# 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 CITIZEN Group Vision 2030 and the Identifying of Materiality 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 **Corporate Philosophy** and business infrastructure, based on a Loved by Citizens, consideration of the mid- to long-term **Working for Citizens** environmental changes and megatrends. **CITIZEN** Group Vision Identify management issues 2030 from a medium-term perspective and develop Crafting a new business strategies tomorrow in a medium-term management plan. Medium-term Management Plan 2024 Draw up a vision of how CITIZEN Group could be (CITIZEN Group Vision 2030) from a long-term perspective and redefine materiality\* using the backcasting method. \*Material issues to address to achieve sustainable growth in corporate value 2022

### **Materiality Identification Process**

#### Step 1: Identification of Social Issues

Identify social issues based on the mid to long-term social trends, the company's direction, ESG external assessments, reviews, etc.

\* Reference: SDGs, macro trends in environmental, social, and economic fields, FTSE, MSCI, GRI Standards, ISO 26000, etc.

#### Step 2: Materiality Assessment of the Social Issues

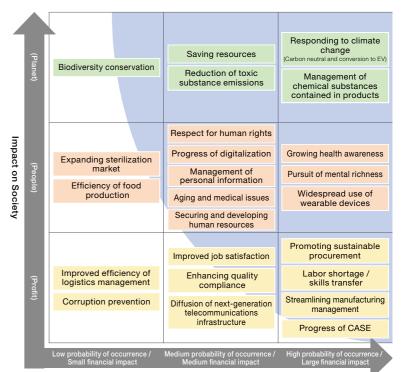
Assess the impact on society and the importance of the materiality to the company, and make assumptions about the proposed materiality.

#### Step 3: Assess the Appropriateness of the Proposed Materiality

After checking with external experts and a discussion by the Sustainability Committee, reconsider the materiality plan in light of the relevant measures for each business.

#### Step 4: Identification of the Materiality

Materiality is identified by the Management Committee and Board of Directors after reaffirmation by the Sustainability Committee.



#### Impact on CITIZEN Group (business)

## Materiality, Opportunities, Risks and Measures

ESG		Materiality	Opportunity	Risk	Classification	Ma	nin 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	13 source 14 till source 15 till sou	Expanding demand for products and services that contribute to energy and resource conservation and productivity improvement     Progress of CASE	Wind and flood damage at business sites     Increased energy costs     Dependence on specific industries and customers     Violation of loas and regulations concerning the chemical substances contained in products	Response to Climate Change		<ul> <li>Sales of parts for eco-cars (EVs and HVs), etc.</li> <li>Sales of LEDs for lighting</li> <li>Reduction of CO<sub>2</sub> emissions, expansion of introduction of renewable energy, etc.</li> </ul>	Watches and Clocks, Machine Tools, Devices, Electronics, and others
					Contribution to a Recycling-oriented Society	Business activities  Business foundation	Sales of photovoltaic and mechanical watches     Sales of products using low-frequency vibration (LFV) technology, etc.     Reduction of water consumption, promotion of recycling, management of hazardous chemicals, reduction of packaging materials, etc.	
S	Contributing to Better Quality of Life	3 mone materials	Shift from mechanical to emotional value     Shift from treatment to preventive care	Widespread use of smartwatches     Increased competition in the healthcare market     Regulatory changes for medical devices     Leakage of personal information	Contribution to Diverse Lifestyles	Business activities	Sales of wristwatches for the visually impaired persons	Watches and Clocks, Devices, Electronics, and others
					Contribution to Medical and Healthcare	Business activities	<ul> <li>Sales of specimen-holding plates for bacterial analysis</li> <li>Sales of thermometers and blood pressure monitors that are easy for anyone to use</li> <li>Sales of digital health care services [Heath Scan], etc.</li> </ul>	
	Providing Solutions in the Industrial Sector	8 indicat short on the statement of the	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> <li>Loss of business opportunities</li> <li>Decline in competitiveness</li> <li>Entry of competitors from other industries using digital technology as a weapon</li> </ul>	Provision of Labor-saving and Automation Solutions	Business activities	Sales of products using low-frequency vibration (LFV) technology     "alkapplysolution" supports digital transformation of the manufacturing industry	Machine Tools, Devices, Electronics, and others
					Contribution to Next-generation Communication Technology	Business activities	Development and sales of sensing devices (teleoperated robots, etc.)	
					Contribution to Mobility	Business activities	Sales of components for advanced braking systems, communication systems, sensors, etc.	
	Enhancing of Job Satisfaction and Developing Human Resources	4 martin S manual S m	Increasing employee engagement     Driving DX / innovation	Outflow of human resources     Deterioration of business performance	Enhancement of Job Satisfaction	Business foundation	• Implement measures to improve employee engagement, provide training opportunities, etc.	Watches and Clocks, Machine Tools, Devices,     Electronics, and others
					Development of Human Resources	Business foundation	Developing human resources to promote changes within the Group, strengthening group collaboration in the development of management human resources, etc.	
					Diversity and Inclusion	Business foundation	Systematic training and promotion of female management candidates, encouraging male employees to take childcare leave, etc.	
G	Fulfilling Social Responsibility	12 HEPOGRAFI COMMONTANIA MATERIALE HANDEL HANDEL MATERIALE HANDEL MATERIALE HANDEL MATERIALE HANDEL MATERIALE HANDE MATERIALE HANDE MATERIALE HANDE MATERIALE MATERIAL	Realization of the sustainable factory concept     Compliance with major customers' terms and conditions	Damage to corporate value     Reputation     Weakening of the management base	Strength of Risk Management	Business foundation	Update and operation of the Group's material risks, etc.	Watches and Clocks, Machine Tools, Devices, Electronics, and others
					Quality Compliance	Business foundation	Activities to disseminate the Group Quality Code of Conduct, etc.	
					Respect for Human Rights and Labor Practices	Business foundation	Implementation of human rights due diligence, etc.	
					Enhancement of (or Promotion of) Sustainable Procurement	Business foundation	CSR procurement, green procurement, responsible mineral procurement, etc.	