

## Guidelines

### 1. Act responsibly towards society and strive to raise the corporate value of the Citizen Group.

- (1) We shall observe the local laws and ordinances of countries and regions where business operations are performed, and make an effort to always act in an ethical manner, so that the products and services provided can be accepted by the society as items with true value.
- (2) We shall maintain an awareness regarding boosting the corporate value of the Group through “manufacturing of products that are loved and trusted by citizens,” and shall place importance on having an attitude of mutual understanding and recognition.
- (3) We shall aim for the ongoing development of the Group, recognize the various risks and challenges that exist in society, and take action to develop the Group by operating in a responsible and thoughtful manner within the context of the societies in which we engage.

## 2. Create and promote products and services that demonstrate our commitment to safety, quality, and the environment.

### ● Provision of products and services

- (1) We shall provide products and services while accurately grasping the needs of society, pursuing safety and quality, and giving consideration to the environment.
- (2) In order to guarantee quality, we shall establish and put into practice standards and procedures that must be followed in each stage from development to manufacturing, sales, and after-sales service.
- (3) If there is a defect in a product or service, we shall respond in a swift and appropriate manner, and make an effort to prevent reoccurrence.

### ● Implementation of sincere service for customers and ethical marketing

- (4) In order to boost customer satisfaction, we shall develop contact points for responding to feedback and inquiries from customers, and shall work to enhance service follow-up systems.
- (5) We shall clearly and accurately provide information about products, service content and handling displays, etc., so that customers can make rational choices.
- (6) We shall not use expressions that lead to any type of discrimination related to racial, religious, cultural, or other types of social groups.
- (7) We shall not use slanderous or defamatory expressions with regard to competitors.
- (8) When using the company name or group brand logo for products we shall observe in-house regulations related to such use.

## Guidelines

### 3. Engage in business practices that are fair, transparent, open to competition, and responsible.

#### ● Fair, transparent, and free competition

- (1) We shall only engage in competition on the premise that such competition is fair and free, and shall not pursue profits based on unjust means.
- (2) We shall not abuse business partners by taking advantage of dominant bargaining positions, including but not limited to imposing unjust conditions such as excessive cost reduction measure, denying the receipt of goods, returning goods, and delaying payments.
- (3) We shall continuously review commercial practices with a view to economic rationality, consumer interests, transparency, and fairness.
- (4) We shall thoroughly understand that bribery is considered a criminal offense in many countries, and shall observe the related laws and ordinances of countries in which business activities are carried out.
- (5) We shall not offer or pay bribes to anyone, regardless of whether they are a public official, private company, individual, or corporation.
- (6) The receipt of business gifts and business entertainment shall be within the scope of the common social practices, and we shall observe in-house regulations related to the prevention of bribery, gifts and entertainment.
- (7) When an offer of gifts or entertainment has been received, we shall consider this objectively and carefully, and if feeling unsure, shall seek the opinion of the department chief or relevant company's supervisor of legal affairs.

#### ● Handling of government agencies, etc.

- (8) We shall maintain clean and sound relationships with government agencies, etc., and shall not provide illegal political donations or facilitation payments. Furthermore, employees shall not give donations to government agencies, etc. conditioned on the receipt of business opportunities or other favors.
- (9) We shall seek the advice of the relevant company's supervisor of legal affairs when interacting with government agencies, etc.
- (10) We shall provide cooperation regarding the relevant inquiries and investigations of government agencies, etc. in a sincere and prompt manner.

● **Import and export management**

- (11) Laws and regulations related to import and export are not only complicated, but also frequently revised, hence when carrying out import and export transactions, we shall contact a department specializing in import and export transactions and other relevant persons.
- (12) In particular, when importing or exporting products, services, or technologies, we shall observe the relevant laws and regulations, and shall accurately carry out the prescribed procedures related to the necessary authorization, application, and reports.

● **Prohibition of contact with antisocial forces**

- (13) We shall not interact with antisocial forces. We shall respond to antisocial forces with a firm attitude, and shall handle antisocial forces in cooperation with the police and regional community.
- (14) We shall never provide donations or sponsorship funds or purchase materials, etc. if this could potentially lead to unjust revenues for antisocial forces.

