

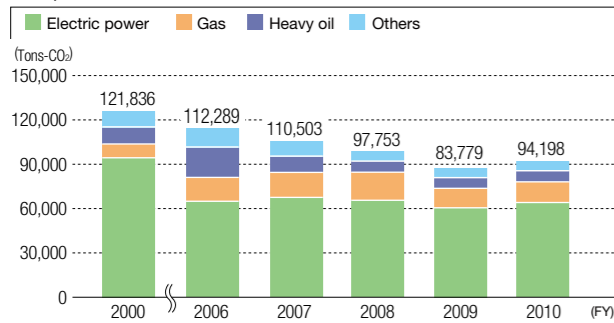
The Citizen Group's Environmental Management

Reducing Greenhouse Gasses

Reducing Greenhouse Gas Emissions

We are vigorously pursuing energy conservation initiatives that incorporate effective activities conducted on separate premises to achieve efficiency and steady progress in reducing CO₂ emissions. In fiscal 2010, our energy-derived CO₂ emissions reached 94,198 tons, up 12% from the fiscal 2009 level. However, given that this emission figure is about 23% below our fiscal 2000 level, we managed to meet our goal of a 10% reduction from fiscal 2000, as set in our medium-term plan. Going forward, we will introduce more efficient equipment, adopt energy-saving controls, and take other actions.

Group-wide CO₂ Emissions

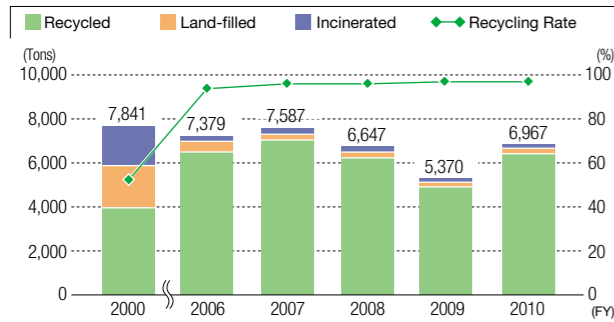


Effective Utilization of Resources and Reduction of Waste

Promoting Waste Reduction Activities

Our initiatives aim at eliminating rather than disposing of waste, in an effort to help build a recycling-based society. In fiscal 2010 we met our target of achieving a Group-wide recycling rate of 99% and completely eliminated garbage (a recycling rate of 99% or higher) at 17 domestic premises. The volume of waste*¹ increased around 1,023 tons. For fiscal 2011, we will strive to achieve a goal of maintaining a recycling rate of 99% or higher (zero waste) on a Group-wide basis.

Group-wide Waste Production*²



*¹ Volume of waste = industrial waste + general waste

*² Waste production = industrial waste + general waste + valuable resources

For more detailed information, please refer to our website.
[Citizen Holdings > CSR Activities > Citizen and the Environment > Reducing Greenhouse Gasses](#)

Example Initiative

Installing solar panels

Citizen Seimitsu installed solar panels on the roof of the visitor reception building of its head office in September 2010 as part of its measures to reduce CO₂ emissions. The panels are expected to generate 15,000 kWh of electric power per year. The entrance to the visitor reception building is equipped with a display monitor that indicates sunshine duration, power output, and other data. That demonstrates to visitors its environmental considerations in business operations. Other environmental investments include the replacement of absorption water coolers with turbo refrigerators, which reduce CO₂ emissions by 400 tons a year. From fiscal 2011, our activities will aim at reducing the environmental impact and costs based on our medium-term environmental policy.

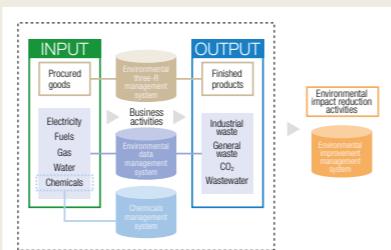


Solar panels

Example Initiative

The Environmental Three-R's and Improvement Management Systems

Under a medium-term environmental target for fiscal 2010-2012 of generating 500 million yen in profit from the Three-R initiative, Citizen Seimitsu in fiscal 2010 undertook a number of environmental improvement activities in its manufacturing process and constructed a management system. To begin with, it erected an environmental three-R management system for monitoring the environmental impact of its business activities. This system computes the volumes and values of procured goods (or inputs) and of finished products (or outputs). Environmental improvement objectives are registered in the environmental improvement management system to tally the effect of the efforts to improve the environment in terms of reduction volume and amount. During fiscal 2010, 98 objectives were registered in the system and the effect amounted to 67.8 million yen. Going forward, the environmental three-R and improvement management system will be effectively used to step up environmental improvement efforts. To meet the target, the activities will be extended to encompass the company's three subsidiaries.



For more detailed information, please refer to our website.
[Citizen Holdings > CSR Activities > Citizen and the Environment > Effective Utilization of Resources and Reduction of Waste](#)

Reducing Hazardous Chemical Substances

Reducing Usage of Hazardous Chemical Substances

Having started to work on reducing the use of substances such as chlorinated organic solvents and chlorofluorocarbon alternatives (HCFCs) in fiscal 2003, we managed to entirely eliminate all such substances in 2008. The table below summarizes PRTR*³ substances reported by the Citizen Group overall during fiscal 2010. Following a legislative amendment and other events, the number of substances subject to reporting requirements increased from four to 11, while the volume handled jumped 2.8 fold to 92.5 tons.

