

Working with Our Employees for Their Benefit

By respecting individuals and their diversity, Citizen strives to create work environments where all employees can work comfortably, with peace of mind.

Respecting Diversity

● Group Policy

The Group considers it a corporate obligation to respect individuals and their diversity, and to create work environments where all employees can work comfortably, with peace of mind.

● Continually Carrying out Well-Planned Recruitment Activities

The Group continually conducts well-planned recruitment activities to accommodate a variety of needs, including regular hiring of new graduates from a long-term perspective, mid-career recruitment as needed and the securing of contracted and temporary employees for particular tasks. In employment, we emphasize individual competence, aptitude and drive in efforts to ensure equal opportunities and diversity.

● Working to Expand Occupational Categories for Women

The Group's basic policy on the utilization of female employees is to carry out management according to conditions in each department to enable all employees to realize their full potential, regardless of gender.

Although recruitment and assignment decisions are left to the discretion of each Group company, certain subsidiaries lag in terms of utilization and advancement of female employees. We believe this situation will require each Group company to start creating long-term plans and implementing concrete measures in light of their respective workplace conditions.

● Promoting Employment of People with Disabilities

Citizen works actively to employ people with disabilities, based on the basic policy of "working together." The employment rate for people with disabilities in fiscal 2007 fell below that of the previous fiscal year according to legally mandated reporting (as of June 1). However, as of March 31, 2008, subsequent recruitment activities had brought the employment rate back up to the level of the prior year.

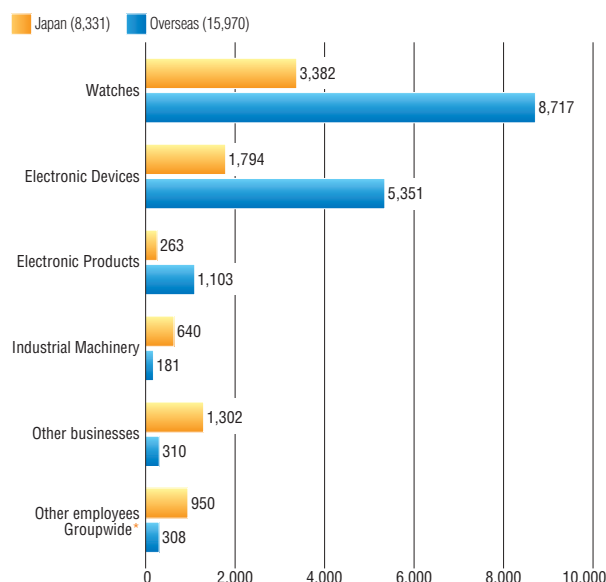
We remain committed to employing more people with disabilities and expanding occupational categories for them.

● Continuing Employment of the Elderly

In response to the amended Elderly Employment Stability Act, which went into effect in April 2006, the Group has introduced the "Elderly Partner Program," which allows for re-hiring contracts with employees who wish to continue working after retirement age, based on certain conditions.

We will continue our efforts to secure employment for the elderly to the extent possible. At the same time, extended employment tends to raise the average employee age. In the interest of sustaining corporate vigor, so Citizen seeks to carry out its operations in line with the intent of the law, by maintaining a balance in the breakdown of ages in the workplace and formulating new personnel policies.

Number of Employees by Business Segment (as of March 31, 2008)



* Refers to employees in management departments not classifiable into specific segments

Recruitment at 19 Major Group Companies

New graduates

	FY2007
Male	122
Female	41
Total	163

Mid-career recruits

	FY2007
Male	52
Female	35
Total	87

Employment of People with Disabilities at 19 Major Group Companies

	FY2006	FY2007
Employment rate	1.67%	1.64%

Note: Tabulated from reports (as of June 1) by each company to the Public Employment Security Office

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Cultivating Human Resources

● Group Policy

The Group strives to cultivate human resources suited to the unique features of each subsidiary, as well as personnel able to adapt to handle a variety of tasks, from the perspective of Groupwide optimization. In addition to the human resource cultivation programs independently developed at each Group company, Citizen Holdings Co., Ltd., plans to improve the overall education environment, including further enrichment of opportunities for all types of employee training across the entire Group.

● Introducing a Groupwide Education Program for Occupational Advancement

From a Groupwide perspective, Citizen Holdings is advancing a plan to provide a common Group education program targeting each occupational level, irrespective of job category.

From fiscal 2007, we systematized the Education Program for Occupational Advancement as "Citizen University"—an educational system for training new employees, employees reaching age 30 and newly appointed management.

We intend to continue enhancing the content of this Group employee education infrastructure, in line with employee needs.



Training for new Group employees

● Constructing a Skill Development System in the Watches and Clocks Business

Citizen Watch has taken advantage of the Group's transition to a pure holding company system from April 2007 to create a new Skill Development System with the aim of revitalizing the company internally and motivating each employee to higher levels of achievement and improving their skills

This system consists of four courses: Legal Mind Training, Human Training, General Technical Training and Watch Technical Training (Watch School), each of which are divided into elementary, intermediate and advanced levels. For example, the elementary level of the General Technical Training course includes a curriculum that enables all employees to acquire simple watch assembly skills.

