

Reinforcing Environmental Management

Identifying the Group's Priority Themes this Fiscal Year for Addressing Environmental Issues

Based on the Citizen Group Medium-Term Environmental Plan, which the Citizen Group put in place to enhance its environmental management from a global perspective, the Group has formulated action plans to promote its efforts toward realizing its medium-term targets. For fiscal 2014, these plans are to promote environmental management, reduce chemical risks, create products with outstanding environmental performance, promote eco-communications, reduce greenhouse gases, reduce waste, and expand environmental and social contribution activities.



Promoting Environmental Management	To reinforce governance and conduct environmental activities in a more efficient and effective manner, we are transitioning to consolidated Group certification under ISO 14001, which will then operate as a single system for the entire Group.
Reducing Chemical Risks	At our production bases, we are working to reduce the use of substances targeted by the PRTR law. We have also introduced the management standards recommended by JAMP* on the chemical content of products as part of our response to global laws and regulations.
Creating Products with Outstanding Environmental Performance, Promoting Eco-Communications	We promote environmental communications with the marketplace to ensure that customers can be confident in selecting our eco-friendly products that make use of energy-saving technologies. These efforts also lead to the creation of new brand value.
Reducing Greenhouse Gases	We strive to determine appropriately the amount of greenhouse gases emitted over the entire product lifecycle and strive to reduce these greenhouse gases.
Reducing Waste	We are taking consolidated Group certification for ISO 14001 as an opportunity to re-verify waste management for the Group as a whole in the aim of curtailing this waste.
Expanding Environmental and Social Contribution Activities	In addition to environmental contribution activities at each of our offices that are solidly rooted in their communities, we are undertaking initiatives to determine the impact of our operations on biodiversity and conducting preservation activities.

* JAMP, the Joint Article Management Promotion-consortium, is a supra-industry organization that aims to transmit chemical information.

Introducing the Environmental Management Department

In addition to functioning as the secretariat for promoting environmental activities throughout the Citizen Group, the Environmental Management Department aims to be an expert organization that Group companies can turn to. At Japanese and overseas production bases alike, environmental regulations and regulations on managing the chemical content of products grow more stringent every year. As well as

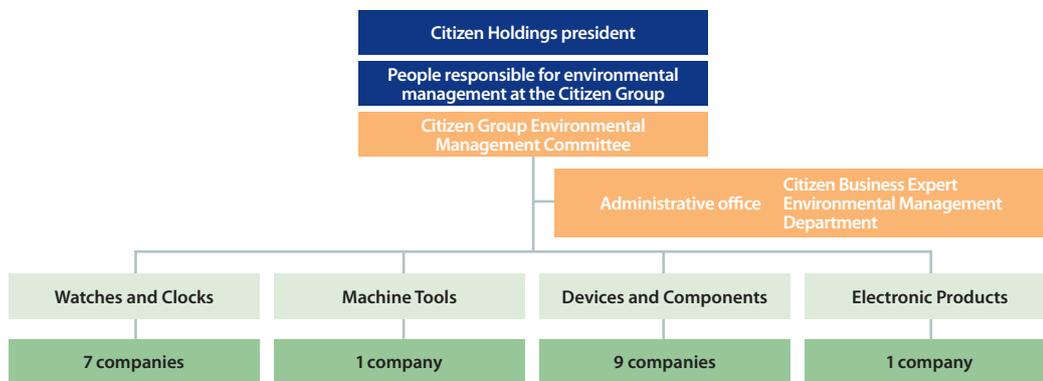
inconveniencing customers, a single environmental mishap can cause significant damage to corporate trust and brand value. This department gathers information about a situation that is changing on a daily basis and pays attention to the detailed responses that are required. Rather than simply protecting the Group, this department strives to remain a step ahead of the curve in environmental activities so that the products that the Citizen Group delivers to the world can be used with peace of mind, make people's lives more bountiful, and contribute to the realization of a sustainable society.

Outlining Specific Initiatives

| Promoting Environmental Management

To reinforce governance and conduct environmental activities in a more efficient and effective manner, we are transitioning to consolidated Group certification under ISO 14001, which will then operate as a single system for the entire Group. As a first step, in December 2013 we published the Group Environmental Manual and began conducting activities based on this manual. Whereas in the past each site had created its own secondary documents based on the Group Environmental Manual, we have streamlined this system in an effort to make it consistent throughout the Group. From Group companies in Japan, we have selected internal auditors, who conduct internal Group environmental audits. Mutual discussions following on from these audits have helped to clarify Group strengths and weaknesses. Going forward, we will reinforce environmental management activities in anticipation of the global roll-out of the revised ISO 14001 standard that is slated for 2015.

Consolidated Certification for the Citizen Group



| Reducing Chemical Risks: Managing the Chemical Content of Products

Countries around the world are tightening regulations for appropriately managing the chemical content of products. These efforts are designed to reduce the risk of poisoning or allergic reaction due to chemical substances contained in products and ensure that people can use products with confidence. In addition, they aim to minimize environmental impact due to soil and water pollution following disposal. Each year, the number of chemical substances that must be managed increases. To be certain of the items contained in our products, in April 2014 we revised the Citizen Group Green Procurement Standard. For this new procurement standard, we have adopted JAMP's recommended organization for sharing information. On this basis, throughout the supply chain we promote the sharing of information about contained chemicals at the raw material and component level.

| Using Ecology as Angle for Enhancing Brand Value: The Eco-Products 2013 Exhibition

Citizen Watch displayed its solar-powered Eco-Drive watch at Eco-Products 2013, a leading Japanese environmental exhibition. The company's white-themed booth was designed to call attention to "light" as being representative of sustainable energy. Citizen Watch displayed six new models intended to showcase its convictions about and adherence to the ideal of a sustainable society under the theme of "sensible lives connecting to a beautiful future." As well as being eco-friendly, Citizen Watch earned accolades from many of the 7,500 people who visited the booth during the course of the exhibition for the watches' uncompromising functionality and performance, attractiveness, and sense of fun. We are convinced that ecologically sensitive Citizen Watch will continue to create new value through the union of technology and beauty.

