

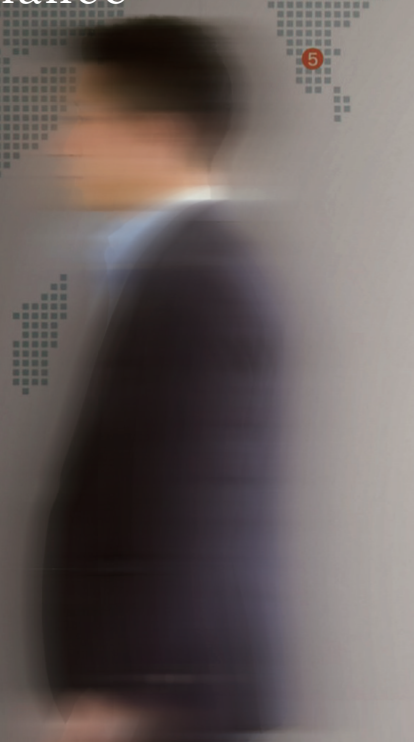
Our Material Issues

Establishing the “Citizen Group Code of Conduct”

Strengthening Corporate Governance

Comprehensive Risk Management

Thorough Compliance



CITIZEN GROUP

Citizen Group Code of Conduct

1. Act responsibly towards society and strive to raise the corporate value of the Citizen Group.
2. Create and promote products and services that demonstrate our commitment to safety, quality, and the environment.
3. Engage in business practices that are fair, transparent, open to competition, and responsible.
4. Respect human rights and diversity, and provide a safe and pleasant working environment.
5. Recognize the importance of environmental conservation, and take voluntary and proactive measures.
6. Manage and protect company assets in an appropriate manner.
7. Abstain from actions that would harm the company's long-lasting values.
8. Strive to contribute to regional communities in which we operate.

Since our foundation in 1918, the CITIZEN Group has always carried out business with esteem for society and the people who live in society as signified by the word “citizen” that appears in our corporate name. Such thoughts have shaped our corporate philosophy of “Loved by citizens, working for citizens.” The bedrock of our business activities is our desire to contribute to people’s lives in a wide range with the aim of being loved and known by society and the people who live in the society.

From the time the CITIZEN Group began global business development during the period of high economic growth in the 1960s, we have expanded various businesses worldwide with the watch business at our core. Today, we have greater sales and more employees overseas than in Japan, and the Group as a whole is facing rapidly changing global circumstances and the economic environment.

In 2013, we aimed for greater global economic growth and launched “CITIZEN Global Plan 2018” to coincide with the establishment of a new management

system. This six-year global plan sets forth the goal that is to become a “solid global company” and affirms what we must do to gain the capability to be able to continuously offer “value” sought in the global market. We also once again confirmed the areas requiring reinforcement to boost the effectiveness of each endeavor. The year 2016 marked the start of the latter three years of “CITIZEN Global Plan 2018,” and we reviewed our Code of Conduct and established a new “Citizen Group Code of Conduct” to consolidate the management foundation to confront challenges and stay competitive in the global economy.

The “Citizen Group Code of Conduct” indicates the rules and principles of behavior that employees should observe daily as a member of the CITIZEN Group, and it is the criteria for actions and decisions to realize the CITIZEN Group corporate philosophy.

Based on the concept that the Code of Conduct also serves as a foundation in CSR activities, each group company sets goals that link to the provisions and guidelines of the Code of Conduct. (<http://www.citizen.co.jp/global/csr/approach/csr/target.html>)

To disseminate the “Citizen Group Code of Conduct” to all CITIZEN Group employees in Japan, in FY2016 booklets of the Code of Conduct were distributed, and all employees were required to sign a pledge to comply with the Code of Conduct. A video message from the president was also presented to all employees. These measures communicated the importance of having a unified concept among the CITIZEN Group employees as we globally develop business, despite the growth and diversification of the organization, and incorporated the idea of utilizing the

Code of Conduct as criteria for behavior.

In addition, an English version of the Code of Conduct was prepared for overseas offices and translated later into nine different languages, including Chinese. In FY 2017, a video message from the president will be distributed just as it was in Japan to spread the Code of Conduct to overseas offices. Furthermore, a person in charge of disseminating the Code of Conduct will be selected in each office to work to embed the Code of Conduct through initiatives, such as establishment of action plans, taking circumstances of each country and region into consideration. Also, understanding of the Code of Conduct will be further deepened by training through such means as e-learning.

By implementing CSR activities based on the Code of Conduct that embodies the corporate philosophy, the CITIZEN Group will achieve growth while contributing to the development of a sustainable society as we set our sights on becoming a corporation that follows the philosophy of “Loved by citizens, working for citizens.”