

A dialogue with the President:

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



*Profile*

Graduate of Department of Economics, Keio University. After working as a foreign bond trader at a US-based securities company, she founded Integrex Inc., a business promoting socially responsible investment (SRI) and corporate social responsibility (CSR) in 2001. Among her other roles, she also serves as a managing director of the non-profit Social Investment Forum Japan (SIF-Japan).

## Our name “Citizen” and our corporate philosophy are our wellspring

The Citizen Group has adopted a corporate philosophy of “Contributing to and striving to be respected by the citizens of the world.” We pursue CSR with the participation of all our employees to ensure we remain a company that is loved, respected and truly needed by society.

This year we invited Ms. One Akiyama, who has provided third-party comments on CSR initiatives of the Citizen Group for the past five years, to give us her opinion and evaluation of Group initiatives so far and to discuss directions for such activities going forward.

**Toshio Tokura**

President & CEO  
Citizen Holdings Co., Ltd.



**One Akiyama**

President  
Integrex Inc.

## Corporate philosophy and CSR

### The Citizen Name Reflects an Unchanging Ideal

**Tokura:** Ms. Akiyama, you have been commenting on our Group's CSR initiatives for the past five years. Looking back on our efforts so far, tell us your opinion and evaluation one more time.

**Akiyama:** First, your corporate philosophy of "Contributing to and striving to be respected by the citizens of the world" makes an impression. And the name "Citizen" itself seems to express the direction you ought to go. Also, you develop eco-friendly products like Eco-Drive and have a wide range of social initiatives like naming a Citizen of the Year. Yours seems to be a family-like business that values its connection to the community and global environment.

**Tokura:** I agree; that family-like feel may be one of the Group's biggest pluses. But I also feel that being like a family is a problem to the extent that we are inward-looking. About 60% of Group sales are outside Japan, but we are not truly a global company yet. We need to change some aspects of our organization: the way we look at and consider things, and the way we do our work. The world is changing, and the first step in globalizing is to know our markets and counterparts at all times and understand our own strengths and weaknesses. Under the new medium-term management plan starting in fiscal 2013, this organizational reform is defined as the key to growth and is our basic stance.

**Akiyama:** The important aspect of globalizing is to localize oneself to the cultures and customs of each country or region. But an important aspect of localizing is to have an axis that brings you back to your center. If this axis is firm, the Citizen Brand will be loved and accepted by the community. This will be so no matter where you are, what business you are running, and what products you are making.

**Tokura:** I guess the company name is that axis for us. The name "Citizen" is like a wellspring for us, indicating the very significance of our existence. The Group's corporate philosophy of "Contributing to and striving to be respected by the citizens of the world" contains the ideals from our founding, when very few people had watches, and we wanted everyone to have one. We are citizens before we are a business. If at all times we judge from the point of view of a citizen, we can find the answers for ourselves, and the business will grow as a result. I hope to keep this concept alive by making sure every member of the Citizen Group, in Japan and abroad, shares this sense about the "Citizen" name and our corporate philosophy. And I want to spread this concept so that employees can work with energy and imagination.

#### "It All Began with One Wish"



**Kamekichi Yamazaki**  
First Chairman



**Yosaburo Nakajima**  
First President

In 1924, Citizen's predecessor, the Shokosha Watch Research Institute, developed its first pocket watch. Reflecting its desire to build a made-in-Japan watch, the institute named it the "CITIZEN." Credit for the name goes to Mr. Shimpei Goto, then-Mayor of Tokyo, who was close friends with Kamekichi Yamazaki, our first Chairman. Their wish was that the watch would be "loved by citizens." Six years later, Yosaburo Nakajima founded Citizen Watch Co., Ltd. (today's Citizen Holdings Co., Ltd.).



The watch named "CITIZEN"

#### The need for diversity

### Diversity Can Create Value

**Tokura:** If we want to be truly global, I think another important thing is diversity. Earlier, I said that we need to change our organization. To do that, we need to diversify our personnel.

**Akiyama:** Diversity is very important. It applies to more than just gender and nationality. Diversity means we provide an environment where people of all backgrounds, even those caring for small children or family members, can put their full talents to work. This would make the workplace more vital. A business mustn't think of diversity as a burden. Rather, they should take a positive point of view and ask how to make people most productive. We need to look at the big picture, and think about how to create a net benefit for the enterprise and for society.

**Tokura:** For diversity, it's essential to recognize our differences and then accept each other. Put another way, this means being aware of social changes and social issues and responding flexibly. This fosters sensitivity in our employees and makes us more socially adaptable. So diversity is something we will be working on going forward.

**Akiyama:** To ensure that employees accept this diversity, it's crucial that they actively get outside and encounter many people and situations that will enhance their sensitivity and give them many experiences. I think your social initiatives, for example, have this aspect. When employees take part in social initiatives and so forth, they notice new things and bring it with them to the job. This creates a chain of positive benefits, including more work motivation. It gives new depth to your CSR programs and helps employees grow.

**Tokura:** That's right. When employees get out of the company and relate to other parts of society, and then share their experiences with each other, it may encourage growth. Diversity can potentially create all sorts of value.

**Akiyama:** Speaking of potential for creating value, I suspect there is potential for new business. As the concept of CSV (creating shared value) implies, keeping a close eye on social issues is an opportunity for new businesses that create a net benefit for society and for the enterprise. CSR is changing now, towards trying to effect this kind of



innovation. I really encourage Citizen Holdings to create this kind of unprecedented value.

#### Directions for Citizen Group CSR

### Business That is More Aware of Social Relationships

**Akiyama:** For the Citizen Group to keep developing, it's so important to share information internally and disclose it within and beyond the Group. Lots of enterprises publish CSR reports in Japan. If you ask them who it is they most want to read their reports, many would answer, "Our employees." Often, it is surprising how little employees know about their company's activities, even though they work there every day. If employees read the CSR report, they realize, "My company is doing these good things," or "This product is providing this public good." When they understand their employer's strengths, they have more pride and motivation. I hear this all the time.

**Tokura:** There are probably many cases where employees don't know what any department other than their own is doing and don't realize their company's own strengths. In that respect, when there is common awareness internally of a company's strengths and the direction it is aiming for, and when there is ongoing information disclosure, it may in some sense enhance internal diversity and help people encounter differences.

**Akiyama:** Particularly in these times, an enterprise's social sensitivity is critical to its sustained growth. Both the company and its employees have to heighten their relationships with and sensitivity to society. Through your future CSR initiatives, this will lead to sustained growth for both the company and



society. In future, it's going to be very important to ask what society needs and what is necessary to solve social problems, especially when starting a new business. This is essential for the sustainability of both society and the enterprise, and is an act of CSR in itself.

**Tokura:** Yes, I think so. It's just not possible for us to live as an enterprise alone. We are in so many kinds of relationships with society, and we have to do business in a way that recognizes the common core to our personal growth, the company's growth, and the sustainable growth of society. The Citizen Group has already practiced CSR in so many areas, but at a time of greater globalization, we hope to have even greater dialogue and trusting relationships with the stakeholders that have supported us all along.