

Citizen Group Modern Slavery and Human Trafficking Statement for the Fiscal Year Ended March 31, 2020

This statement is made pursuant to the United Kingdom Modern Slavery Act of 2015. The CITIZEN Group (CITIZEN WATCH CO., LTD. and its group companies) endeavors to ensure that there are no violations of human rights nor complicity in the violation of human rights in any way in our own business operations or our supply chains. We hereby provide this disclosure statement regarding our activities to prevent and tackle modern slavery and human trafficking.

1. Organizational structure, businesses and supply chains

The CITIZEN Group has been engaged in the manufacturing and sales of products in various business fields, such as Watches, Machine Tools, Devices & Components and Electronic Products, based on the compact precision technology which CITIZEN has developed since its establishment in 1918. Details of our corporate and business information can be found on the “About Us” page of the CITIZEN WATCH’s website.

Our business activities in the UK consist of sales of products and provision of services by our group companies: CITIZEN WATCHE UNITED KINGDOM, LTD. and CITIZEN MACHINERY UK LTD.

Materials, parts and some finished products for products made by CITIZEN WATCH CO., LTD., CITIZEN MACHINERY CO., LTD., CITIZEN ELECTRONICS CO., LTD., CITIZEN FINEDEVICE CO., LTD., CITIZEN SYSTEMS JAPAN CO., LTD., CITIZEN WATCH MANUFACTURING CO., LTD. and CITIZEN T.I.C. CO., LTD. are purchased from external suppliers in and outside of Japan. There were 3,892 suppliers as of the end of the fiscal year ended March 31, 2020 (“Period”). Approximately 64 percent of these suppliers are based in Japan, while the majority of our overseas suppliers are located in China, the Philippines, Thailand, Vietnam and Malaysia.

2. Policies related to modern slavery and human trafficking in operations and supply chains

The CITIZEN Group revised the Citizen Group Code of Conduct in October 2016. This Code of Conduct presents our basic stance on social responsibility and serves as the standard for conduct and decision-making by each individual who works for the Group. We have reinforced sections related to human rights by addressing “Respect for Human Rights” and “Responsible, Sustainable Procurement” and clarifying our stance against forced labor and child labor not only with respect to the CITIZEN Group, but also our suppliers and business partners. In addition, in the Period, we formulated the CITIZEN Group Human Rights Policy to define our responsibilities in respecting human rights.

As for our supply chains, we have revised the Citizen Group CSR Procurement Guideline (formulated in April 2017) and have requested our procurement partners to comply with it. In addition to prohibiting “forced labor, inhumane treatment and child labor”, this guideline sets out matters necessary for the Citizen Group to tackle social issues such as human rights, labor, environment and anti-corruption throughout the supply chain and to ensure sustainable development through responsible procurement in line with the Ten Principles of the UN Global Compact.

In response to issues related to conflict minerals in the Democratic Republic of Congo and its neighboring countries, the CITIZEN Group Conflict Minerals Policy declares that we will not use conflict minerals to avoid the risk of being involved in financing armed groups that are committing child or forced labor and other forms of human rights abuses.

The CITIZEN Group has also supported the 10 principles of the United Nations Global Compact since its joining in April 2005.

3. Due diligence process and risk assessment related to modern slavery and human trafficking

Within the CITIZEN Group, we conduct human rights and labor monitoring surveys annually in accordance with the "CITIZEN Group Human Rights Policy" to ensure that child and forced labor practices are not occurring. For the Period, we conducted audits on three group companies that had accepted foreign technical trainees. The audits confirmed that there were no typical actions and conditions considered an abuse of human rights, including cases in which the companies withheld trainees' passports or demanded them to work unlawfully long hours. In addition, we conducted stress checks on employees and risk surveys human rights violations in the work environment.

For officers and employees of the CITIZEN Group, we have internal as well as regional or local external compliance hotline(s) by which they are able to report when they become aware of an actual or potential violation of the Code of Conduct. The officers and employees can use the hotline(s) anonymously.

The CITIZEN Group endeavors to eliminate modern slavery, human trafficking and other risks associated with its supply chains by requesting our suppliers to comply with the Citizen Group CSR Procurement Guideline.

At the supplier briefing in China during the Period, we held a study session on human rights issues targeted at five companies. In addition, starting in April 2019, a self-assessment survey was conducted on 68 suppliers, but due to the effect of the new coronavirus infection, only three companies actually conducted the survey (self-inspection). In the future, we will expand the scope of self-assessment surveys and fact-finding surveys (also called "supplier audits"), and if there is a risk of human rights violations by our suppliers, we will start efforts to correct them.

4. Training and capacity building related to modern slavery and human trafficking

To deepen understanding of the importance of human rights and how it ties into our business, we designated December as "Citizen Group Human Rights Month",

starting in the year ended March 31, 2020. During the first December, a panel was set up to display all 30 articles of the Universal Declaration of Human Rights, while e-learning on "business and human rights" was provided to 5,986 domestic group employees (89.4% attendance rate). These efforts will be expanded overseas in the near future.

This statement was approved on May 28, 2020 at the management meeting attended by all full-time directors of CITIZEN WATCH CO., LTD.

May 28, 2020.

The image shows a handwritten signature in Japanese calligraphy. The characters are '佐藤敏彦' (Sato Toshihiko), written in a fluid, cursive style.

Toshihiko Sato

President & CEO
CITIZEN WATCH CO., LTD.