

Bringing the Eco-Drive

Implementing a range of initiatives every step

The starting point for environmentally-friendly manufacturing

Green procurement initiatives in China

The Citizen Group promotes green procurement based on the preferential purchase of raw materials, components and other items with low environmental impact. All hazardous chemical substances are strictly controlled in accordance with our Green Procurement Guidelines. Particularly high risk items are controlled on a priority basis, including undergoing inspections upon delivery. Many of our suppliers are based in China, where we exercise even stricter controls over hazardous chemical substances.



In an effort to improve the efficiency of operational capabilities such as ordering, delivery, quality and cost management, which were previously handled by production bases according to each individual supplier, in December 2008 we established a new Supply-Demand Control Center in Southern China and put in place a framework to enable all external components to be ordered centrally. We intend to further reinforce management capabilities in the future.

Hiroyuki Motomochi
General Manager,
Supply and Demand Control Center
Sunciti Manufacturers Limited

Creating environmentally-friendly products

Conducting environmentally-friendly products assessments

The Citizen Group has certified approximately 2,000 products as environmentally-friendly products over the last three years, primarily in the watch sector. Focusing mainly on watches, but also covering other areas such as pedometers, blood pressure monitors and compact printers, we have successfully increased the range of environmentally-friendly products. The next step will be to work out how best to showcase environmentally-friendly products to the general public.



The Subcommittee on Environmentally-Friendly Products assesses new models put forward by individual companies each month and certifies those that pass their assessment as environmentally-friendly products. In the case of watches, for instance, we have put in place a mechanism for assessing models produced overseas and currently certify somewhere in the region of 200 environmentally-friendly products each month. Raising the bar even further, we have also started to work on Citizen Super Environmentally-Friendly Products. We intend to step up activities within the committee with the aim of certifying the first such product later this year.

Ryoh Kurakata
Secretariat
Subcommittee on Environmentally-Friendly Products
Citizen Watch Co., Ltd.

Creating design-oriented dials

Aiming to produce the world's most beautiful dial

One of the main difficulties posed by light transmissive dials, as used in the solar-powered Eco-Drive watches developed and produced by Citizen Seimitsu, is that it is impossible to see what the finished product looks like without making prototypes. We therefore have to continually manufacture samples so as to check each design along the way. As advances in technology have made it possible to generate power from just a tiny amount of light, we now have greater freedom in terms of design, making design and communication even more important as part of the process of manufacturing dials.

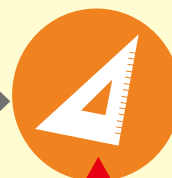


We are working to develop the world's most beautiful Eco-Drive dial. We have developed crystal clear black and white dials and even different materials and components to create a metallic texture. We have been developing numerous technologies for more than 30 years now and have recently started to see tremendous growth amongst our younger employees, who have come up with technologies that have gone into mass production. These are important technologies that we intend to develop into the core competency behind Eco-Drive dials as dial technology continues to evolve in the future.

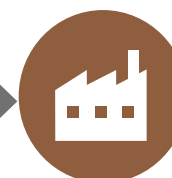
Masaaki Watanabe
Manager
Watch Appearance Division
Citizen Seimitsu Co., Ltd.



Procurement



Development and design



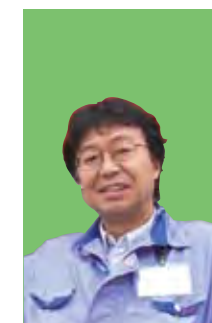
Manufacturing

Customer

Transforming into an environmentally-friendly plant

Compliance with environmental restrictions in China

Environmental restrictions are exceptionally strict in China. As surface treatment factories in particular are required to substantially reduce the volume of water used in processing and prohibited from using toxic substance cyanide, we are making every effort to transform our plant into an environmentally-friendly plant. On the Tokyo side of things, too, we are working on initiatives such as using reverse osmosis membranes to collect nickel and recycling cleaning water using ion exchange resin and are actively introducing environmental technology, revolving primarily around the Production Innovation Team.



At Farbest Industries' Surface Treatment Factory, we are currently focusing on areas such as external IP and plating production, waste water from the plant and water emission standards. To be honest, as the rivers in the vicinity of the plant are already far from clean by the time they flow past from upstream, there is a feeling that improving the quality of the plant's waste water will make little difference. Nonetheless, we will continue to actively push ahead with environmental improvements and legal compliance initiatives in the short term in order to make our own contribution to China as a company.

Satoshi Okada
Factory Manager,
Surface Treatment Factory
Farbest Industries Limited

Combining technology and beauty

The world's smallest Eco-Drive radio-controlled watch

In October 2008, we launched the world's smallest Eco-Drive radio-controlled watch as part of the Citizen EXCEED Ladies Collection. Smaller than a one-yen coin, the watch uses the new H010 movement, and is the first Eco-Drive radio-controlled watch for ladies to be equipped with calendar and Perfex* capabilities. It is an exclusive ladies' watch that combines both functionality and beauty.



