

Third-Party Comments

The most noteworthy item in the current report is its reference to creating shared value (CSV). The BOP business demonstrates the concept of CSV, or proactive CSR. In addition to their environmental contribution effects, these activities generate appropriate earnings in a business context, making them sustainable operationally. Top management voices its resolve to address the issues society faces from a more global perspective and create value through the Company's businesses. This comment conveys a strong sense of understanding about the importance of the responsibility the Citizen Group's business activities bear for society as a whole.

Also, this fiscal year the Company began conducting CSR seminars for top management. For these seminars, Citizen invited outside experts to share their understanding about the changes in social responsibility and organizational responses that society is calling for from companies. Sharing this information at the management level demonstrated a recognition of the importance of governance in CSR, and I expect to see this understanding reflected across the organization's activities. I believe that CSV is also a reflection of these efforts. I look forward to observing as the Citizen Group serves as an industry frontrunner for organizational CSR activities.

Labor problems in emerging markets are a priority issue for global companies. At its company in Thailand, ROYAL TIME CITI CO., LTD., Citizen has put in place and made operational a host of training programs designed to meet employees' needs. The Company has created a working environment that is friendly to women, who make up a majority of its work force, is encouraging employee health management, and is addressing many of the other labor-related issues faced at overseas bases.

These activities are reported in combination with Citizen's corporate endeavors to address priority items mentioned in its medium-term management plan, of "strategic marketing to meet the needs of the expanding Asian market" and in line with its corporate philosophy, of "contributing to and striving to be respected by the citizens of the world." Last year's report highlighted activities at Citizen's operation in China, showing

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the company's deep roots in the local community and its sustained organizational development. I commend these efforts. I would like to see other regions featured in this manner in future reports.

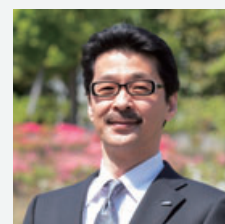
The section on diversity adopts an interview format to solicit opinions about the challenges faced by women of different ages, covering the benefits the Group offers to female employees, and reporting on points for improvement. It was the points for improvement that particularly struck me with their frankness. I believe that recognizing that weaknesses currently exist and identifying them for improvement contributes to the report's overall level of trustworthiness. The Company should clarify its activities on a PDCA basis, indicating in future reports what has been done to address the improvement points identified in this interview.

I believe the data volume at the end of the report shows improvement from last year's report in its use of data and graphs related to the environment and employees to show changes over time. Going forward, I would like to see further efforts to achieve consistency among reporting organizations, clarify the data boundaries, and provide data for overseas sites.

Looking at the scope of reporting and data contained in this year's report, I would say that demand is increasing for third-party verification of activities such as those for the Carbon Disclosure Project (CDP), from the perspective of enhancing reliability and accuracy. I give the Company high marks on its integrated EMS certification, but would like to see more third-party verification of CSR. I think this is something to keep in mind going forward.

Response to Third-Party Comments

I would like to thank Mr. Tokura for his valuable opinions. We have only just begun our CSV promotion activities, but we intend to move forward proactively with these efforts, taking into account social issues from a global perspective. To become a truly global company as described in our medium-term plan, the Citizen Global Plan 2018, we recognize the importance of cultivating human resources and promoting diversity as CSR actions that go hand in hand with our corporate activities. We have included coverage of overseas initiatives in this report, but after taking the comments that we have received into consideration, we will continue working to create reports that encourage even better understanding from our stakeholders.



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