

Corporate Governance

Basic Approach

The Citizen Group endeavors to improve business value and contribute to society through sustained corporate activities in harmony with the local community and the global environment, under the business philosophy of “Contributing to and Striving to be Respected by the Citizens of the World.” It is with this goal permanently in mind that we strive to reinforce corporate governance, in recognition of the importance of ensuring management transparency and effectively supervising management from various different angles.

Roles of the Holding Company and the Subsidiaries

We have clarified the scope of responsibility and authority of Citizen Holdings and each of the subsidiaries that make up the Citizen Group. Citizen Holdings is responsible for developing management policies to optimize Group-wide management and to make effective use of resources to boost corporate value. Individual operating subsidiaries in turn operate independently based on the nature of their segments, in the interests of smoother management and increased profitability. Operations within the framework of Citizen Holdings, in areas such as human resources, finance, R&D, intellectual property management and brand management, have been configured so as to ensure that operating subsidiaries' policies coincide with Group-wide policies.

Roles of the Directors and the Board of Directors

The Citizen Holdings Board of Directors consists of nine members (as on March 31, 2011), including two outside directors (registered as independent officers in accordance with systems operated by Tokyo Stock Exchange).

The Board of Directors determines management policies and other important items for Citizen Holdings and the Citizen Group, and supervises the execution of directors' duties. The presidents of key operating subsidiaries are also appointed as part-time directors to enable decision-making from a comprehensive perspective, taking into account the views of individual companies.

In addition, the management of the Group reflects the opinions of outside directors with abundant business experience in corporate management and related areas. We have also established the Nomination Committee and Remuneration Committee—consisting of outside directors and the president—to provide advisory support.

Roles of the Auditors and the Board of Auditors

The Citizen Holdings Board of Auditors consists of three members, including two independent outside auditors (as of March 31, 2011).

In addition to checking the execution of directors' duties in general through activities such as reviewing important documents, monitoring the company's operations and finances and attending meetings of the Board of Directors and other bodies, auditors are also responsible for auditing the implementation and management of internal control systems.

The Citizen Group Full-Time Auditor Coordination Committee, which consists of full-time auditors from Citizen Holdings and individual operating subsidiaries, is there to ensure that auditing capabilities are consistent between Citizen Holdings and operating subsidiaries and makes every effort to share information regarding auditing policies on behalf of the Citizen Group as a whole.

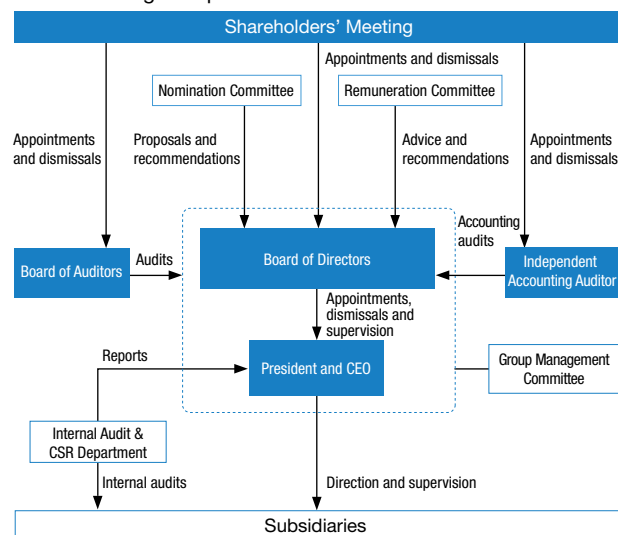
Internal Control System

Having set out a basic policy on the establishment of internal control systems at Citizen Holdings, we are now working to further enhance our internal control systems.

To ensure proper and effective execution of the internal control system and reliable financial reporting, J-SOX Internal Control System Coordination Committee meetings are held with the participation of relevant personnel from Citizen Holdings and its consolidated subsidiaries. In collaboration with outside audit institutions, we work to constantly improve, operate and evaluate our internal control system.

To cater to the diverse range of needs anticipated as part of the internal auditing process, the committee also coordinates with auditing offices at operating subsidiaries and internal auditing managers at key subsidiaries.

Citizen Holdings Corporate Governance Structure



For more detailed information, please refer to our website.

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