We are currently working to further enrich the curriculums of each course, while also rolling out such courses at Group companies related to watches with the aim of bolstering the Watches and Clocks Business itself.

Work-Life Balance

● Group Policy

The Group is building systems to encourage a balance between work and lifestyle that enables all employees to work comfortably.

● Flexibly Operating a Variety of Leave Programs

The Group fosters an atmosphere that allows employees to easily take advantage of various leave programs, such as by using a pooled time off system for saving up lapsed annual paid holidays, and flexibly managing forms of employment suited to conditions at the workplace.

In fiscal 2007, in light of the enactment of the Law for Measures to Support the Development of the Next Generation, we placed particular emphasis on supporting a balance between work and home life for employees raising children. Such efforts include popular programs at Citizen Watch and other companies that let employees take pooled time off in two-hour units.

Employee utilization of child care and nursing care leave programs in fiscal 2007 is shown in the following tables.

Employee Usage of Child Care Leave Opportunities at 19 Major Group Companies

	FY2006	FY2007
Male	0	0
Female	42	50
Total	42	50

Employee Usage of Nursing Care Leave Opportunities at 19 Major Group Companies

	FY2006	FY2007
Male	0	0
Female	2	2
Total	2	2

Creating Healthy, Safe, Comfortable Work Environments

● Group Policy

To protect employee safety and health at three Group offices in Tokyo, Tokorozawa and Nakano, we are advancing activities under the banner of "Healthy Management" by creating clear goals and specific plans of action relating to occupational health and safety. We will strive to create pleasant working environments through closer coordination within the Group to propagate forward-thinking examples of working environments among the Group companies.

● Initiatives to Prevent Sexual Harassment and Abuse of Authority

In April 2004, we created guidelines to prevent sexual harassment and have implemented them at all Group companies. We will work to create similar guidelines to prevent harassment through abuse of authority and implement them at all Group companies.

● Holding Regular Group Safety and Health Management Activity Debriefings

The most important goal of our safety and health management is to completely eliminate accidents resulting in lost work time. Based on the idea that prevention of small accidents helps in prevention of more substantial ones, the Group implements Rodosho-Style Training (RST: training method of Japan's Ministry of Labor), Kiken Yochi Training (KYT: training for danger prediction) and other safety and health education according to the yearly activity plan. The Safety and Health Committee investigates past accidents to prevent recurrence. We also maintain an emergency communication system and implement emergency response training envisaging actual disaster situations.

Group Safety and Health Activity Debriefings are also held periodically to verify progress toward elimination of accidents at each Group company and to upgrade activities by sharing information on safety and health education, fire and disaster prevention, measures to maintain employees' mental health, and business continuation plans (BCPs).



Group Safety and Health Activity Debriefings

Accidents Occurring at 19 Major Group Companies

	FY2006	FY2007
No. of fatal accidents	0	0
No. of accidents resulting in lost work time	7	6

● Health Guidance and Comprehensive Support after Medical Examination

The Group carries out a broad range of activities to enable employees to maintain physical and mental health at work and allow employees with illnesses to work with peace of mind.

We offer health guidance and follow-up assistance to those employees who require it, based on the results of health examinations. We also support health promotion activities for our employees, such as helping them quit smoking and holding walking events. These efforts have resulted in improved health data reflected in the health examinations and a reduction in the number of employees who smoke at work.

● Reinforcing Mental Health Activities

At three Group offices in Tokyo, Tokorozawa and Nakano, we have formed Mental Health Committees and are carrying out a variety of training activities, as well as stress checks, workplace stress assessments and interviews with employees who frequently work overtime. Training sessions are divided into courses tailored to new employees, senior employees and management. In fiscal 2006, we started implementing more practical systems to supplement these efforts, including inspection tours of each work site.

From fiscal 2007, we have had heads of all departments at which workplace stress assessments have been performed explain the results of the assessments to their employees.

● Regular Transmission of Risk Information to Ensure Safety Overseas

The Personnel Division of Citizen Watch operates as a contact point to ensure work safety overseas, conducting on-site investigations as appropriate, publishing regular information on safety issues overseas and providing other information on health risks to each Group company. In addition, outside experts are invited to give seminars and consultations as part of educational initiatives.

Human Rights and Labor Relations

● Establishing Sound Labor and Management Relationships

Each company of the Group holds regular negotiations and discussions on management policy and working conditions with a labor union representing the employees. Stable relationships between labor and management are forged through mutual respect for each other's thinking on such matters. The Group companies overseas also negotiate with labor unions and employee representatives based on each country's laws and regulations.

We will continue holding discussions themed around Group operation systems and business restructuring with the aim of raising business value and customer satisfaction at each Group company.