● **Prevention of money laundering**

- (15) We shall understand that money laundering is a criminal activity.
- (16) We shall be cautious of business partners that are passive regarding providing the necessary information for transactions, that provide insufficient information, and of business partners that provide incorrect information.
- (17) We shall request the provision of sufficient information in response to requests for suspicious money transfers, in which they are asked to send money to an irrelevant third country or are asked to return money via an electronic money transfer after a payment has been made in cash.

● **Responsible and sustainable procurement**

- (18) In regard to purchasing transactions with suppliers, we shall take into consideration not only economic rationality, but also laws and regulations, compliance with social norms, respect for human rights, occupational health and safety, and commitments to environmental preservation.
- (19) We shall put into practice responsible and sustainable procurement and avoid supporting conflicts through procurement activities.

## Guidelines

### 4. Respect human rights and diversity, and provide a safe and pleasant working environment.

#### ● Respect for human rights

- (1) We shall place importance on respecting basic human rights no matter where they are.
- (2) We shall never accept child labor, forced labor, or human trafficking.
- (3) We shall mutually respect privacy.
- (4) We shall treat the personal information of customers, business partners, and employees as secrets and handle this with the utmost care.
- (5) We shall never accept any type of discrimination (discrimination based on gender, sexual orientation, age, physical or mental disabilities, nationality, race, skin color, religion, marriage history, etc.).
- (6) We shall respect basic rights in labor related to freedom of association and collective bargaining.

#### ● Creating pleasant working environments

- (7) We shall make an effort to communicate in an honest and open manner in order to build mutual trust.
- (8) We shall take an interest in improving our own workplace environment and shall share ideas in this regard.
- (9) With a view to creating human resource development programs and life plans, we shall understand that personality traits, unique characteristics, and diversity are to be respected, and shall strive to improve our own qualities.
- (10) We shall aim to create workplaces that are free from harassment and pestering, etc.
- (11) We shall take care to avoid actions that hurt others, make others uncomfortable, humiliate others, and actions that could be interpreted as an act of intimidation.

● Ensuring health and safety at workplaces

- (12) In order to ensure the safety of workplace environments and prevent unforeseen accidents and disasters, we shall always pay attention to safety during work and shall thoroughly inspect equipment, and perform maintenance in an appropriate manner.
- (13) We shall promote the creation of workplaces that give consideration to physical and mental health, are hygienic, and promote health.
- (14) We shall develop awareness regarding a work-life balance in which there is harmony between work and childrearing, nursing care, and so on.
- (15) We shall not work while under the influence of alcohol or narcotics.

## Guidelines

### 5. Recognize the importance of environmental conservation, and take voluntary and proactive measures.

- (1) In each stage of business activities from the planning of products to research and development, design, procurement, production, sales, usage, disposal, and recycling, we shall make an effort to reduce the Group's environmental impact and lessen environmental risks.
- (2) We shall strive to develop products, services, and technologies that take into consideration environmental protection, including energy and resource consideration, and shall thereby proactively provide society with environmentally-friendly products and services.
- (3) We shall suitably manage waste from business activities, and promote reuse and recycling.
- (4) We shall observe laws and regulations related to chemical substances, and shall manage chemical substances based on methods that lessen their impact on health and the environment.

## 6. Manage and protect company assets in an appropriate manner.

### ● Thoroughly maintaining use for business purposes

- (1) We shall not use company assets (tangible or intangible assets) for personal purposes. Furthermore, we shall not mix company assets that have been loaned for business operations with personal assets.
- (2) We shall only use company assets for legitimate business purposes, and shall not use company equipment or systems to access, download, or transfer, etc. information that contains inappropriate content.

