

Environmental Management

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Environmental Management System

We have established a group-wide environmental management system to efficiently and precisely promote environmental management throughout the Citizen Group. We hold Group Environmental Management Committee meetings twice a year, bringing together environmental managers at 19 domestic Group companies to ascertain progress with activities at each company, review yearly environmental management targets and common issues and make decisions accordingly. The committee also presides over a number of subcommittees whose role it is to promote specific measures in their respective areas of specialization, including energy saving, waste reduction and environmentally-friendly products.

Environmental management at Group companies

All 28 of our domestic production companies have obtained ISO 14001 certification and promote environmental management activities based on the nature of their respective lines of business.

At our overseas production companies meanwhile, we focus on initiatives that are crucial to manufacturing environmentally-friendly products, including green procurement and chemical substance management, and continue to make steady progress in terms of ISO 14001 certification.

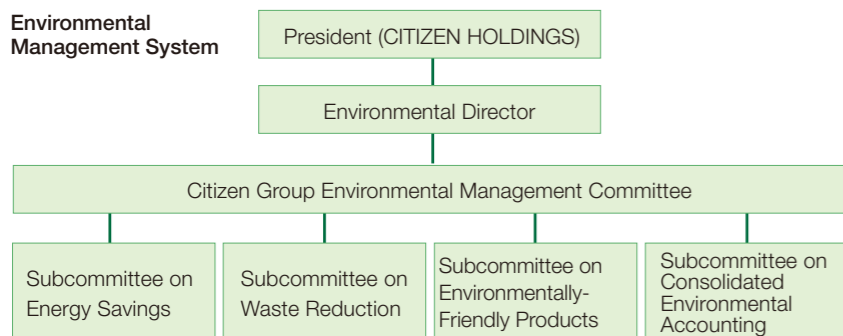
We also carry out activities aimed at reducing environmental impact at non-manufacturing companies, based on the nature of each company's operations.

Environmental education and awareness activities

In the interests of promoting environmental management, it is essential that each and every one of the Group's employees appreciates the importance of environmental activities. At our Tokyo Office for instance, we have introduced a range of environmental education initiatives as part of a broader educational framework, including a training scheme for new recruits. We organize annual educational sessions for environmental managers and internal auditors and environmental compliance assessment training for members of staff responsible for environmental activities in each department. We also carry out simulated emergency drills in production departments that handle toxic or hazardous substances.

On other fronts, we have put in place our own Business License System to motivate employees to obtain official qualifications in capacities such as Environmental Pollution Control Operator or Energy Manager.

During Environmental Month (June) and Global Warming Prevention Month (December), we run initiatives such as screening environmental films and distributing packets of flower seeds bearing ecological messages to employees as they arrive at work.



Acquisition status of the ISO 14001 certification
<http://www.citizen.co.jp/english/csr/environment/iso.html>

Example Initiative Citizen Finetech Miyota

Environmental household accounting scheme

One of the main causes of global warming is the mass consumption of energy required to sustain our comfortable day to day lives. With this in mind, we have introduced an environmental household accounting scheme aimed at raising awareness of environmental issues and encouraging individuals to take action, starting in the home. Households taking part in the environmental household accounting scheme record their energy consumption around the home so that they can ascertain how much CO₂ their lifestyles produce. Households are then supposed to take action to reduce their emissions and are commended based on their activities and how effective they have been.

Our activities are based on the slogan "having fun saving money and the environment." As the first year in which the scheme has been fully up and running, 148 employees (roughly 17%) took up the challenge of reducing CO₂ emissions as a family in fiscal 2009.



Taking on challenges as a family



A screening of the film An Inconvenient Truth



Packets of flower seeds for distribution

Environmental auditing

Our Tokyo and Tokorozawa Offices undergo an annual external audit conducted by an ISO assessment organization. We also conduct internal audits twice a year as a rule.

