

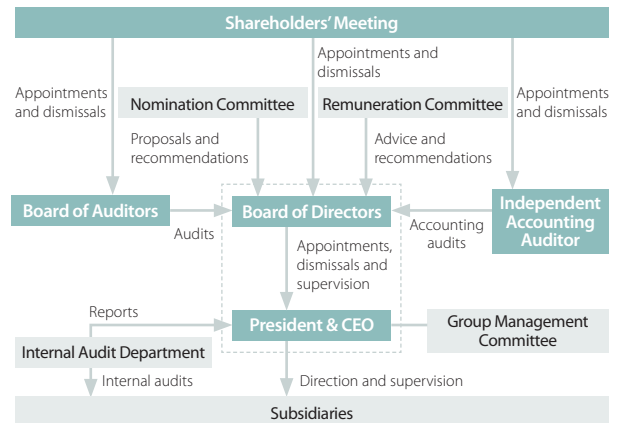
Enhancing Corporate Governance

Basic Approach

The Citizen Group endeavors to improve corporate 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.

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

Citizen Holdings Corporate Governance Structure



Promoting Compliance and Risk Management

Compliance Measures

The Citizen Group undertakes compliance measures based on the Group Code of Conduct as a priority issue within its CSR activities. Each group company periodically conducts compliance training and e-learning and encourages employees to act in accordance with ethical and moral principles as the foundation of legal compliance. To prevent legal violations and improper conduct and improve self-regulation, internal and external corporate ethics hotlines were established, rules adopted to protect the confidentiality of reporting parties and ensure that they do not suffer any detriment, and a reporting environment that ensures anonymity was created.

Risk Management Measures

The Citizen Group conducts risk management with the objectives of putting into practice its corporate principles, properly managing risks that could become factors preventing the implementation of management plans, meeting the Group's corporate responsibilities, and contributing to higher corporate value. In fiscal 2013, we conducted follow-up activities at four key operating subsidiaries with respect to business continuity plans (BCPs) for use in the event of disaster that we had inspected and evaluated in 2011. Individual subsidiaries conducted risk management that takes into consideration regional characteristics and business formats, and in the field took measures to ensure safety in response to emergency situations.

Responding Decisively to Anti-Social Forces

Responses to Anti-Social Forces

The Citizen Group has a fundamental policy of responding decisively to demands for inappropriate gains from anti-social forces and organizations, and we establish and

reinforce systems to completely eliminate all interactions with anti-social forces such as including exclusion provisions in all contracts entered into by Group Companies. We also maintain regular contact with local companies and outside organizations such as the police to exclude anti-social forces.