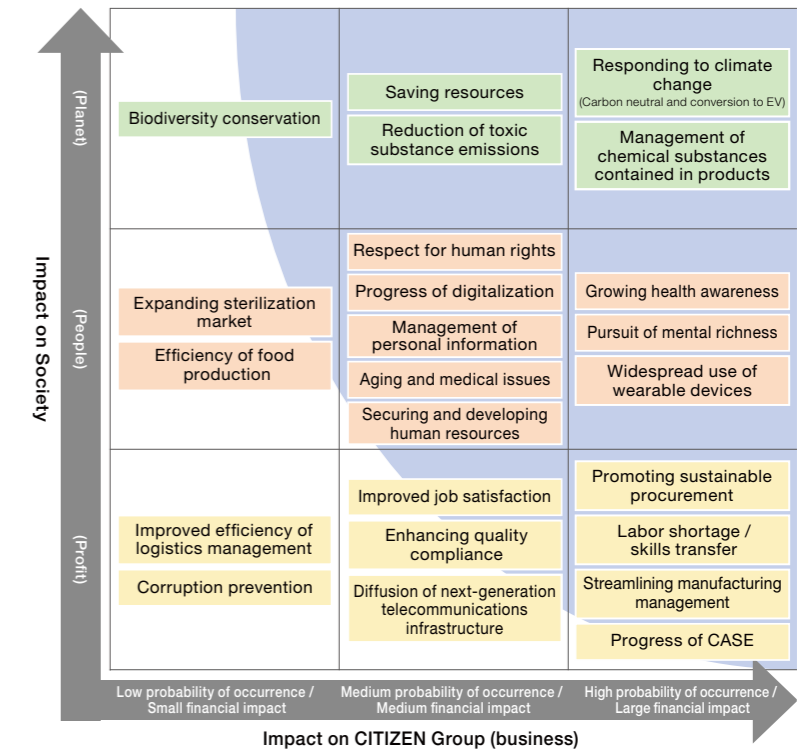
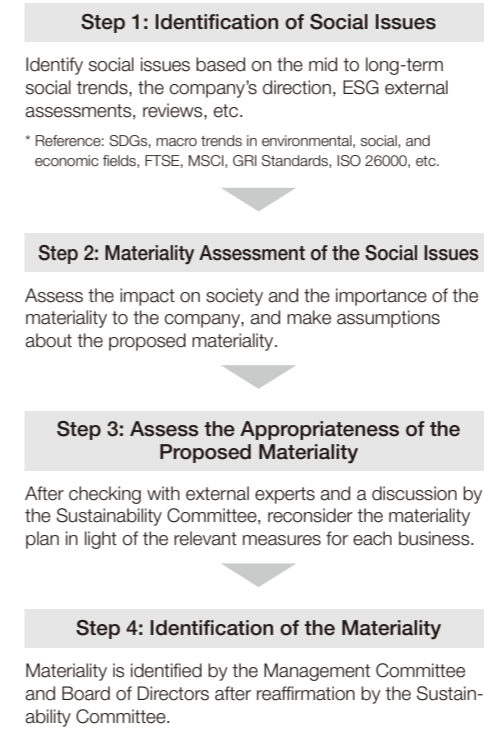
Materiality

In April 2022, we formulated the "The CITIZEN Group Vision 2030" by organizing and backcasting the social issues to be addressed by The CITIZEN Group leading up to 2030 from the perspectives of a sustainable society and a digital society.

In order to realize The CITIZEN Group Vision 2030, we have identified five materiality issues by organizing The CITIZEN Group's materiality issues (important issues for the sustainable enhancement of corporate value) from both internal and external perspectives in terms of business activities and business infrastructure, based on a consideration of the mid- to long-term environmental changes and megatrends.



