

# Citizen and its Employees

Our activities during fiscal 2008 revolved around the concept of “people-oriented management,” as the first step towards creating an environment in which people (employees) can excel. First and foremost, we believe that it is important to give employees the opportunity to put their skills to the best possible use and create an environment in which individuals can truly appreciate this. Having started by examining individuals at every level across all Group companies, we are working on the ongoing process of developing a framework within which to nurture and effectively harness human resources. In terms of human resource development, during fiscal 2008 we identified personnel who are expected to take over management roles at each company in the future and introduced a rotation system between subsidiaries.



## Respecting Diversity

### ● Group Policy

We consider it to be the Citizen Group's duty as a company to respect individuals, embrace diversity and create an environment in which employees can thrive.

### ● Recruitment activities and promoting contract employees to permanent positions

We hire new graduate recruits on a regular basis and experienced mid-career recruits from a long-term perspective at all Citizen Group companies. We also promote employees on fixed-term contracts to permanent employees on a regular basis, depending on factors such as their level of enthusiasm and capabilities. When recruiting personnel, we focus on individual skills, aptitude and drive, in an effort to ensure equal opportunities and diversity.

#### Recruitment at 17 Major Group Companies

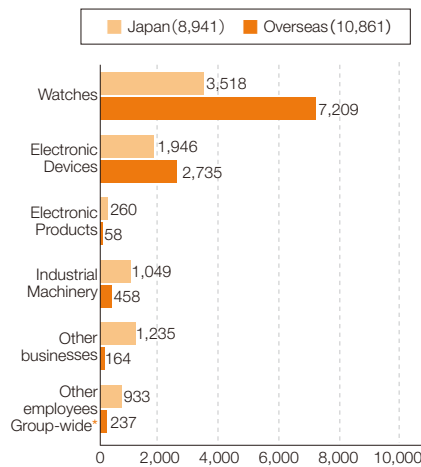
##### New graduates

	FY2007	FY2008
Male	122	91
Female	41	32
Total	163	123

##### Mid-career recruits

	FY2007	FY2008
Male	52	51
Female	35	10
Total	87	61

Number of Employees by Business Segment (as of March 31, 2009)



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

### ● Promoting employment of people with disabilities

We actively employ people with disabilities based on our basic policy of “working together.” Although our employment rate for people with disabilities fell short of the previous year according to our statutory report for fiscal 2008 (dated June 1), subsequent recruitment activities brought our employment rate back up the year-ago level by the end of March 2009. We remain committed to employing more people with disabilities and increasing the range of eligible job opportunities in the future.

#### Employment of People with Disabilities at 17 Major Group Companies

	FY2007	FY2008
Employment rate	1.64%	1.58%

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

## Example initiative

## Citizen Watch

### Improving internal communication

One of the Technical Development Division's aims last year was to transform the culture within the division and develop human resources. As one of our initiatives, we made improved communication to harness our combined strengths as a key priority. As a large division, we needed to address two main issues, namely (1) difficulties maintaining communication with all members of staff as part of daily operations and (2) insufficient interaction between employees in different departments.

In an effort to resolve these issues, we organize a series of two or three lunches each month whereby a number of employees are invited to join the Senior General Manager and Deputy Senior General Manager for lunch. After having lunch together, members of staff start to interact more naturally with one another when their paths cross at work, creating an atmosphere that is more conducive to discussion. Feedback from younger members of staff has included comments such as “I was a bit nervous, but I was able to talk to the Division Manager and Deputy Manager for the first time and get to know them a little better” and “it was a good opportunity to talk to people from other departments.” We intend to continue lunches such as this in the future so that all members of staff can take part.



Lunch meeting

# Citizen and its Employees

## Cultivating Human Resources

### ● Group Policy

Individual Citizen Group companies are responsible for training human resources that are capable of adapting to their working environment, based on the respective company's policy. With a range of training schemes available, including tiered training organized by Citizen Holdings and educational activities organized by individual Group companies, we have established a comprehensive training environment for human resources within the Citizen Group.

people who make it, the environment in which they work, and their attitude towards manufacturing. Having documented the steps involved in this process, in September 2008 we received the Japan IE Documentation Award at the National Annual Conference on Industrial Engineering (IE).



