

## **Citizen Group Modern Slavery and Human Trafficking Statement for the Fiscal Year Ended March 31, 2019**

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 WATCH 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. and CITIZEN WATCH MANUFACTURING CO., LTD. are purchased from external suppliers in and outside of Japan. There were 4,556 suppliers as of the end of the fiscal year ended March 31, 2019 (“Period”). Approximately 75 percent of these suppliers are based in Japan, while the majority of our overseas suppliers are located in China, the Philippines, Thailand and Vietnam.

### **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 formulated the Citizen Group CSR Procurement Guideline in April 2017 and request our procurement partners to comply with it. This guideline prohibits “forced labor, inhumane treatment and child labor”.

In response to issues related to conflict minerals in the Democratic Republic of Congo and its neighboring countries, we established the CITIZEN Group Conflict Minerals Policy, by which we declare 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 to ensure that child and forced labor practices are not occurring. For the Period, we conducted audits on five 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.

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. In its supply chains, 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. Since we began in the fiscal year ended March 31, 2018 to request that our suppliers submit a declaration letter to confirm they comply with the Guideline, we have collected 1,228 such letters by the end of the Period. In addition, we will introduce a self-assessment survey for suppliers from April 2019 to launch an initiative to rectify situations suspected of involving human rights infringement.

#### 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 held a lecture meeting on the topic of “Business and Human Rights” during the Period. A total of 89 officers and senior managers of CITIZEN WATCH attended the meeting.

This statement was approved by the Board of Directors of CITIZEN WATCH CO., LTD. on March 28, 2019.

April 1, 2019



Toshihiko Sato

President & CEO  
CITIZEN WATCH CO., LTD.