* Perfex watches are three-in-one watches that combine JIS Type 1 antimagnetic capabilities, shock detection capabilities and automatic time adjusting capabilities to display the time more accurately.



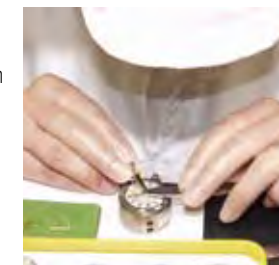
We set out with the aim of developing a more compact watch equipped with calendar and other in-demand capabilities to establish a strong position within the ladies' watch market. Success was reliant on overcoming issues involved in scaling down technology and designing a watch that would still have presence whilst measuring just 26mm. We nonetheless managed to create a watch that is accurate, easy to read and built to last whilst also retaining the form and elegance of a ladies' watch, combining functionality with beauty.

Shigeki Yoshikawa
Marketing Division,
Product Planning Dep.1
Citizen Watch Co., Ltd.

Using delicate skills to assemble exquisite products

Manufacturing by master craftsmen and women

Based on the belief that a product's quality is determined by the person who makes it, the environment in which they work and their attitude towards the manufacturing process, Citizen Heiwa Watch operates a quality assurance system whereby master craftsmen and women each work according to different grades of product. The process of assembling finished products in particular requires tremendous concentration as the technician's skills effectively shape the face of the product. We have therefore established a dedicated workshop for high-end watches in Minami Shinshu so as to create the ideal working conditions and also create an environment that provides in which customers can come and purchase our products with confidence.



When I assemble each watch, I imagine a customer wearing it and someone commenting on what a fine watch it is. Since becoming a certified Shinshu Master Craftperson in 2006, I have put even more energy into manufacturing. I try to maintain a sense of rhythm in my day to day life as well and try not to watch much television so as to rest my eyes. At work, I always try to set an example for junior members of staff.

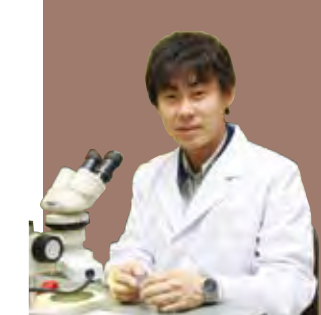
Etsuko Hashiba
Super-Meister
Watch Product Division
Citizen Heiwa Watch Co., Ltd.

The solar powered watch to our customers

of the way to provide products that are good for people and the planet

Evolving hand in hand with solar cells

In pursuit of ever more reliable quality
 The solar cells and drive mechanism at the heart of the Eco-Drive system consist of ultra-compact, ultra-slim components measuring a matter of microns. To maintain consistent quality levels and ensure that customers can use their watches with confidence for a long time, we manufacture our products using a constant quality control system. We pursue quality control with an eye to ensuring long-term reliability.



As Eco-Drive watches become more and more compact whilst offering an increasingly wide range of capabilities, solar cell specifications are also changing continually. The quality of solar cells is determined by their functionality, external appearance and reliability, specifications for which are determined based on actual usage and the customer's perspective. We strive to offer our customers quality solar cells so as to ensure that they are satisfied with and cherish their Eco-Drive watch.

Yuhichiroh Nagase
 Technical Development Division,
 Product Innovation Center
 Citizen Watch Co., Ltd.

Earning the gratitude of our customers

Organizing training seminars for domestic sales staff
 Through the CS Center, we organize training seminars for watch repair technicians at sales outlets. Seminars teach members of staff how to dismantle watches and equip them with basic knowledge regarding the features of the Eco-Drive system and how it should be handled. We also organize 150 of additional seminars each year, including those aimed at sales staff. We provide support for more than 1,000 members of staff, helping them to improve their knowledge and skills.

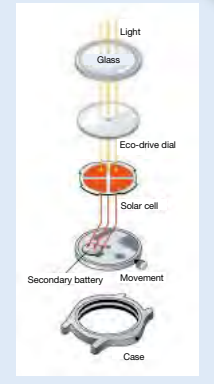


Watches equipped with Eco-Drive and other new capabilities may be very convenient, but they are only worth half as much if the customer doesn't have a correct understanding of the product. That is why the CS Center organizes training seminars for sales staff. We run a nationwide program of detailed seminars carefully tailored to suit the level of the participants in each case, in terms of their basic knowledge of new product features and watches in general and practical skills.

Hiroyuki Kurihara
 Manager
 CS Center,
 Domestic CS Department
 Citizen Watch Co., Ltd.