Japan IE Documentation Award plaque

### ● Group-wide tiered human resource development program

Working from a Group-wide perspective, Citizen Holdings Co., Ltd. organizes the Citizen University training program, a tiered program for Group company employees at each level irrespective of their line of work.

In addition to existing training schemes for younger staff, more senior staff, and new managers, in fiscal 2008 we expanded our range of training with the introduction of a new scheme for newly appointed directors.

We are aiming to make training schemes for Group employees even more effective in the future, introducing initiatives such as voluntary application-based schemes and training assessments in an effort to make training more beneficial to those taking part.

### ● Expanding our skill development system in the watch sector

In addition to training in watch-making techniques, we have in place a skill development system at Citizen Watch Co., Ltd. and organize training sessions during the third week of every month, revolving primarily around "Legal Mind Training" in practical legal skills. We are currently taking steps to refine our training curriculum, which includes expanding specialist vocational training, and to improve the standard of training in watch-making techniques.

At Citizen Heiwa Watch, meanwhile, we are seeking to secure an edge in terms of domestic production. Our brand is built on the intangible foundations that underpin each product, namely the

## Promoting a work-life balance

### ● Group Policy

We are working to put in place the necessary framework to create an ideal working environment in which all Citizen Group employees can strike a balance between their work and private lives.

### ● Flexibly operating a range of leave schemes

Through initiatives such as operating a pooled leave system to enable employees to use lapsed annual leave and flexibly managing work patterns to suit conditions in the workplace, we are creating an environment in which Citizen Group employees can easily take leave via a range of different schemes.

As part of our ongoing efforts to support next-generation development at Citizen Watch, we have extended the duration of reduced work hours for employees raising children from the start of elementary school to the end of the third grade of elementary school. In terms of nursing care leave meanwhile, we have extended reduced working hours from one hour to two hours to offer greater convenience. One of the main issues for the future will be to create a working environment in which it is easier for male employees to take childcare leave.

On other fronts, we organize Citizen Family Days for employees' children, chiefly at our Tokyo and Tokorozawa Offices. The aim of this scheme is to enable children to see where their mothers and fathers work and what sort of work they do on a day-to-day basis, thereby helping to improve family communication.

### Employee Usage of Child Care Leave Opportunities at 17 Major Group Companies

	FY2007	FY2008
Male	0	0
Female	50	51
Total	50	51

### Employee Usage of Nursing Care Leave Opportunities at 17 Major Group Companies

	FY2007	FY2008
Male	0	0
Female	2	4
Total	2	4



Citizen Family Day

## Creating healthy, safe and comfortable environments

### ● Group initiatives

Based on our broad policy of protecting the health and safety of all Citizen Group employees, we carry out activities with the aim of completely eliminating accidents resulting in lost work time. With this in mind, we set out priority measures and formulate annual plans in line with conditions at each Group company and carry out activities accordingly.

We invite representatives from all Group companies with manufacturing divisions to attend Group Health and Safety Briefings twice a year. The aim is to summarize activities, plans and achievements at each company, share relevant information and improve the overall standard of health and safety activities. At the November 2008 briefing, we discussed two main topics — initiatives to promote health and fitness and action to respond to new strains of influenza — to establish an understanding of the current situation and explore potential initiatives for the future.

### ● Initiatives to Prevent Sexual Harassment and Abuse of Authority

#### Example initiative

Citizen Sayama

#### Organizing training aimed at preventing harassment in the workplace

We organize training for all employees at Citizen Sayama Co., Ltd. Group companies in an effort to prevent harassment in the workplace. Training covers areas such as different types of harassment, the impact that harassment has on the workplace and individuals and the causes of harassment. Training is aimed at preventing psychological harassment in particular, which is something

that anyone can be guilty of, sometimes on a repeated basis, without even realizing it. We use check sheets designed to highlight the likelihood of employees engaging in or falling victim to harassment to help them appreciate the feelings of those around them and modify their thoughts and actions if necessary. We are also publicizing and encouraging employees to use our Corporate Ethics Hotline.

