

Establishment of the Sustainability Committee

In April 2020, CITIZEN Group established the Sustainability Committee, which is chaired by the president and representative director of CITIZEN WATCH and includes full-time directors of CITIZEN WATCH and the presidents of business management companies as members. The committee meets once a quarter, mainly to discuss materiality, check the progress of activities, and hold study sessions with external lecturers. The CSR Department, Corporate Planning Department, and Environmental Department of CITIZEN WATCH, which serve as the committee secretariat, also operate the Sustainability Secretariat Meeting together with each committee secretariat related to materiality and the CSR departments, environmental depart-

ments, corporate planning departments of each Group company. The committee also regularly verifies the sustainability issues and progress of activities at each company. Proposals and reports from each committee and each company are discussed at the Sustainability Committee.

Objectives and Functions	To promote sustainable management in The CITIZEN Group 1. Identification and periodic review of materiality 2. Promoting efforts in existing businesses to improve their sustainability and contribute to resolving social issues 3. Formulating policies for addressing ESG issues and monitoring activities based on those policies
Holding the Sustainability Committee	Held once a quarter (every three months)

Sustainability Promotion Structure

The following subcommittees of the Sustainability Committee have been established: the Group Quality Compliance Committee, which deliberates on quality compliance in the Group; the Group HR Committee, which deliberates on hiring and human resource development and addresses discrimination by nationality, LGBT status, and other properties, as well as human rights; and the Group Environmental Committee, which deliberates on such subjects as Group-wide opportunities, risks, and measures related to environmental issues in general. The Group Sustainable Procurement Committee deliberates on revisions of the supplier management structure across the Group in order to be more sustainable and responsible.

In addition, the Sustainability Committee Secretariat and the Sustainability Committee Meeting, consisting of the

corporate planning department and the CSR departments of each Group company, ensure that the content of the deliberations by the Sustainability Committee is shared with the organizations promoting each business.

We also established CITIZEN-SIRT, the Group Information Governance Committee, the Group Legal/Compliance Committee, and the Group Business Continuity Management Committee to address matters related to the handling of management-related risks and making the Group's management base more resilient. These committees addressing risks related to the management base have been established under the Management Committee, which meets monthly, as a structure that enables the swift detection of and deliberation on problems as well as immediate responses to them.



Sustainable Factories

CITIZEN Group is developing its business based on the concept of “sustainable factories,” which also takes into consideration the manufacturing process of products and services. A sustainable factory is a sustainable production facility or office (or business process) that comprehensively considers compliance, human rights, labor practices, BCP\*, and productivity improvement, in addition to environmental considerations. CITIZEN Group as a whole aims to realize the “sustainable factory” concept by 2030.

Since the cooperation of our suppliers and the entire value chain is essential to achieving this goal, we are also

promoting activities to seek the understanding and cooperation of our stakeholders. Specifically, we have formulated a roadmap and a vision of what we aim to achieve in 2030 in the areas of “addressing climate change and contributing to a recycling-oriented society,” “adherence to quality compliance,” “respect for human rights and labor practices,” and “the promotion of sustainable procurement” in FY2019. Please refer to the relevant page on Materiality (link in the table below) for progress.

\* BCP (Business Continuity Plan): A business continuity plan is formulated during normal times of operation to prepare for the possible effects of large-scale disasters on business activities. Such a plan stipulates the systems, functions, and procedures necessary to continue supplying products and services, and to enable early recovery.

Sustainable Products

The CITIZEN Group has set its sights on developing sustainable products by 2030, tailored to address critical global challenges within each business segment of the Group. Sustainable products are products and services that contribute to business growth while helping solve social issues linked to the CITIZEN Group's materiality.

Out of the five materiality issues identified, the following three need to be addressed through its products and services: “responding to climate change and contributing to a recycling-oriented society,” “contributing to better quality of life” and “providing solutions in the industrial sector. The Group has set its criteria for certification as an essential

requirement for all Group companies to meet one or more of these materiality issues, taking into consideration the uniqueness and superiority of business strategies, products, and services in each business.

The Sustainable Products Certification System and the certification criteria for each business were approved by the Group Management Committee in 2023 after discussions at the Sustainability Committee, based on the opinions of external experts. In the future, the certification criteria will be reviewed as necessary in response to changes in social conditions, and any changes to the criteria shall be discussed and approved by the Sustainability Committee.

The CITIZEN Group’s Stakeholders