Materiality Identification Process



Materiality, Opportunities, Risks and Measures

ESG	Materiality	Opportunity	Risk	Classification	Main measures to be taken in terms of business activities / business infrastructure	Applicable businesses
E	Responding to Climate Change and Contributing to a Recycling-oriented Society 	<ul style="list-style-type: none"> Expanding demand for products and services that contribute to energy and resource conservation and productivity improvement Progress of CASE 	<ul style="list-style-type: none"> Wind and flood damage at business sites Increased energy costs Dependence on specific industries and customers Violation of laws and regulations concerning the chemical substances contained in products 	<ul style="list-style-type: none"> Response to Climate Change Contribution to a Recycling-oriented Society 	<ul style="list-style-type: none"> Business activities <ul style="list-style-type: none"> Sales of parts for eco-cars (EVs and HVs), etc. Sales of LEDs for lighting Business foundation <ul style="list-style-type: none"> Reduction of CO₂ emissions, expansion of introduction of renewable energy, etc. Business activities <ul style="list-style-type: none"> Sales of photovoltaic and mechanical watches Sales of products using low-frequency vibration (LFV) technology, etc. Business foundation <ul style="list-style-type: none"> Reduction of water consumption, promotion of recycling, management of hazardous chemicals, reduction of packaging materials, etc. 	Watches and Clocks, Machine Tools, Devices, Electronics, and others
	Contributing to Better Quality of Life 	<ul style="list-style-type: none"> Shift from mechanical to emotional value Shift from treatment to preventive care 	<ul style="list-style-type: none"> Widespread use of smartwatches Increased competition in the healthcare market Regulatory changes for medical devices Leakage of personal information 	<ul style="list-style-type: none"> Contribution to Diverse Lifestyles Contribution to Medical and Healthcare 	<ul style="list-style-type: none"> Business activities <ul style="list-style-type: none"> Sales of wristwatches for the visually impaired persons Business activities <ul style="list-style-type: none"> Sales of specimen-holding plates for bacterial analysis Sales of thermometers and blood pressure monitors that are easy for anyone to use Sales of digital health care services [Heath Scan], etc. 	Watches and Clocks, Devices, Electronics, and others
S	Providing Solutions in the Industrial Sector 	<ul style="list-style-type: none"> Factory automation / labor saving / automation / digitalization Expanding demand for products/services that contribute to manufacturing management efficiency Advancement of CASE Diffusion of next-generation telecommunication infrastructure 	<ul style="list-style-type: none"> Loss of business opportunities Decline in competitiveness Entry of competitors from other industries using digital technology as a weapon 	<ul style="list-style-type: none"> Provision of Labor-saving and Automation Solutions Contribution to Next-generation Communication Technology Contribution to Mobility 	<ul style="list-style-type: none"> Business activities <ul style="list-style-type: none"> Sales of products using low-frequency vibration (LFV) technology "alkappliesolution" supports digital transformation of the manufacturing industry Business activities <ul style="list-style-type: none"> Development and sales of sensing devices (teleoperated robots, etc.) Business activities <ul style="list-style-type: none"> Sales of components for advanced braking systems, communication systems, sensors, etc. 	Machine Tools, Devices, Electronics, and others
	Enhancing of Job Satisfaction and Developing Human Resources 	<ul style="list-style-type: none"> Increasing employee engagement Driving DX / innovation 	<ul style="list-style-type: none"> Outflow of human resources Deterioration of business performance 	<ul style="list-style-type: none"> Enhancement of Job Satisfaction Development of Human Resources Diversity and Inclusion 	<ul style="list-style-type: none"> Business foundation <ul style="list-style-type: none"> Implement measures to improve employee engagement, provide training opportunities, etc. Business foundation <ul style="list-style-type: none"> Developing human resources to promote changes within the Group, strengthening group collaboration in the development of management human resources, etc. Business foundation <ul style="list-style-type: none"> Systematic training and promotion of female management candidates, encouraging male employees to take childcare leave, etc. 	Watches and Clocks, Machine Tools, Devices, Electronics, and others
	Fulfilling Social Responsibility 	<ul style="list-style-type: none"> Realization of the sustainable factory concept Compliance with major customers' terms and conditions 	<ul style="list-style-type: none"> Damage to corporate value Reputation Weakening of the management base 	<ul style="list-style-type: none"> Strength of Risk Management Quality Compliance Respect for Human Rights and Labor Practices Enhancement of (or Promotion of) Sustainable Procurement 	<ul style="list-style-type: none"> Business foundation <ul style="list-style-type: none"> Update and operation of the Group's material risks, etc. Business foundation <ul style="list-style-type: none"> Activities to disseminate the Group Quality Code of Conduct, etc. Business foundation <ul style="list-style-type: none"> Implementation of human rights due diligence, etc. Business foundation <ul style="list-style-type: none"> CSR procurement, green procurement, responsible mineral procurement, etc. 	Watches and Clocks, Machine Tools, Devices, Electronics, and others