

CITIZEN ELECTRONICS CO., LTD.

Environmental Report 2004



CONTENTS

Message from the President 2

Our Products' Commitment to Society 3

Environmental Policy and Promotional Organization 5

Activities and Accomplishments 6

 Environmental Targets and their Achievements in FY 2003 6

 Environmental Targets in FY 2004 6

 Environmental Accounting 7

 Environment-Conscious Products 8

 Energy Conservation Activities 8

 Chemical Substance Control and Reduction Activities 9

 Waste Reduction Activities 10

 Green Procurement Activities 11

 Environmental Education and Instructional Activities 11

Social Reporting / To Fulfill Our Social Responsibility 12

Activity Report from Citizen Electronics Group Companies 13

 Funehiki Seimitsu Co., Ltd. (Fukushima Prefecture) 13

 Wah Kong Precision (Jiangmen) Ltd. and
 Jiang Xing Electronics Factory Ltd. (China) 13

Corporate Data 14

 Corporate Data of Citizen Electronics Co., Ltd. 14

Dear Readers

The globe, our small spaceship "Earth" floating in the infinite universe. The globe, the common airship "Earth" for all living things. Modern people have explored, developed, and modified our globe and those things have led to the destruction of Mother Earth though the history of human race is surprisingly short on the planet scale on this small planet the "Earth".

The period of several tens of years seems for us to be significantly long in our life span, but it is like a moment in the universe-based time. In such a short period, we have rapidly destructed our earth.

Some countries are in the middle of war at this moment. It is extremely important for us to cooperate with one another without any confrontation because we, every race is a member of a family in a small spaceship that only exists even if there is difference in language, culture, skin color among races. Accordingly, we must consider how to coexist harmoniously by concentrating the wisdom of mankind.

I believe that stopping the destruction of our spaceship "Earth" and addressing the environmental protection issue with every human race are the indispensable prerequisites of eternally survival with all kinds of living things in order to create peaceful world for future children.

I turgidly took up a major theme, but this is my basic attitude about the globe environment.

From such viewpoint, we will continue to place environmentally friendly product development and green procurement in the base of environmental activities, endeavoring to reduce environmental burdens caused by our business activities. We will disseminate "Environmentally Friendly Activities" and "Environmentally Friendly and Popular Products" from the foot of Mt. Fuji in all its natural beauty and splendor through positive promotion activities described above.

We will also make a "Declaration of Business Honesty" to fulfill the social responsibility of our company, satisfy the demands and expectations of every stakeholder through healthy business activities, and contribute to continuous social development.

This environmental report and our home page provide an overview of our environmental activities in FY 2003. It would be greatly appreciated if you would take the time to look through the report and send us back your honest opinions.

We will do our best continuously to enhance our communication with you and improve our activities in order for the activities to be rooted in society and to quickly respond to society.

Scope of this Environmental Report

● This "Environmental Report 2004" describes the actions taken and results achieved by Citizen Electronics Co., Ltd. in environmental protection activities conducted in FY 2003 (April 1, 2003 to March 31, 2004). Some of the projects and results described include most recently completed ones conducted by Citizen Electronics Group companies.

With regards
Takashi Masuzawa, President
 Citizen Electronics Co., Ltd.

柳澤 敬



Citizen Electronics has developed and manufactured electronic components that provide prompt access to human senses in the form of light, color or sound based on our concept, "Smaller, Thinner and Higher Performance". These components have been integrated into a wide variety of electronic devices. Our accomplishment to meet customer demand for smaller, thinner and higher-performance products has contributed to the evolution of the devices. Thus, our products are successfully used in various fields such as electric and electronic appliances for home use, communication devices (for example, cellular phones), audio visual devices (for example, digital cameras and DVD players) and vehicle-mounted devices.

At Office

For infrared data communication for notebook PCs and PDAs
IrDA module (CIM series)



For PDA function keys
LUMISWITCH (LS16 series)



For speakers integrated in PDAs
CITISOUND (CS series)



At Home

For TV remote control sensor
Remote Control Sensor (RS series)



For infrared data communication for printers
IrDA module (CIM series)



For media detection with optical pickup for CD, MD, and DVD players
Photo-Reflector (PR series)



Outdoors



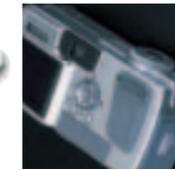
For light source of digital cameras and cellular phones
CITILIGHT (CL-460S/470S/591S series)



