

Creating a Pleasant Work Environment

The CITIZEN Group's initiatives to empower human resources

The CITIZEN Group's management has long focused on providing an employee-friendly workplace. Not content with our low staff turnover rate and employees' long years of service, we have made steady progress in creating a more pleasant work environment. For example, in line with the proposals for work style reform by the Japanese government, we implemented continuous measures to raise the rate of paid leave taken and to reduce overtime work. In recent years, CITIZEN WATCH's efforts through stress checks and the health declaration were evaluated highly as facilitating the advancement of Health and Productivity management, where employees' health management is promoted from the management perspective. The company has been recognized as a "White 500"^{*1} company under the Certified Health & Productivity Management Outstanding Organizations Recognition Program. Regarding the work environment for women, we endeavor to provide a supportive environment to facilitate female employees to continue working regardless of their current stage of life. We have offered, for decades, "accompaniment leave" that allows staff to take leave to accompany their spouses working within the company in the case of a job transfer, and other programs that enable flexible workstyles. Our performance is highly evaluated by the society. For example, in recognition of these efforts, we have been included in the MSCI Japan Empowering Women Index^{*2} (WIN), a stock index made up of companies demonstrating excellent gender diversity practices, for two consecutive years since 2017. From the viewpoint of promoting diversity, we will create a work environment that is pleasant and supportive for all regardless of their attributes.

Despite our advanced approach towards realizing a work environment that allows employees to stay in the workforce for an extended period of time, we recognize challenges in terms of developing human resources that boost the competitiveness of our organization. An employee satisfaction survey conducted for all employees showed that some of the employees expect more rewarding frameworks and performance-linked systems. To meet

these requests, measures are being formulated at the Personnel Department.

Productivity improvement and empowering human resources were set as one of the priority issues in the previous Medium-term Management Plan, CITIZEN Global Plan 2018. To promote the priority issues, in addition to the previous department-level system, a target management system at an individual level was introduced and reporting by employees of targets, their progress, and results for each year as well as interviews with their superior was started. The introduction of the target management system is expected to give rise to a lot of challenges at its early stage, such as problems associated with target setting by employees and judgment by superiors on the appropriateness of targets set by the employees. Going forward, in order for the system to be implemented effectively on a routine basis, we will devise measures to deal with possible problems on-site, including training to enable managers to give advice and guidance on appropriate target setting. CITIZEN WATCH is also considering the introduction of a talent management system in FY2019 to realize a more rewarding working environment.

As to efforts to create synergies among the Group companies, we carry on Group-wide recruitment activities with common training being provided to the new recruits across the Group. We also adopt a group-wide job rotation system for personnel relocation.

In FY2018, we organized group-wide recruiting events aimed at hiring human resources that match well to the needs of each company through collaboration among companies operating in different business domains. In addition, we incorporated the Citizen Social Contribution Dispatch System, a new system in which employees of the CITIZEN Group are dispatched to places inside and outside Japan to engage in social contribution activities to help solve social problems, into new employee training programs. This system offered all of the 120 new employees an opportunity to embody the Corporate Philosophy of

"working for citizens." At the same time, the social contribution activities are expected to serve as a foundation for closer collaboration among the Group companies beyond corporate or departmental boundaries.



^{*1} Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500): A program to certify a corporation as a leading company that implements especially outstanding health and productivity management among the companies listed on the Tokyo Stock Exchange

^{*2} MSCI Japan Empowering Woman Index (WIN): Companies included in this index put together by Morgan Stanley Capital International (MSCI) are evaluated as excellent in terms of their gender diversity