

## **CITIZEN Group Modern Slavery and Human Trafficking Statement for the Fiscal Year Ended March 31, 2021**

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 used for production by the CITIZEN Group are purchased from external suppliers in and outside of Japan. There were 3,660 suppliers as of the end of the fiscal year ended March 31, 2021 (“Period”). Approximately 63 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 revised the CITIZEN Group CSR Procurement Guideline (established in April 2017) in April 2020 and 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 address social issues and anti-corruption problems such as human rights, labor, and environment throughout the supply chain and to ensure sustainable development through responsible procurement in line with the Ten Principles of the UN Global Compact.

The CITIZEN Group recognizes that the use of minerals (tantalum, tin, tungsten, gold, and cobalt) originating from conflict and high-risk areas (CAHRAs), such as the Democratic Republic of the Congo and its neighboring countries, as a source of funding for armed groups, contributing to conflict, human rights abuses and environmental destruction, is an important international issue. In January 2021, we revised the CITIZEN Group Conflict Minerals Policy to the CITIZEN Group Responsible Mineral Procurement Policy in response to the adoption of the EU Conflict Minerals Regulation in 2021. Conflict minerals, when mined, traded, handled, or exported, may contribute to human rights abuses, such as child labor and forced labor, environmental degradation, conflicts, terrorist financing, money laundering, corruption, and other risks, or may help illicit financing. Under our policy of not using these minerals, we are conducting surveys in line with the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and

High Risk Areas, issued by the Organization for Economic Cooperation and Development (OECD).

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 above "CITIZEN Group Human Rights Policy" to ensure that child and forced labor practices are not occurring. During the Period, we conducted audits on three group companies that had accepted foreign technical trainees. For employees, we conduct stress checks and surveys of foreign employees, including technical interns, using a checklist on human rights issues to investigate the risk of human rights violations in the work environment. In addition, the CITIZEN Group executives and employees can report any actual or potential violation of our Code of Conduct to an internal or external compliance hotline if they become aware of such violation. The hotline is designed to protect whistleblowers by allowing anonymous reporting and prohibiting disadvantageous treatment of whistleblowers. The CITIZEN Group strives for early detection and correction of human rights risks through the maintenance of various compliance hotlines.

With regard to the supply chain, we are working to eliminate risks in the supply chain, including modern slavery and human trafficking, by requesting suppliers to comply with the CITIZEN Group CSR Procurement Guideline. In the fiscal year ended March 31, 2021, we held briefings (including remote briefings) for 2,440 suppliers in Japan and overseas and conducted self-assessment surveys for 355 suppliers. Due to the impact of the new coronavirus pandemic, we adopted a remote fact-finding survey (known as "supplier audit") and conducted it for eight suppliers. We will continue to expand the scope of our self-assessment and fact-

finding surveys, and request appropriate corrective measures in cases where there is a risk of human rights violations by suppliers.

The CITIZEN Group implements responsible mineral procurement initiatives in conjunction with CSR procurement. Targets and results are reported at the CITIZEN Group Sustainable Procurement Committee, which meets twice a year, and are linked to ongoing efforts and improvements aimed at realizing the CITIZEN Group Human Rights Policy.

We are also engaging with NGOs and experts to improve our Self-Assessment Questionnaire (SAQ) for the self-assessment survey based on their opinions on the CITIZEN Group's human rights initiatives from a third-party perspective.

#### 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, 2019. Panel displays on the CITIZEN Group Human Rights Policy and the contents of all 30 articles of the Universal Declaration of Human Rights were held at domestic Group companies and four overseas companies. In addition, 6,065 domestic Group employees (96.0% participation rate) took an e-learning course on "Business and Human Rights," and one overseas company also conducted the course. As for the web seminar on sustainable procurement, 88.4% of all domestic employees participated in it.

The CITIZEN Group Sustainable Procurement Committee invited an outside lecturer to hold a study session on due diligence in responsible mineral procurement to deepen understanding of the tightening conflict mineral regulations and share future issues.

This statement was approved by the Board of Directors of CITIZEN WATCH CO., LTD. on May 24, 2021.

May 24, 2021

佐藤敏彦

President & CEO

CITIZEN WATCH CO., LTD.