

Business Activities and Environmental Impact

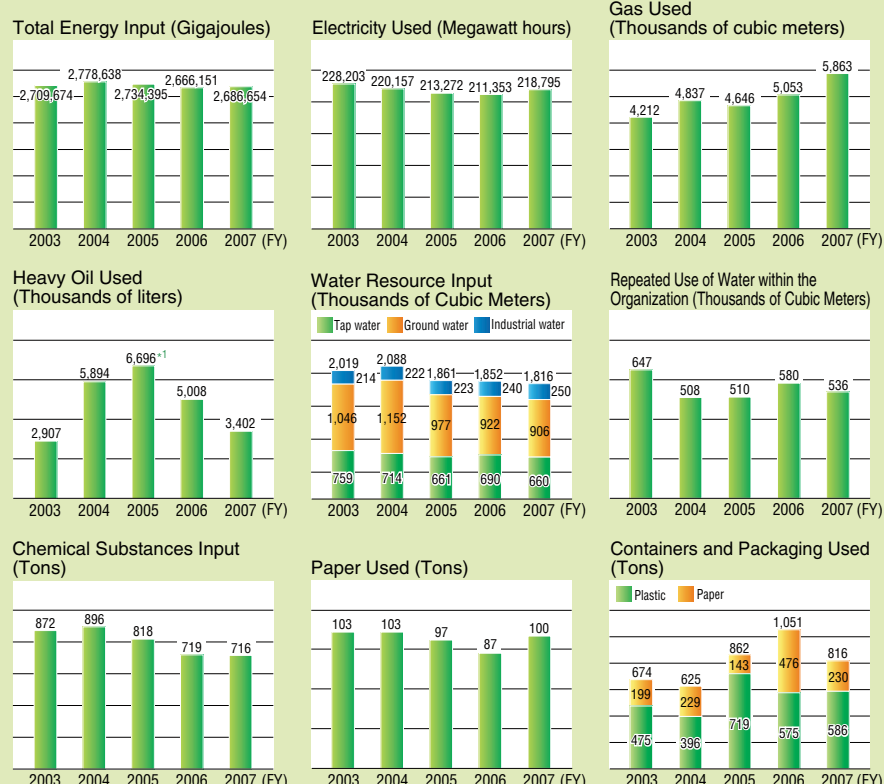
We accurately ascertain the total input of energy and chemical substances, and total emissions of CO₂ and waste, for the Group and apply this knowledge to well-planned activities to reduce environmental impacts.

Environmental Accounting
http://www.citizen.co.jp/english/csr/environment/accounting.html

INPUT

Total energy input (gigajoules)	Japan	2,686,654
	Overseas	885,936
Water resource input (thousands of cubic meters)	Japan	1,816
	Overseas	1,588
Repeated use of water within the organization (thousands of cubic meters)	Japan	536
	Overseas	1
Chemical substances input (tons)	Japan	716
	Overseas	1,620
Containers and packaging used (tons)	Japan	816
	Overseas	820

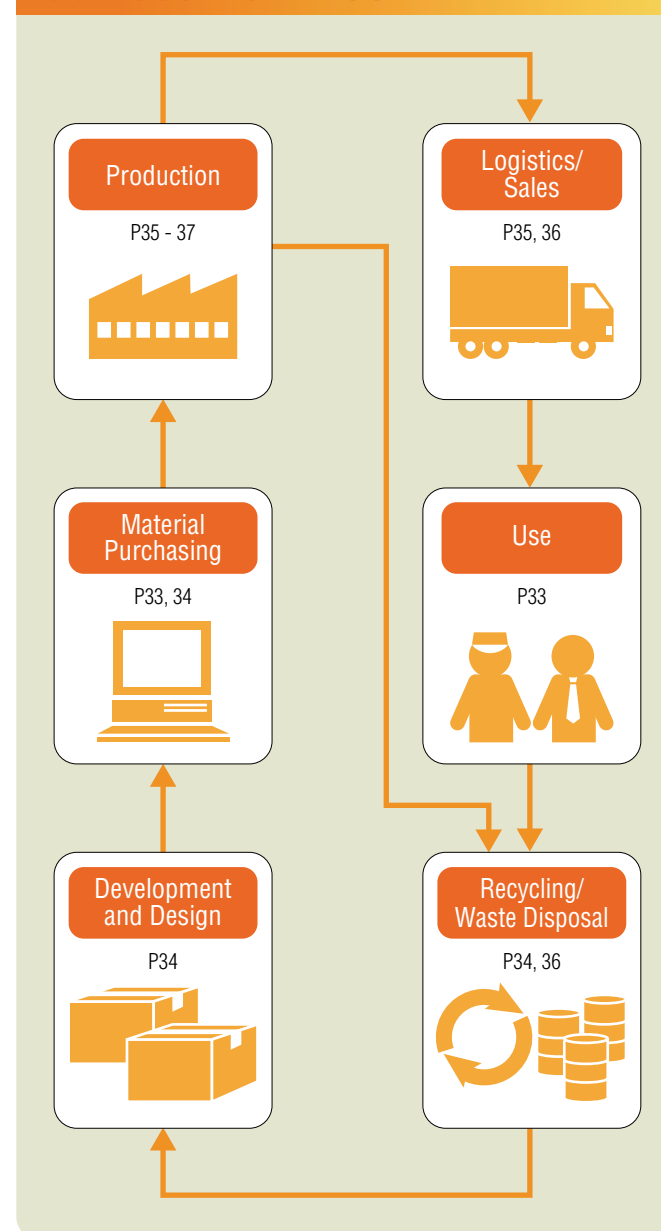
Input at Group Companies in Japan



Input and output data does not include the logistics/sales, use, or material purchasing stages of the Group's business activities. Some of the yearly data has been altered from the previous year's report, following a review of calculation methods used.

