



As a tightly-knit Group, “CITIZEN,” which will continue to stay just as close to the hearts of people for the next 100 years, will contribute to the sustainable development of society.

CITIZEN

This year, 2018, CITIZEN Group celebrates the 100th anniversary of its business founding. Taking a retrospective glance, we are deeply grateful for the years of struggle and dedication of those who came before us, while at the same time we believe the significance of welcoming the 100th anniversary is to establish a vision for the next 100 years. CITIZEN Group will enter uncharted waters over the coming era due to rapid advance of IT and AI, changing lifestyles, and a diversifying consumer. In an environment of rapid change, we realize that the time has come for difficult decisions to be made as to what we need to do now to continue developing the business while responding to the needs of society.

2018 is the year of our centenary, but it is also the last year of our medium-term management plan, “CITIZEN Global Plan 2018.” Last year, in the watch sector, we opened the CITIZEN FLAGSHIP STORE TOKYO, the CITIZEN Group’s first flagship store showcasing the biggest collection of major brands of the CITIZEN WATCH Group in the world as part of the multi-brand strategy promoted in the watch business. In our second-biggest business, machine tools, the strong performance has continued and we reached our targets with a year to spare. As we wrap up our current medium-term management plan, the need to detect societal trends and reflect this foresight in the management of our company is clearer than ever.

In this context, for future growth under the next medium-term management plan, we believe that more drastic initiatives are required if we are to create new synergies out of the efforts of every part of the CITIZEN Group. Over the years CITIZEN Group has diversified by harnessing the technologies built up from watchmaking, yet too

few synergies have emerged among our businesses in this process. In order to create synergies going forward, we will be strengthening Group unity by building robust Group governance and enhancing human resource development.

One initiative based on such an idea is the “The Citizen Social Contribution Dispatch System” , launched with the 100th anniversary. By having the CITIZEN Group employees engage in a range of social contribution activities in Japan and globally, they will gain more knowledge of the world, widen their horizons and bring home new values. We hope that this will lead to future business growth and organizational revitalization for the CITIZEN Group, while fostering greater Group unity.

For CITIZEN as a solid global company to be accepted and needed by people all over the world, we must be aware that not only the CITIZEN Group products and services but also the corporate stance behind our manufacturing business must be received positively by society. Every part of our business activities must directly connect with the value of the company itself. In 2017, the inappropriate conduct of CITIZEN ELECTRONICS caused a great deal of concern for all of our stakeholders. As a result of these events, we will strengthen the Group’s governance and further enhance Group-wide compliance awareness by ensuring greater understanding of the “Citizen Group Code of Conduct” established in 2016 among all employees and by implementing monitoring with the Group Quality Compliance Committee , in addition to the risk management carried out by the CITIZEN Group Management Committee.

The CITIZEN Group’s Materiality (material issues) has been prepared as topics to be

focused on by the entire CITIZEN Group, taking into account the Group’s contribution to the United Nations Sustainable Development Goals (SDGs), in order to practice our Corporate Philosophy of “Loved by citizens, working for citizens” and attain sustainable growth in concert with society. Initiatives have been under way on the significant issues of Strengthening Corporate Governance, Comprehensive Risk Management, Through Compliance, Creating a Pleasant Work Environment, Advancing Responsible Procurement and Promoting Environmental Innovation. Progress on these issues is published every year, while in future we recognize that we will need to review these initiatives in response to the social environment changes, such as by adding “Pursuing Social Contribution Activities,” and that we will need to manage targets to further strengthen the effectiveness of the initiatives.

Finally, at times we are asked about the definition of “citizen” in our company name. This word is very important to us, but its definition and perception do change with the times. As we consider and deepen the discussion on the meaning of “CITIZEN,” as well as responding to the changing needs of “citizens” over time, we, CITIZEN, are always close to the hearts of “citizens.” Through the endeavor to understand, share, and practice this philosophy across the Group, we will contribute to the sustainable development of society.

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