Example Initiative Citizen Business Expert

Environmental Watching in Nishitokyo

On February 12, 2009, we invited members of the local community to take part in an Environmental Watching tour around our Tokyo Offices. This was part of an event organized by Nishitokyo City, featuring tours around a number of locally-based companies. Participants listened attentively as they were told about how industrial waste is separated and given information on energy saving and other facilities and were eager to ask questions and express their opinions on matters such as intermittent lighting, the percentage of resources reused and waste recycling after the tour. Feedback from participants included comments such as "I really got the impression that Citizen is committed to helping the environment," "there was a lot of useful information, so I have learnt a great deal" and "it would be good to have some more greenery."



Explanation on how industrial waste is separated

Environmental risk management

Our environmental risk management activities within the Citizen Group cover areas such as compliance with environmental legislation, management of chemical substances contained in our products, waste and recycling governance and measures to combat soil and groundwater contamination. We aim to implement effective measures at all Group companies based on information exchanged via the Group Environmental Management Committee.

Soil and groundwater surveys and progress with countermeasures

We conducted surveys on the usage history of hazardous substances at all of our production bases, both in Japan and overseas, in fiscal 2006 and evaluated measures taken on a five-point scale. We are currently in the process of carrying out voluntary soil and groundwater surveys at sites deemed to be at high risk of contamination. If the relevant surveys reveal evidence of contamination at any of our bases, we will report the matter to the authorities and take steps to remedy the situation as instructed.

Results of soil and groundwater surveys and progress with countermeasures

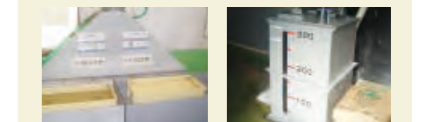
Location	Contaminant(s)	Countermeasures	Progress with countermeasures
CITIZEN FINETECH MIYOTA CITIZEN MACHINERY	Volatile organic compounds	Aeration of pumped water and activated carbon absorption	Ongoing since April 2006
CITIZEN TOHOKU	Volatile organic compounds	Purifying filters (permeable reactive barriers)	Ongoing since May 2007

Example Initiative Citizen Seimitsu

Irregular fluorine levels in wastewater

An onsite wastewater inspection carried out by Yamanashi Prefecture Forestry and Environment Department in September 2008 found levels of fluorine in violation of standards set out in a Yamanashi Prefecture ordinance designed to safeguard living environments (5ppm). Having taken steps to improve production processes and treat wastewater as instructed by the prefectural government however, we successfully passed a second official inspection.

The problem in question stemmed from the fact that we had taken revised standards for fluorine levels in wastewater under the Yamanashi Prefecture ordinance to be provisional standards and, as such, were not monitoring levels correctly. We will continue to check legislation and ordinances on a regular basis in the future to enable us to monitor levels correctly. We sincerely regret this incident and will make sure that we comply with all applicable rules from now on so as to prevent a recurrence.



We have installed an additional rough cleaning tank and have started to collect rough cleaning fluid.

We have modified our wastewater treatment system to enable it to remove fluorine.

Example Initiative

Citizen Tohoku

Wastewater management at Citizen Tohoku

In 2003 we built an above-ground wastewater treatment facility designed to prioritize safety and security so that no fluid used in the surface treatment process is discharged. We laid the necessary piping (facilities leading from treatment sites) in combined-use underground channels, which are made of concrete so that people can walk on them. We now have the necessary facilities to enable us to quickly detect and deal with any leaks that may occur from our facilities or piping.

We use 18 of the indicators specified by Kitakami City in its sewage ordinance and analyze and manage levels on an in-house basis as part of wastewater treatment. We analyze four of the relevant indicators (temperature, pH, P and N) every

hour and the remaining indicators once a day. We also commission a third party organization to conduct an independent analysis once a month and carry out monthly patrols to check piping in combined-use channels.

Although both of the major earthquakes that struck Iwate in June and July 2008 occurred outside work hours, managers at all of our wastewater treatment facilities and surface treatment sites rushed into work as soon as the earthquakes struck to check our facilities, piping in combined-use channels and surface treatment sites for irregularities. Emergency measures were taken to repair any damage and facilities were checked again the following morning. Once recovery work had been completed

and checked for any potential issues, operations got underway once again. A detailed report was submitted to management, outlining every step up to completion of recovery work in accordance with our Emergency Response Manual.



Using a measure to check the pH of waste water in a combined-use channel