Reducing environmental impact through solar power generation

What's good for people is good for the environment
 Eco-Drive watches take in light via built-in solar cells and use it to generate electricity. The resulting energy is then stored in a secondary battery and used to power the watch, meaning that there is never any need to replace batteries. Eco-Drive products are also highly acclaimed from an ecological standpoint, not least due to the fact that their secondary batteries do not contain any harmful metals and that no hazardous substances are used in the manufacturing process.



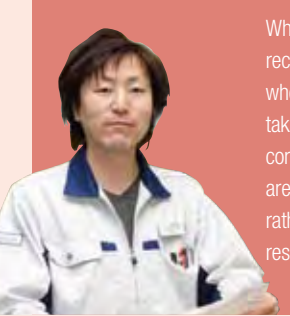
As the batteries never need to be replaced, Eco-Drive watches do not generate any waste batteries. We have sold more than 30 million watches to date, focusing on Eco-Drives' qualities as an environmentally friendly product. With environmental awareness increasingly considered something of a status symbol these days, it gives us great pleasure to enable people to feel that they are making a difference in a truly intimate way, via their own watch.

Hiroshi Itoh
 Watch Business Control Center,
 Planning Department
 Citizen Watch Co., Ltd.



Efforts to reduce CO2 emissions as part of distribution

Combined shipping between five watch industry companies
 We operate a five-way combined shipping scheme via CITIZEN LOGISTICS SERVICE Co. Ltd., in conjunction with Seiko Watch, Seiko Clock, Rhythm Service and ORIENT WATCH. As all five companies used to handle deliveries separately previously, the introduction of this scheme has substantially reduced the number of trucks on the road, resulting in an equivalent reduction in CO2 emissions. Switching to the combined shipping scheme has enabled each company to scale back its fleet of trucks. In addition to helping to reduce CO2 emissions, this is also good news for our business partners, who now only need to take receipt of a single delivery.



Whenever items are shipped, a shipping label bearing the name of the recipient is always attached to the packaging. It can get pretty hectic on days when large volumes of products are being shipped. The final step before taking receipt of items is always to check to make sure that everything is correct. Shipments to regular business partners and large volume shipments are packed in reusable plastic containers rather than cardboard. This helps conserve resources and cut costs.

Yukiyasu Satoh
 Leader, Logistics Center
 Citizen Logistics Service Co., Ltd.

Citizen as a modern global presence

Behind the scenes of Citizen's success in the US market
 Citizen has secured a more than 30% share of the mid-price market in the US and has established itself as the market leader. One of the factors that has contributed significantly to this success has been a consistent sales strategy. We launched Eco-Drive watches onto the market and began promotional activities in 1996. Eco-Drive branding has also been comprehensively incorporated into other watch advertisements and promotions as well. With sales of more than 10 million watches over the course of the last ten years, Eco-Drive watches have recently begun to account for over 85% of all watches sold.

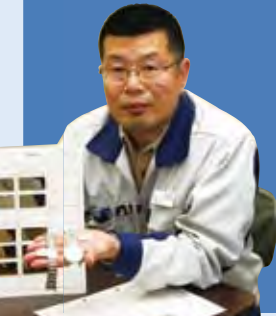
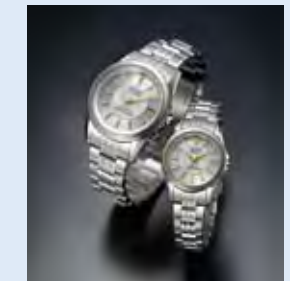


In order to remain at the top of the market, you need innovation in every respect. On the product front, we have achieved success by selling high quality products that offer added value, as typified by Eco-Drive. We intend to fully harness the image created by Eco-Drive, as a youthful, powerful brand, in all of our marketing and sales activities in order to further expand our presence in the North American market in the future.

L. Grunstein
 President,
 CITIZEN WATCH CO. OF AMERICA, INC.

Creating products that can be used indefinitely

Citizen's unique Duratect technology
 Uniquely developed by Citizen to protect the original shine and beautiful finish of each watch from marks and scratches during everyday use, Duratect is a form of surface treatment technology that involves applying a special processing treatment to watch casings and straps. Duratect is designed to protect your beloved watch from minor scratches, which are unavoidable no matter how carefully you use your watch, and creates value that only increases over time.



Ordinarily, you tend to find that your watch gets scratched after you've had it for a while. In some cases, just one little scratch can be very upsetting to the person wearing the watch. We don't want them to lose the thrill or uplifting feeling that they had when their watch was new. As a result of continuous research and development aimed at resolving this issue, we developed Duratect. We will continue to make every effort to create products that guarantee satisfaction from the customer's perspective in the future.

Kohichi Naoi
 Deputy Manager
 Technical Development Division,
 Product Development Center
 Citizen Watch Co., Ltd.