### ● Management of intellectual property and confidential information

- (3) We shall respect intellectual property rights such as patent rights, utility model rights, design rights, and trademark rights, acquire intellectual property rights in accordance with prescribed procedures, and make an effort to avoid infringing the intellectual property rights of others.
- (4) We shall not leak work-related secrets that have come to be known in the course of implementing professional duties, during employment at the company or after leaving the company.
- (5) We shall make an effort to carry out thorough and appropriate information management regarding the information of customers and business partners and confidential business information that is an important management asset.
- (6) We shall understand that the loss or leakage of information due to carelessness can lead to enormous damages and the reduction of trust, and shall therefore take care regarding the handling of various types of information.



## Guidelines

### 7. Abstain from actions that would harm the company's long-lasting values.

#### ● Conflicts of interest related to employment

- (1) We shall avoid giving priority to personal interests over company interests and engaging in tasks and activities that are unrelated to company operations during work hours, and performing any activity that could be interpreted as being similar to this.
- (2) We shall not engage in activities that could be considered competition with the Group.
- (3) We shall not employ or engage in business with the executives of customer companies or business partners without carrying out the prescribed approval procedures for doing so.
- (4) We shall avoid offering employment to the family members of the executives and employees of the Group at customer companies and business partners, and giving preferential treatment to such persons.
- (5) If being in a position with influence over hiring decisions, we shall avoid placing our own family members and relatives under our supervision.
- (6) We shall avoid having romantic relationship with persons of direct reporting relationship, which could influence evaluation and remuneration.

#### ● Prohibition of insider trading

- (7) We shall not use information that we have come to know in the course of work for personal gains.
- (8) If possessing insider information, we shall not buy or sell shares of Citizen Watch Co., Ltd. Furthermore, if having obtained insider information regarding another company through work, we shall not buy or sell shares of that company.
- (9) We shall not disclose insider information inside or outside of the company, and shall thus make an effort to avoid violating insider trading regulations, etc.

#### ● Disclosing company information and responding to shareholders and investors

- (10) We shall accurately disclose company information, product information, and shareholder and investor information, etc. via the department with jurisdiction using a suitable medium.

- (11) We shall accurately record accounting information in accordance with accounting standards and the relevant laws and regulations. Furthermore, members of the Group shall promptly and accurately disclose through appropriate channels important information that could influence financial information and stock prices to all shareholders and investors.
- (12) We shall place importance on relations with shareholders and investors, and shall promote suitable Investor Relations activities. Furthermore, members of the Group shall make an effort to take opinions received through dialogue with shareholders and investors seriously, and to reflect these in business management.
- (13) We shall sincerely and promptly respond to accounting audits and tax investigations, and shall provide cooperation for the creation and disclosure of correct financial statements. If the company is to undergo an investigation by a public institution due to a suspected violation of laws and ordinances, we shall cooperate in a sincere and prompt manner with a view to clarifying the real situation.
- (14) We shall not engage in any activities that give favors to specific shareholders. We shall not engage in derivative transactions (speculative trading) that carry the risk of significantly reducing the asset value of the company. In the case of carrying out derivative transactions, this shall be done in accordance with in-house regulations.

#### ● Distinction between public and private statements

- (15) When expressing personal opinions, including on the internet and in social media, we shall not use formats that include the company name or group brand logo, or an e-mail address that contains the company domain name.
- (16) We shall understand that any secrets or privacy can not be secured on the internet. In particular, we shall understand that in social media posting, personal statements could be interpreted as official announcements of the Group.
- (17) When announcing company information to outside of the company and when expressing opinions from a standpoint of affiliation with the company, we shall do so in an appropriate manner through the department in charge.

#### ● Personal political activities

- (18) When engaging in independent political activities, we shall clarify that our standpoint is not related to the company.
- (19) If carrying out election support and lobbying activities, we shall do so from an independent standpoint outside of company facilities and outside of work hours.

## Guidelines

### 8. Strive to contribute to regional communities in which we operate.

- (1) We shall contribute to the development of regional communities through business activities based on consultations with regions and mutual trust.
- (2) We shall make an effort to foster a flexible and creative corporate culture through further deepening relations with regional communities by establishing friendships with local residents and cooperating with regional vitalization efforts.
- (3) We shall carry out social contribution activities in collaboration with NPOs, NGOs, volunteer organizations, regional communities, and so on.