

Creating a Pleasant Work Environment

Aiming for the creation of a structure that enables the Group to demonstrate its full potential

In the medium-term management plan, "CITIZEN Global Plan 2018," developed in 2013, productivity improvement and empowering human resources were set as one of the priority issues, and the CITIZEN Group has since worked on reforming its personnel system. CITIZEN WATCH has provided a working environment that allows staff to remain in the workforce for the long term. For example, the staff turnover rate has stayed at around 1% for a long time, in principle the rate of returning to work following childbirth and maternity leave is 100% and for decades, "accompaniment leave," has allowed staff to take leave to accompany their spouses working within the company in the case of a job transfer. In recent years, in the belief that "creating a culture and creating a mechanism" are two sides of the same coin, CITIZEN has worked to improve the

personnel system that contributes to creating a corporate culture that boosts productivity and capacity.

In 2017, CITIZEN introduced systems to enable flexible working styles, which include: the Job Return System, which at the mutual agreement between the company and a retired employee allows him or her to return to work within five years of leaving due to reasons such as childcare or nursing care; the Flex-time System for Child and Nursing Care; and the Staggered Work Hours System. The company has also made efforts to reduce overtime hours by carrying out improvement measures such as a survey on the actual implementation of "no-overtime" days and Group-wide meeting duration, and addition of options for acquiring work improvement skills to personal development programs that are financially supported



by the company. It has also promoted the taking of annual leave, introducing a planned annual leave system separately for each employee in 2015. This has resulted in the average leave days taken rising from 11.91 days in 2016 to 13.31 days in 2017.

Since 2016, the start of the second half of the "CITIZEN Global Plan 2018," the Group's head office functions have been centralized with the establishment of the CITIZEN WATCH holding company, giving it greater unifying force as the company seeks to exploit the full potential of the Group. While recognizing synergies among the Group companies operating in different business areas, CITIZEN is taking steps to encourage rotation of staff within the Group and Group-wide recruitment with the aim of fostering the talent that will drive future growth of the Group. Going forward, the Group will advance the establishment of the evaluation and salary systems. This is an approach taken based on the view that a good working environment also requires elements such as rewarding employees who deliver results, leading to increased motivation, in addition to the longstanding quality work environment. Evaluation will foster a sense of competition among employees and more of an outward orientation. We believe that a challenge facing the CITIZEN Group is to focus on recruiting and fostering talent equipped with the problem-solving ability to perceive, consider and

respond to waves of change, rather than being overwhelmed by them, and then to connect this to the growth of the CITIZEN Group as a whole.

In addition, the CITIZEN Group aims to create a pleasant working environment for all employees, regardless of who they are. At CITIZEN WATCH, a Diversity Project Team has been formed in the Personnel Department to empower women in their careers. By holding regular lunch meetings with staff who are raising children or nursing, the Group keeps in close contact with its employees; they, in turn, are able to deal with their needs and provide support so that all staff are able to perform to the best of their abilities. As an initiative to prevent harassment, staff awareness-raising activities such as internal seminars are conducted. Through the establishment of a Group Discipline Committee, information-sharing across the Group and the preparation of a unified set of rules are being progressed in order to reduce the number of disciplinary cases. These initiatives have received the recognition of an external agency: in June 2017 CITIZEN was selected to be part of the MSCI* Japan Empowering Women Index (WIN). The CITIZEN Group will continue to develop a pleasant working environment for staff from a wide range of perspectives.

*The MSCI Japan Empowering Women Index (WIN) is a stock price index from Morgan Stanley Capital International (MSCI) made up of companies with excellent gender diversity.