

Environmental Management

We have constructed a groupwide environmental management system and are promoting environmental management that can efficiently generate steady results.

Environmental Management System

Acquisition Status of the ISO 14001 Certification
http://www.citizen.co.jp/english/csr/environment/iso.html

We have established a groupwide environmental management system to promote efficient and accurate environmental management.

Twice a year, people in charge of environmental activities at 19 Group companies in Japan converge at Environmental Management Conferences to get a picture of the activity status at each company and review and decide on yearly environmental management policy and common issues. Subordinate to the conferences, four subcommittees covering energy efficiency, waste reduction, Citizen environmental products, and consolidated environmental accounting make specific policy in their respective areas.

The Environmental Management Department at Citizen Business Expert presides over these bodies and takes charge of the core environmental management functions of the Group, working to optimize all these activities across the Group.

Environmental Management System



Environmental Management at Production Companies

All 16 of Citizen's production companies in Japan have obtained ISO 14001 certification and each is pursuing its own environmental management activities.

As for Citizen's 18 overseas production bases, we are emphasizing green procurement and chemical substance management, which are important in the production of Citizen environmental products, and we are promoting progressive ISO 14001 certification, conducting environmental activities suitable for each community.

Environmental Education and Training

To advance environmental management, it is essential that each employee of the Group recognize the importance of environmental activities.

Citizen incorporates an environmental training program into courses for employees such as new recruits and newly appointed management, based on the education systems at each Group company. In addition, the Environmental Management Department plans yearly Environmental Managers Education sessions, and Internal ISO 14001 Auditors Education sessions are held for people in charge of environmental tasks in each department. Production departments that handle toxic or hazardous substances also carry out their own drills to prepare for emergency situations.

Moreover, we have instituted our own Business License System to promote and support acquisition of public qualifications, such as Environmental Pollution Control Operator and Energy Manager.

Example Initiative

Guangzhou Most Crown Electronics/
Master Crown Electronics (Wuzhou)

Educational Efforts at Subsidiaries in China

Citizen Miyota's two subsidiaries in China are channeling resources into environmental education. Guangzhou Most Crown Electronics Limited advances its environmental protection efforts under the slogan, "Raising individual environmental awareness to create a comfortable environment for the next generation." In fiscal 2007, the subsidiary themed its environmental education activities around RoHS compliance and the sorting of waste for disposal. RoHS inspections can now be conducted at subsidiaries in China, and these companies are witnessing notably higher levels of environmental consciousness in their employees.

Master Crown Electronics (Wuzhou) Limited conducts education related to ISO 14001 twice a year for 120 of its managers, which is resulting in enhanced operations pertaining to the standard.



Environmental education at a subsidiary in China

Environmental Audit

At the Group's Tokyo and Tokorozawa offices, an external audit is performed once a year by an ISO assessment organization, and internal audits are performed twice a year.

Internal audits are conducted by a team of certified internal auditors. Each year, we train up at least 20 new internal environmental auditors at our Tokyo and Tokorozawa business sites.

We have corrected two non-compliant items pointed out in external audits in fiscal 2007, and have improved items requiring

oversight. We have also confirmed corrective action on a total of nine non-compliant items discovered in internal environmental audits, through reports on the corrective measures submitted by the departments in question.

Audits for business sites besides those in Tokyo and Tokorozawa are conducted individually by each ISO 14001 certified company.

Environmental Risk Management

The Group's environmental risk management covers areas such as compliance with environmental law and regulations, management of substances designated in the RoHS Directive, development of governance for waste and recycling, preventing malfunction and accidents in environment-related facilities, and measures against soil and groundwater contamination. Environmental risk management information is exchanged at Environmental Management Conferences and effective measures are applied at each Group company.

In fiscal 2007, preliminary inspections via documentation were completed at approximately 60 factories in Japan and overseas, to ensure stringent management of chemical substances. In 2008, we plan to have people in charge of environmental risk management visit the factories subject to inspection and formulate guidelines for chemical substance management. We are also advancing a plan to audit all our factories in a two-year cycle.

Soil and Groundwater Surveys and Status of Countermeasures

In fiscal 2006, we carried out Usage History Surveys to determine what measures were taken at the time of use of hazardous substances at production bases in Japan and overseas, evaluating responses on a five-point scale. Currently, we are progressively carrying out voluntary investigations of soil and groundwater at bases deemed to have high contamination risk. Bases at which voluntary investigations revealed contamination have reported the matter to the relevant government agencies and are taking steps to remedy the situation under government guidance.

Results of Voluntary Investigations and Status of Countermeasures

Business Location	Contaminants	Countermeasures	Status of Countermeasures
Tokyo Office of CITIZEN HOLDINGS	Lead, fluorine, hexavalent chromium, cyanide	Pavement	Completed in May 2008
Tokorozawa Office of CITIZEN HOLDINGS	Fluorine	Pavement and containment	Completed in May 2007
CITIZEN SAITAMA	Lead	Removal	Completed in March 2008
Three companies in the Miyota area CITIZEN MIYOTA, CITIZEN FINE TECH, CITIZEN MACHINERY	Volatile organic compounds	Aeration of pumped water and activated carbon adsorption	Ongoing measures started in April 2006

Status of Cleanup of Groundwater Contaminated with Volatile Organic Compounds at Citizen Tohoku

Regarding the groundwater contamination caused by volatile organic compounds (VOCs) discovered in June 2006 at Citizen Tohoku Co., Ltd. and reported in CSR Report 2007, Citizen Tohoku decided to implement two measures to prevent the contaminated groundwater from flowing off-site: construction to prevent dispersion of groundwater and construction to clean up contamination sources in the soil.

The construction to prevent dispersion of groundwater entailed installation in May 2007 of groundwater purifying filters (permeable reactive barriers) and impermeable sheet pile walls downstream below ground, covering a total length of 240 meters. Following construction, we have monitored the groundwater downstream every three months, but to date have not detected any VOCs. We will continue to report the results of our ongoing monitoring activities to the relevant government agencies.

Concerning the cleanup of contamination sources in the soil, since the contamination source is located under facilities currently in operation, we plan to transfer production facilities to a new building completed in April 2008 and carry out treatment of the contamination sources during FY2008. We had already replaced the cleaning fluid containing VOCs—which caused the contamination—with hydrocarbon or water-based cleaning fluids as of March 2006.



Construction to prevent dispersion of groundwater

Waste Liquid Leakage Accident at Citizen Electronics Hachinohe

In June 2007, leakage from cracks in wastewater piping and joints was discovered inside a piping pit installed between the wastewater treatment building and a production building while constructing a new production building. We speculate that the incident was caused by cracks originating from the Sanriku-Haruka Offshore Earthquake of December 1994, which have worsened and begun leaking in the intervening years.

Upon finding acidic pH levels between 4.4 and 6.5 in analysis of soil directly below the leak, we immediately notified the city of Hachinohe, formulated a soil neutralization plan and are currently taking steps to treat the soil. At the same time, we switched over to earthquake-resistant piping and coated the interior of the piping pit to prevent dispersion in the event of future leakage. We have also informed each Group company about this accident and are ensuring that thorough inspections and preventive measures are implemented at all factories.