

Enhancing Products with Citizen Environmental Products

The Group is keenly aware of the impact its products have on the environment and endeavors to raise the environmental quality of its products in line with its efforts on reliability and safety.

Realizing Citizen Environmental Products

The Group is promoting initiatives for Citizen environmental products. We carry out environmental product assessments on a variety of aspects from the development stage, and approve as Citizen environmental products those that satisfy all the evaluation criteria, which include resource and energy efficiency, reuse and recycling, long-term usability, environmental conservation (hazardous chemical substances management), and environmental information provision and packaging. In fiscal 2008, we will establish evaluation criteria for and commence efforts toward Citizen super environmental products, which will be assessed from an even stricter standpoint.

In fiscal 2007, we achieved an 88% ratio of Citizen environmental products among new models, surpassing our goal of 80% for the year. We aim to boost this ratio to 100% for new models in fiscal 2008.

Examples of Citizen Environmental Products

Eco-Drive Radio-Controlled Watch

A diver's watch waterproof to 200 meters, which requires no battery replacement because it is solar powered, and needs no time adjustment thanks to its radio reception function

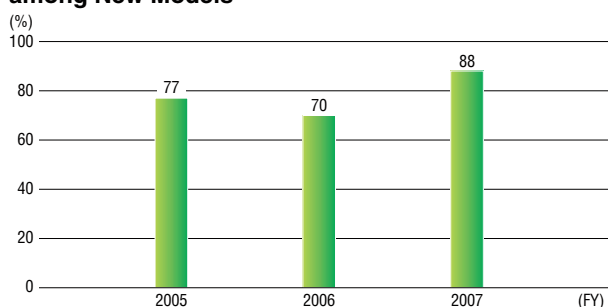


Pedometer

The world's thinnest multi-function pedometer with 3D acceleration sensor



Ratio of Citizen Environmental Products among New Models



Initiatives for LCA

Life Cycle Assessment (LCA) is a method to evaluate all types of environmental impact quantitatively, based on the amounts of resources and energy taken in and waste discharged at each stage of the product life cycle, from material procurement to production, logistics, consumption, recycling and disposal.

To promote determination and reduction of environmental impact, in fiscal 2007, the Group began considering effective application of LCA with the aim of calculating and applying LCA data in product planning discussions, design changes, production process improvement, and other areas.

Example Initiative

Citizen Systems

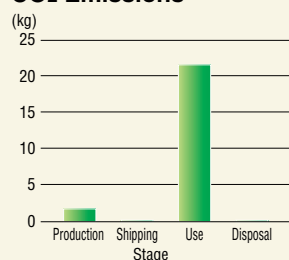
Results of LCA Performed on Calculator Printer

In fiscal 2007, Citizen Systems conducted LCA on the PA600 calculator printer, marking the first time the company performed LCA on a printer.

The chart below shows data on environmental impact calculated from the perspective of global warming, in each stage of the printer's life cycle from production to disposal.

The results of the analysis show that 93% of total CO₂ emissions for the life cycle occur during use of the printer. We will work to mitigate the environmental impact of new products in the development stage under the theme of creating products that consume little electricity during use.

CO₂ Emissions*



PA600 calculator printer

* Based on one million lines of print; disposal stage evaluated as land-filling

Exhibiting at Eco-Products 2007

Thirteen companies of the Group jointly exhibited in the Eco-Products 2007 environmental event held in December 2007. At previous exhibitions where each company simply displayed its own products, it was difficult for attendees to get an overall picture of the Citizen Group. Therefore, this time we used illustrations to express in story-like fashion how the miniaturization and energy-saving technologies that are Citizen's forte lead to lower environmental impact and CO₂ emissions, under the theme, Small is ecological. We also

showed off the Group's CO₂ emission levels and other environmental performance data in a readily understandable panel format.



Eco-Products 2007