^{*1} The amount of heavy oil used increased because of the introduction of cogeneration and power generation facilities in fiscal 2004. We are stepping up efforts to increase thermal efficiency, to improve overall energy efficiency.

Business Activities



OUTPUT

CO ₂ emissions (Tons-CO ₂)	Japan	110,503
	Overseas	35,003
NOx emissions (Tons)	Japan	112
	Overseas	4
SOx emissions (Tons)	Japan	7
	Overseas	7
Water drainage (Thousands of cubic meters)	Japan	1,497
	Overseas	1,022
BOD emissions (Tons)	Japan	34
	Overseas	392
COD emissions (Tons)	Japan	13
	Overseas	105
Waste generated (Tons)	Japan	7,587
	Overseas	1,670
Waste land-filled (Tons)	Japan	93
	Overseas	955

Output at Group Companies in Japan



Environmental Accounting^{*2}

In terms of environmental conservation benefits, there was an increase in energy used, total waste generated, and plastic containers and packaging used, but water used, chemical substances used, CO₂ emissions, water drainage, and paper containers and packaging used decreased. Although total waste generated rose compared with fiscal 2006, a higher amount of recycled waste improved the recycling rate. The accounting of economic costs and benefits considers only the actual results and does not take into consideration the various benefits associated with risk avoidance. Total investment for the period was ¥25,181 million, with total R&D cost at ¥10,801 million.

Environmental Conservation Costs (Millions of yen)

Category	Major Initiatives	Investment	Costs
Business areas costs		244	1,083
Breakdown			
1) Pollution prevention	Prevention of air, water and sound pollution	76	631
2) Global environmental conservation	Energy conservation	163	201
3) Resource circulation	Waste reduction and recycling, effective water usage	5	251
Upstream/downstream costs	Recycling of containers and packaging, use of the Eco Mark	0	21
Administration costs	Environmental education, operation of environmental management systems, tree-planting and beautification at Company facilities	4	454
R&D costs	Solar-powered watches, R&D on basic watch technologies	193	578
Social activity costs	Social contribution activities	0	5
Environmental remediation costs		0	168
Total		441	2,309

Actual Economic Benefit Associated with Environmental Preservation Activities (Millions of yen)

	Benefit Amount	Amount
Revenue	Operating revenue from the sale of valuable resources produced through business activities	582
Cost reduction	Reductions in energy costs through energy conservation	187
	Savings on water usage costs and wastewater processing costs through resource conservation	37
	Reductions in waste disposal costs through resource conservation and recycling	28
	Other reductions	16
Total		850

^{*2} In fiscal 2007, Citizen Holdings and major production and sales companies of the Group were included in the boundary of the consolidated environmental accounting of the Group.

Material Balance and Environmental Accounting

Reporting Period: April 1, 2007 to March 31, 2008

Boundary for Calculation of Material Balance

Japan

A total of 22 companies: CITIZEN HOLDINGS CO., LTD.; CITIZEN TECHNOLOGY CENTER CO., LTD.; CITIZEN BUSINESS EXPERT CO., LTD.; CITIZEN WATCH CO., LTD.; JAPAN CBM CORPORATION; CITIZEN HEIWA WATCH CO., LTD.; CITIZEN TOHOKU CO., LTD.; CITIZEN T.I.C. CO., LTD.; CITIZEN SAITAMA CO., LTD.; CITIZEN ELECTRONICS CO., LTD.; CITIZEN ELECTRONICS FUNEHKI CO., LTD.; CITIZEN ELECTRONICS HACHINOHE CO., LTD.; CITIZEN MIYOTA CO., LTD.; CITIZEN FINE TECH CO., LTD.; CITIZEN SYSTEMS CO., LTD.; CITIZEN MACHINERY CO., LTD.; CITIZEN SEIMITSU CO., LTD.; CITIZEN SEIMITSU KAGOSHIMA CO., LTD.; CITIZEN SAYAMA CO., LTD.; CITIZEN YUBARI CO., LTD.; CITIZEN PLAZA CO., LTD.; CITIZEN LOGISTICS SERVICE CO., LTD.

Overseas

A total of 11 companies: CITIZEN DE MEXICO, S.A. DE C.V.; ROYAL TIME CITI CO., LTD.; CROWN YOUNG INDUSTRIES FACTORY; TECHNORICH LTD.; CITIZEN SYSTEMS (JIANGMEN) CO., LTD.; C-E (SUZHOU) LTD.; XUNKE ELECTRONICS LTD.; MASTER CROWN ELECTRONICS (WUZHOU) LIMITED; GUANGZHOU MOST CROWN ELECTRONICS LIMITED; DA WANG SHAN FACTORY; HUA DU FACTORY

Environmental Accounting Boundary
The 22 Group companies in Japan, given above