

Reinforcing Corporate Governance

As a company's business activities expand on a global scale, the company must carry out effective corporate governance to raise corporate value from a long-term and comprehensive perspective, taking into account the laws and regulations and the culture and practices of each country and region where it does business as well as its own role as a public organization. The Citizen Group works to continuously strengthen its corporate governance and practices strict corporate ethics to ensure that it achieves transparency in management and optimal allocation of management resources among its various businesses.

Basic Approach

The Citizen Group endeavors to improve business value and contribute to society through sustained corporate activities in harmony with local communities and the global environment under the corporate philosophy of "Contributing to and striving to be respected by the citizens of the world." In the constant pursuit of this goal, we strive to reinforce corporate governance in recognition of the importance of ensuring management transparency and effectively supervising management from various perspectives.

Roles of the Pure Holding Company and Subsidiaries

We have clarified the scope of responsibility and authority of Citizen Holdings and each of the individual operating subsidiaries that make up the Citizen Group. Citizen Holdings sets business strategies and directs and supervises subsidiaries from the perspective of overall optimization of group operations. Individual operating subsidiaries in turn operate independently based on the nature of their segments in the interests of more effective management and increased profitability.

Roles of the Board of Directors and the Board of Auditors

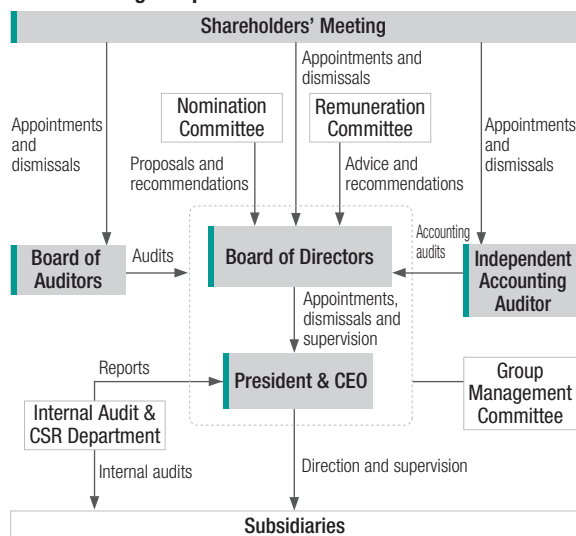
The Citizen Holdings Board of Directors consists of 10 members (as of March 31, 2013), including two outside directors (registered as independent officers with the Tokyo Stock Exchange). The Board of Directors determines management policies and other important matters for Citizen Holdings and the Citizen Group and supervises the execution of directors' duties.

The Citizen Holdings Board of Auditors consists of three members including two independent outside auditors (as of March 31, 2013). In addition to checking the execution of directors' duties in general through activities such as attending meetings of the Board of Directors and other bodies, auditors are also

responsible for auditing the implementation and management of internal control systems.

We have also established a Nomination Committee and Remuneration Committee—consisting of outside directors and the president—as an advisory board.

Citizen Holdings Corporate Governance Structure



Internal Control Systems

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. Citizen Holdings and each group company examine the details of improvements, collaborate with outside audit organizations, and work to better establish, operate, and assess internal control systems annually in order to ensure the proper and effective functions of internal control systems and the reliability of financial reporting.

Also, Citizen Holdings collaborates with internal auditors at each subsidiary to ensure that the various needs expected of internal audits are satisfied.