

Enhancing Products with Citizen Environmentally-Friendly Products

We are keenly aware of the impact that the Citizen Group's products have on the environment and endeavor to improve the environmental quality as well as the reliability and safety of our products.

Expanding our range of environmentally-friendly products

We continue to promote environmentally-friendly product initiatives and carry out environmental product assessments focusing on numerous different areas from the development stages onwards. Only products that meet all of our assessment criteria, including resource and energy efficiency, reuse and recycling, long-term usability, environmental conservation (hazardous chemical substance management), the provision of environmental information and packaging, are certified as environmentally-friendly products. During fiscal 2008 we set out assessment criteria and started to work on Citizen Super Environmentally-Friendly Products, which will undergo even more rigorous assessments.

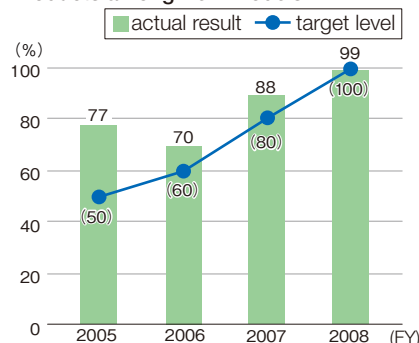
Ratio of environmentally-friendly products

We continued to work towards the target of achieving a 100% ratio of environmentally-friendly products as a percentage of all new models during fiscal 2008. We have successfully increased the ratio since 2005, when we began this initiative in earnest, and achieved a ratio of 99% in fiscal 2008.



The TW700 pedometer

Ratio of Citizen Environmentally-friendly Products among New Models



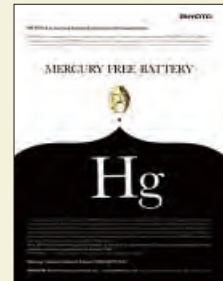
Example Initiative

Citizen Watch

Replacing all batteries with mercury-free equivalents

From 2011 onwards, button batteries containing mercury and all products fitted with such batteries will be prohibited in the US state of Maine. As a company committed to the environment, we therefore decided to replace the button batteries in all of our quartz movements and finished watches with mercury-free equivalents by the end of 2008. As such, we began to implement this policy starting with the first batch of production in January 2009.

Although our Eco-Drive solar-powered watches have never used mercury in any form, the full-scale introduction of mercury-free batteries also covers finished watches not featured in the Eco-Drive range, our Q&Q brand and licensed brands. Having launched the industry's first externally marketed movements to be fitted with a mercury-free battery in 2005, we will now be replacing all mercury batteries with mercury-free equivalents.



An advertisement in EURO-STAR magazine announcing the full-scale introduction of mercury-free batteries

Exhibiting at Eco-Products 2008

We entered a Citizen Group exhibit at Eco-Products 2008. In addition to showcasing our environmental initiatives, at this year's event we also engaged in eco-action activities aimed harnessing communication with visitors.



Eco-Products exhibition

<http://www.citizen.co.jp/english/csr/environment/ecoproducts-exhibition.html>

Example Initiative

Citizen Electronics

Promoting green procurement

We strive to guarantee the environmental quality of our products (by removing hazardous chemical substances) as one of the key elements in the development of Environmentally-friendly products. Based on an underlying policy of upstream management whereby we neither include nor use hazardous chemical substances, we promote the exclusive use of green components and materials, particularly at the design stages, and the exclusive procurement of green components and materials from green suppliers at the procurement stages. In order to achieve this, in 2003 we set out and began to implement three management standards. We have since introduced a database system containing data on components, materials and suppliers, started to use x-ray fluorescence spectrometers to conduct regular inspections of procured components and materials and organized a range of events as and when necessary, including seminars on how to deal with legal and customer requirements. Activities such as these have produced results in terms of environmental quality and have received glowing feedback from our customers.

We will continue to make every effort to adequately comply with REACH regulation and satisfy other legal and customer requirements in the future.



A seminar on REACH regulation

Life cycle assessment (LCA) initiatives

In an effort to identify and minimize environmental impact we strive to calculate and make effective use of LCA data in areas such as product planning discussions, design changes and production process improvements.



Life cycle assessment (LCA) initiatives

<http://www.citizen.co.jp/english/csr/environment/lca.html>