



## We strive to be a company that is loved, respected and truly needed by society

### The Citizen Group's Mission and Vision

The Citizen Group abides by the corporate philosophy, "For the citizen: Contributing to and striving to be respected by the citizens of the world," and engages in business with a sense of mission to help enrich people's lives around the world by producing products that are loved and favored by worldwide citizens.

We understand that Corporate Social Responsibility (CSR) means giving due consideration to sustainability in terms of the economy, society and the environment, and engaging in responsible business activities with proper awareness of our Group's impact on and relationship to society. Recently, CSR is also considered an acronym that stands for Corporate Sustainability Respect. In this sense, we are obligated to fulfill our responsibilities in a socially respectable manner. At the same time, our corporate philosophy also embodies our Group's founding wish to earn wide and lasting respect from all citizens. Therefore, we will abide by this philosophy and commit ourselves to fulfilling our CSR with the participation of all our employees to become a company both loved by citizens and respected by society.

### Group Management with a Focus on Globalization, Speed and Vigor

In recent years, the business environment that we work in is dramatically changing and diversifying on a global scale, such that we are seeing a major transformation of industrial structures in various sectors. As it is risky to make judgments based solely on conventional values, we believe it is necessary to stay on top of such rapid social changes and establish a framework that would allow us to respond promptly to demands and changes in society. Since fiscal 2010, we have been reaching toward our vision of becoming a group capable of continual, sustainable growth, as stated in our medium-term management plan, and have endeavored to establish a tough and sustainable organizational structure. We are convinced that it is owing to this effort that we have been able to override the difficult business environment we encountered in fiscal 2011 in the aftermath of a series of natural disasters and the impact of the strong yen.

Fiscal 2012 is the final year of the present medium-term management plan and the year for formulating a new one. In a time of diversifying values, the

key to new growth lies in quickly grasping values sought by the market and giving thought to what we can do, or ought to do, by harnessing our strengths. Toward this end, I realize I have an important duty to present a proper direction. Now that we have been able to strengthen our organizational structure, we will create a new management plan that focuses on globalization, speed and vigor, and make Group-wide efforts to achieve new growth.

### Transformation into a Truly Global Company

Since our Group's founding in 1930, we have achieved continuous growth mainly based on the watches and clocks business, and have exploited the downsizing technology, precision technology, low power consumption technology and other such technologies cultivated in the watches and clocks business to expand into a variety of businesses on a global scale. While our overseas sales account for roughly 60% of the Group's total sales, simply doing business around the world does not make us a truly global company. We can become a truly global company only by achieving global standards in terms of both personnel and business operations. This means we must undergo a shift to acquire an outward-looking business culture. In other words, we must maintain an accurate understanding of the market, our competitors, and our own strengths and weaknesses as the first step toward globalization in the real sense of the term.

Additionally, to achieve true globalization, it is not only necessary to understand the distinct culture, climate and customs of each region of the world and engage in business activities that are grounded in the local community, but it is more important than ever to recruit and develop human resources who possess a global outlook. Many people who work for our Group have various unique abilities. We hope to provide a working environment that maximizes their true potential and become a vibrant Group.

### Compassion as the Very Essence of CSR

The essence of CSR, the way I see it, lies in each and every employee and their effort to nurture a compassionate heart as a human being and their conscious wish to attain personal growth—in the way that many people realized afresh the importance of connecting and caring for others in the wake of the Great East Japan Earthquake. We are all citizens before we are businesspeople. As long as we make judgments from the consumers' perspective or the perspective of others, our actions will naturally coincide with CSR. With regard to environmental issues of global concern, we can give due consideration to the environment simply by acting with a sense of compassion for the Earth

on which we live based on Japan's deep-rooted ancient custom that frowns on wasting anything. In the same manner, as long as we give due consideration to regional diversity when engaging in business around the world, we can eventually expect to be needed as a community-based company.

In these ways, we firmly believe that ongoing efforts to do what is naturally necessary in a natural manner with a sense of caring as a human being will allow us to grow as a company and help realize a sustainable society.

### Lastly

Based on the above principles, the Citizen Group is committed to producing reasonable profit through proper business activities in consideration of society and the environment, and to benefiting our stakeholders through continuous growth.

This CSR Report presents our CSR initiatives over the past year. It is structured on the Citizen Group Code of Conduct, which was established to ensure abidance with our corporate philosophy, and has been edited to incorporate the views of employees who daily practice the code of conduct.

I hope that as many people as possible will read this report and give us feedback of their views and opinions. Thank you for your further understanding and continuous support of the Citizen Group.

June 2012

**Toshio Tokura**  
President and CEO  
Citizen Holdings Co., Ltd.

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### Participating in the UN Global Compact

We announced our participation in the United Nations Global Compact in April 2005 and pledged to make Group-wide efforts to uphold, respect and put into practice the Ten Principles outlined therein. Furthermore, to ensure our commitment to the Global Compact, we have established and comply with the Citizen Group Code of Conduct, which provides specific guidelines that embody the spirit of the Global Compact.