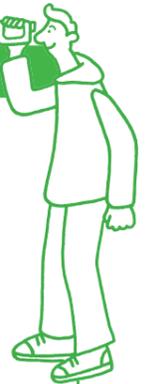
For focal point detection sensor of cameras
Photo-Interrupter (CPI series)



For digital camera operation switches
LUMISWITCH (LS25 series)



For lighting device for large displays
CITILED (CL-201 series)



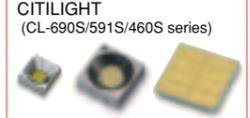
In Town

In a cellular phone

For both receiver and speaker integrated sound sources
CITISOUND (CSR series)



For light sources when taking pictures
CITILIGHT (CL-690S/591S/460S series)



For camera sensors
CMOS CAMERA SENSOR



For color displays
Liquid Crystal Backlight Unit



For LED efficient drive
LED DRIVER MODULE



For operation switches
LUMISWITCH (LS25/10 series)



For backlight sources
WHITE LED



For illuminated keys
CITILED (CL-194/260 series)



For microphones
CITISOUND (CEM series)



In Car

For operation switches of car electronics products
LUMISWITCH (LS35/40/45 series)



For alarm sound sources for safety
CITISOUND (CB series)



Environmental Policy and Promotional Organization

Citizen Electronics set an "Environmental Policy" in order to fulfill our social responsibility as a private corporation and realize a sustainable society, and

also established an organization for its promotion to keep our commitment to environmental protection activities.

Environmental Policy

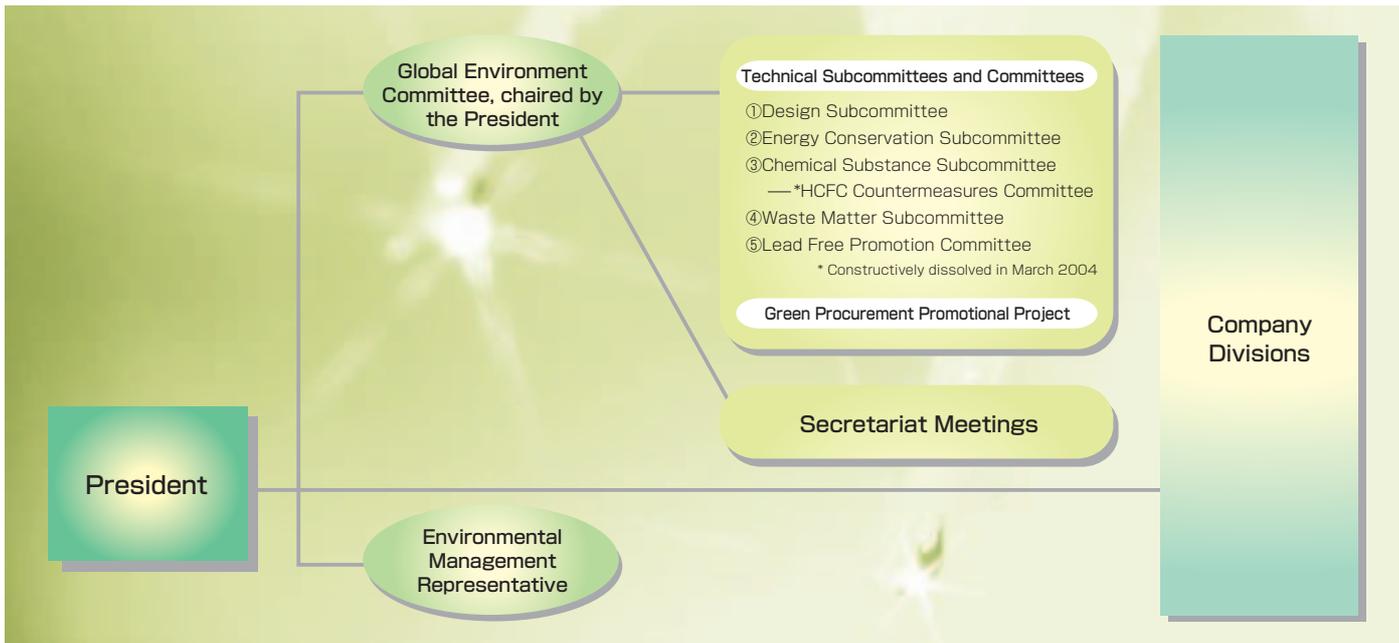
Based on our commitment to smaller, lighter and higher performance product designs, Citizen Electronics Co., Ltd. manufactures and provides original electronic components, their applied products, and audio components to a variety of markets.

