

We are committed to CSR with the full participation of all employees under our management vision of being “A Company Where People Thrive.”



Management Vision: “A Company Where People Thrive”

On April 1, 2008—one year after the Group transitioned to a pure holding company system—I took hold of the management baton from former President Umehara. Since taking this position, I have instated the new management vision of being “A Company Where People Thrive” to pick up where Mr. Umehara left off with his goal of becoming a “Quality Company.”

Simply stated, a company where people thrive has the structure and culture that enable employees to fully exercise their abilities, feel that they are living up to their potential and be rewarded sufficiently for their achievements. We may also say that such a company is one whose employees feel a sense of fulfillment.

The essential goal of management is to continually

raise corporate value. Achieving this goal enables the various groups of stakeholders to be rewarded and allows for the promotion of a sustainable global society. Going forward, I think there will be great demand for management to find creative ways to harmonize this goal with stakeholders’ diverse needs.

I emphasize employees’ sense of fulfillment because I think the structural reforms carried out at many Japanese companies over the past several years have perhaps not been adequately explained to employees. Structural reforms are instituted at a company to strengthen it and enhance its corporate value, as well as to develop a solid business structure able to respond quickly to rapid changes in society. To achieve such a structure, each employee must understand and be conscious of why these structural reforms are necessary, and the company must build trustworthy relationships assuring employees that individual actions taken will be fairly evaluated.

In my management position, I will bring the focus back to the human element in the quest to be a company where people thrive. I intend to transmit in a proper manner top management’s philosophy and vision for improvement to our approximately 24,000 employees of the Group worldwide. At the same time, I would like to maintain two-way communication by remaining open to input from employees with different ideas and standpoints.

Maximizing Citizen’s Strengths, with Boosting Human Motivation as Our Goal

To bring out the best in our employees and continue to improve corporate value, we will focus on utilizing Citizen’s trademark strength in ergonomic, ultra-small, ultra-precise, low-power consumption Micro HumanTech to the greatest possible extent in the Group’s broad range of business fields. These fields include the relatively stable watches and clocks segment—from which these core technologies originate—as well as

segments more susceptible to economic fluctuations, such as electronic devices and industrial machinery.

As part of these efforts, in fiscal 2007 Citizen transitioned from a system of independent development in each business to one that hones development functions across the Group.

As we generate a steady stream of attractive technologies, products and services, we will sustain active discussion at each Group company to review our portfolio balance, including not only product development capacity but also production technology and sales capabilities. This discussion will provide us the opportunity to consider whether our technologies, products and services are competitive worldwide and whether synergies are being affected within the Group.

Rewarding Our Stakeholders

In tandem with our efforts to raise corporate value, we desire to continue giving back to the Group’s diverse array of stakeholders.

For our shareholders, we have decided to use the ratio of return to shareholders—defined as the sum of dividends paid and share buyback, divided by consolidated net income—as an indicator, with the basic policy of keeping the ratio at 30% or higher for a three- to five-year period that started in fiscal 2005. In the past two years, we have exceeded that ratio by a considerable margin.

We also seek to attain high customer satisfaction by capitalizing on the Group’s advantages in precision technologies to provide the quality products and finely tuned services for which Citizen is known. In fiscal 2007, we released a multi-function digital pedometer with a thickness of 10 millimeters—the thinnest in the industry. Moreover, in services the programming courses at which we taught customers how to get the most out of their industrial machinery were a hit.

Building good relationships with suppliers is directly connected to the ability to provide quality products, and the Group therefore actively communicates with

suppliers whenever the opportunity arises. In recent years, CSR procurement has become a significant issue for suppliers in light of their social responsibilities. As our Group includes parts manufacturers, we are well aware of the substantial impact on suppliers and understand that we must keep our own house in order in this area to gain the cooperation of our suppliers.

We will continue contributing to local communities, recognizing that we owe them our existence. The Group has bases worldwide and, although the contributions to be made at the local level vary, a common goal for all communities is to secure a certain level of employment. Once employment is maintained, we would like to consider how we can tailor our contributions to the unique characteristics of each community. We will make the utmost efforts to cultivate a company where people thrive. Furthermore, we will create a cycle in which high employee energy enables effective performance of business activities, generating profits that are then returned to our stakeholders. To move through this cycle, we will take care to maintain open management where each member supports all others. We strive to realize this growth scenario while pursuing CSR with the participation of all employees by ensuring ongoing dialog by which management and employees see eye to eye in terms of the Company’s objectives.

I am pleased to present the completed Citizen Group CSR Report 2008. I would deeply appreciate if you could provide us with your comments and other feedback, and I look forward to your continued understanding and support of the Citizen Group.

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