Volume of PRTR substances released and transferred (Tons)

Chemical substance	Volume handled	Volume released				Volume transferred	
		Released into atmosphere	Released into public waters	Released into soil at business premises	Disposed of by landfill at business premises	Transferred to sewage system	Transferred offsite
Ferric chloride	33.9	0.0	0.0	0.0	0.0	0.0	30.0
1-bromopropane	16.2	3.9	0.0	0.0	0.0	0.0	9.2
Xylene	11.6	1.5	0.0	0.0	0.0	0.0	3.4
Nickel compounds	10.6	0.0	0.0	0.0	0.0	0.0	9.3
Methylnaphthalene	9.0	0.0	0.0	0.0	0.0	0.0	0.0
Hydrogen fluoride and water soluble salts	4.0	0.0	0.0	0.0	0.0	0.0	0.2
1,2,4-trimethylbenzene	2.3	0.2	0.0	0.0	0.0	0.0	0.6
Toluene	1.5	0.8	0.0	0.0	0.0	0.0	0.7
Inorganic cyanide compounds (except complex salts and cyanates)	1.3	0.0	0.0	0.0	0.0	0.0	0.0
Lead	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Benzene	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Total	92.5	7.4	0.0	0.0	0.0	0.0	53.4

*³: PRTR Act

Officially called the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, this is legislation under which the national government, businesses, and other institutions monitor, compile, and publish data on emissions of hazardous chemicals into the environment from each source as well as on the presence of hazardous chemicals in waste carried away from manufacturing premises.

Enhancing Products with Citizen Environmentally Friendly Products

Expanding Our Range of Environmentally-Friendly Products

We are taking steps to expand our lineup of eco-friendly products.

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.

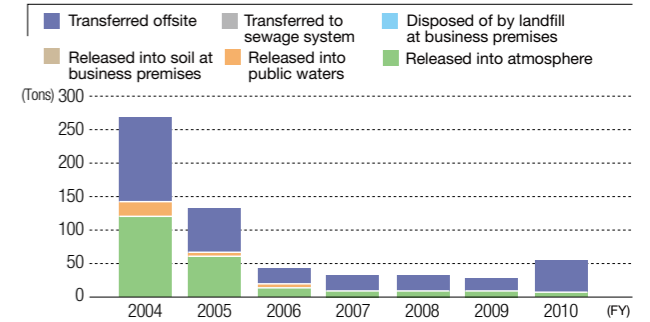
We launched a comprehensive initiative in fiscal 2005 to achieve our target of increasing eco-friendly products as a percentage of new models to 100% by the end of fiscal 2008. Since then, the number has been steadily increasing. Since fiscal 2009, almost all of our new models have been eco-friendly.

In terms of compliance with REACH regulations and the RoHS directive, meanwhile, we have introduced a dedicated management system and are managing chemical substances accordingly.

For more detailed information, please refer to our website.
[Citizen Holdings > CSR Activities > Citizen and the Environment > Enhancing the Lineup with Environmentally-Friendly Products](#)

For more detailed information, please refer to our website.
[Citizen Holdings > CSR Activities > Citizen and the Environment > Reducing Hazardous Chemical Substances](#)

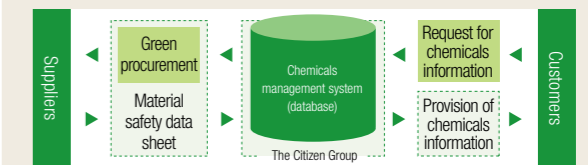
Amount of PRTR Substances Discharged and Transported



Example Initiative

Active Use of Chemicals Management System

With regulations on hazardous chemicals being tightened around the world, including Europe's REACH regulation*⁴ and RoHS directive*⁵, Citizen Systems Japan has built a system that manages chemicals contained in products. This system is now being used for centralized control of information on chemicals in product components and for calculating chemicals content, and has made it possible to respond rapidly to customer demand for environmental information.



*⁴: REACH regulation

A European Union regulation on registration, evaluation, and authorization that has been in force since June 1, 2007, and which imposes obligations to identify controlled substances and to register hazard information on businesses handling chemicals at predetermined quantities.

*⁵: RoHS directive

A European Union directive for restrictions on the use of hazardous substances, which has banned the sale of electric and electronic products containing six chemicals (lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl (PBB), and polybrominated diphenyl ethers (PBDEs)) within the European Union since July 2006.

Example Initiative

Development of the Cincom environmentally-friendly NC automatic lathe

Machine tools are sometimes known as the "mother" machines. As such, they can play a very important role in the environment from the perspective of lifecycle evaluation. When Citizen Machinery developed the M32 VIII NC automatic lathe, the evaluation criteria included energy conservation and zero use of hazardous chemicals. Machine tools have numerous motors and heavy moving parts. Citizen Machinery identified the energy required for processing and visualized power consumption in an effort to completely cut wasteful energy use. Zero use of hazardous chemicals was attained by studying each of the approximately 3,000 components.



M32VIII