Because while pursuing these corporate activities we understand that environmental problems are one of humankind's most pressing issues, we are implementing the following policies as part of our ongoing efforts to conserve the global environment.

Action Policies

1. We will make efforts in the following areas in order to protect the environment and prevent pollution at every stage of our business, including product design and development, supply of raw materials, production and transportation.
 - ① We will work to achieve environmentally friendly design of products and production processes.
 - ② We will work to make effective use of resources (energy and resource conservation, yield improvement, etc.).
 - ③ We will work to implement appropriate management and reduction of chemical substances.
 - ④ We will work to implement sorting of waste products as well as their overall reduction.
2. We will observe legal regulations and agreements regarding the environment.
3. We will set and periodically review environmental objectives and targets, while striving for the continuous improvement of our environmental management system.

Promotional Organization for Environmental Management



Message from Environmental Management Representative



Yasutoshi Katsumata,
Environmental Management
Representative.

Citizen Electronics Co., Ltd. is making efforts to reduce environmental burdens by implementing EMS (Environmental Management System) according to ISO 14001. We are also dealing with priority subjects by establishing more specified committees and projects in addition to the existing subcommittees. Our priority subjects in fiscal year 2003 were "Complete Elimination HCFC and Dichloromethane" and "Lead Free" with a time limit imposed, then we established "HCFC Countermeasures Committee" and "Lead Free Promotion Committee" respectively and *achieved these subjects by the exercise of expert and trans-sectional measures. (*Lead Free: excluding portions coordinated with customers in customized products) Under conditions that the awareness of environmental issues regarding products is lately increasing, we have formed foundations such as criterion for green procurement and system establishment by letting "Green Procurement Promotional Project" play as a central role because of the importance of source material management. In fiscal year 2004, we will enhance green procurement with the aim of realizing assured source material management. We will reduce environmental burdens by assisting the promotional organization, implementing EMS and continuous development after precisely understanding environmental conditions and requirements.

Activities and Accomplishments

Citizen Electronics sets up annual environmental targets according to our objectives and conducts the concrete activities to attain the targets.

In fiscal year 2003, all divisions including Technical Subcommittees, Committees and Secretariat Meetings were able to have excellent results respectively by fulfilling their own roles. Especially regarding "Energy Saving on Infrastructure of Pump and Air Conditioning Equipment", "Complete Elimination of HCFC-141b and Dichloromethane" and "Zero-Emission Activities", their respective targets were achieved thanks to the lead of Technical Subcommittees and Committees.

Each division will mainly conduct their own improvement activities to attain "Energy Saving", "Reduction in Consumed Chemical Substances" and "Waste Reduction Activities" in fiscal year 2004 even if each activity is effective little. We will also introduce and implement Environmental Impact Substance Control System as part of environmentally friendly production. In addition, division-specific environmental management activities and environmental conservation activities for local communities will be continued. On the following pages, you will find detailed each activity.

Environmental Targets and their Achievements in FY 2003

	Targets in FY 2003	Achievements in FY 2003	Evaluation
1	1) Implementation of promotional activities for new design assessment method Target: Implementation rate 100%	Implementation rate: 100%	
	2) Creation of a project for eliminating all disuse substances contained in products and complete elimination of all disuse substances until specified dates Target: Dates for complete elimination of each substance	Achievement rate: 90%	
2	1) Reduction in amount of electrical power used by major facilities and equipment Target: 5% down in FY 2003 (FY 2001 base)	Achievement rate: 94%	
	2) Fuel usage reduction Target: 5% down in FY 2003 (FY 2001 base)	Achievement rate: 130%	
3	Complete elimination of HCFC-141b, dichloromethane and lead Target: End of December 2003	Achievement rate of complete elimination •HCFC-141b and dichloromethane: 100% •Lead: 82.5% (Unachieved portion depends on customers' circumstances.)	
4	1) Improvement of recycling rate through zero-emission activities Target: Recycling rate 85% in FY 2003	Recycling rate: 98%	
	2) Implementation of waste reduction activities in all divisions Target: 5% down of applicable wastes	Achievement rate •100% in 12 divisions •90% or more in 1 division •85% or less in 2 divisions	
5	1) Implementation of purchasing certified materials Target: Implementation rate 100%	Implementation rate •Purchasing Division (including Hong Kong procurement): 100% •Production Control Division: 100%	
	2) Review of purchasing standards and formulation of green procurement guidelines Target: End of December 2003	Achievement rate: 100%	
6	Implementation of division-specific environmental management activities •Topics obtained from business activities in terms of effects on reducing environmental burdens •Topics for activities that lead to environmental protection activities Target: At least one topic	Achievement rate •100% in 12 divisions •85% in 3 divisions	
7	Cooperation to environmental protection activities of local communities at both the corporate level and the family level Target: 6 plans	Implementation rate: 100% •2 community activities Mt. Fuji Clean-up Operation etc. •4 in-company activities Environment month, etc.	