### ● Reinforcing Mental Health Activities

#### Example initiative

Citizen Business Expert

#### Mental health education at the Tokyo and Tokorozawa Offices and Tokyo Sales Center

Having launched a Mental Health Project in 2004 and set up a Mental Health Committee in 2007, we continue to step up activities in the field of mental health. We adopt measures designed to prevent mental health issues from arising, including educational activities run by committee members in individual workplaces and annual stress assessments for all employees, aimed at encouraging employees to take better care of themselves and improving working environments. Each workplace is then provided with feedback based on assessment results.

In addition to setting up internal and external hotlines, we also provide preventive consultations, for instance after stress assessments, and continually work in partnership with individual workplaces to provide assistance for employees suffering from mental health issues and help employees reintegrate into the workplace after a period of leave. We intend to focus more closely on tiered training for the likes of new recruits, employees entering their 30s, newly promoted senior staff, and managers in the future, whilst also offering consultations for overworked employees and providing workplace feedback, in an effort to improve mental healthcare via the chain of command.

### ● Safety activities at the Tokyo and Tokorozawa Offices and Tokyo Sales Center

To protect the health and safety of employees at our Tokyo and Tokorozawa Offices and Tokyo Sales Center, we have drawn up clear goals and specific action plans in the field of occupational health and safety and are currently promoting activities based on the slogan "Healthy Management."

Bearing in mind that preventing minor accidents can help prevent more serious accidents, we implement a range of safety education schemes in line with annual plans at our Tokyo Office, including RST (rodosho-style training, a training system set out by the former Ministry of Labor) and KYT (Kiken Yochi Training, a training system aimed at preempting risks). We also investigate any accidents that have occurred via our Health and Safety Committee to prevent a recurrence. We organize patrols during safety weeks, health weeks and at the start and end of the year in order to check for any safety issues. We also conduct risk assessments on all workplaces to enable us to identify potential risks in the workplace and take

#### Accidents Occurring at 17 Major Group Companies

	FY2007	FY2008
No. of fatal accidents	0	0
No. of accidents resulting in lost work time	6	3

preventive action.

We operate a system whereby, before using any new chemical substance, a Assessment Sheet of new chemicals has to be filed with the Committee on Assessment of new chemicals, accompanied by a Risk Assessment Record and Material Safety Data Sheet (MSDS), and the relevant substance screened to ensure that it is safe and environmentally friendly. We plan to introduce an occupational health and safety management system to minimize the risk of potential accidents in the workplace in the future in an effort to promote employee health and ensure pleasant working environments.

### ● Health promotion support

We carry out a wide range of activities designed to ensure that Citizen Group employees remain physically and

mentally healthy at work. We provide employees with health advice and secondary examinations if necessary based on the results of health checks. We also provide workplace reintegration support and regularly monitor employees who have been ill to give them added peace of mind as they work.

To enable employees to improve their health levels, we also provide support to help quit smoking, organize walking events, put on a range of seminars, and provide health-related information via Group publications and the intranet as part of health promotion support activities.



Health advice from a company doctor

## Human Rights and Labor Relations

We hold regular meetings between Citizen Group companies and the labor union acting on behalf of our employees to negotiate and discuss issues such as management policy and working conditions and strive to forge stable relationships between labor and management based on mutual respect for the other party's position.

We will continue to discuss issues such as the Group's operating structure and business restructuring in the future in an effort to enhance the corporate value of individual Group companies and improve levels of employee satisfaction.

#### Example initiative

#### Citizen Labor Union Social Contribution Awards

Following in the footsteps of Citizen Holdings' Citizen of the Year scheme, the Citizen labor union presents employees with Social Contribution Awards once a year. Awards are given to employees who have been actively involved in a wide range of social contribution activities, in areas such as social welfare and the environment protection, in their private lives rather than through their work. A total of ten employees have received awards since the scheme was launched in 2003.