Environmental Targets in FY 2004

Targets in FY 2004
Introduction and implementation of Environmental Impact Substance Management System
•Target: 7.5% down in FY 2004 (FY 2001 base) •Activities for reducing power consumption in all divisions Target: 2 cases of improvement implementation per year
Reduction in chemical substances used Plan implemented rate: 100% •Change to less risky substitutes •Reduction in amount consumed •Reduction in kinds (unification of kinds)
Specification and reduction of wastes in all divisions Target: 2% down compared with the achievements in FY 2003
(Included in "Introduction and implementation of Environmental Impact Substance Management System" described above)
Implementation of division-specific environmental management activities •Topics obtained from business activities in terms of effects on reducing environmental burdens •Topics for activities that lead to environmental protection activities Target: At least one topic
Cooperation to environmental protection activities of local communities at both the corporate level and the family level Target: 6 plans

[Evaluation] : Achievement rate equal more than 100% : Achievement rate equal more than 80%, but less than 100% : Achievement rate less than 80%

Environmental Accounting

"CITIZEN ELECTRONICS CO., LTD. Environmental Report 2003" started to be available to the public in fiscal year 2003.

We are conducting deliberations on the environmental accounting from various points of view such as environmental accounting research comparing to other Citizen Watch Group companies, environmental protection effect index and environmental efficiency index to make use of the report in business management.

The following provides the results in fiscal year 2003.

1.Environmental Protection Costs

Compared with FY 2002, the amount of investments significantly increased from 11 million yen to approx. 116 million yen. This increase includes approx. 60 million yen for modification of the cleaning process, approx. 30 million yen for installation of natural gas boiler, approx. 7.5 million yen for works in the air conditioning line to save energy and approx. 5 million yen for installation of power monitoring system.

The costs increased by approx. 2.3 million yen. This mainly results from increase in depreciation allowance along with increase in investments.

2.Effects of Environmental Protection

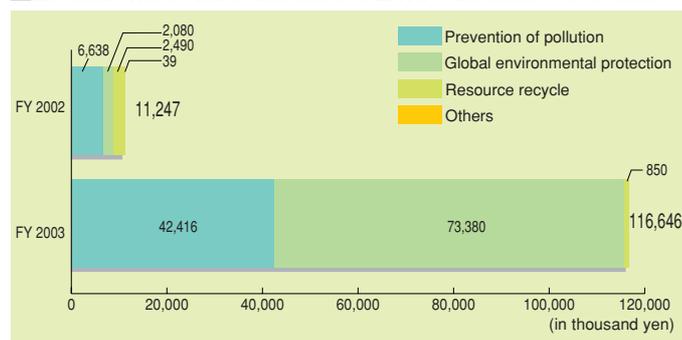
Although energy consumption increased along with substantial increase in operation degree, the amount of carbon dioxide emission is restrained

for the energy increasing rate thanks to the introduction of natural gas.

3.Economic Effects Accompanying Environmental Protection Measures

The economic effects in FY 2003 amount to approx. 40 million yen because of works in the air conditioning line to save energy, effects from modification of the cleaning process, reduction in the waste treatment cost, etc., resulting in increase in approx. 17 million yen compared with the amount in FY 2002.

■ Breakdown of Investments for Environmental Protection



Results of Environmental Accounting in FY 2003 (Conformity with Environmental Accounting Guideline, 2002 version, published by the Ministry of Environment)

1.Environmental Protection Costs (in thousand yen)

Period covered: April 1, 2003-March 31, 2004

Classification		Major Activities and Descriptions	Investments	Costs
(1) Costs within business area			116,646	40,631
Break down	① Pollution prevention cost	Prevention of air pollution and water contamination	42,416	8,662
	② Global environmental protection cost	Energy conservation, prevention of ozone layer destruction, lead elimination	73,380	18,272
	③ Resource recycling cost	Waste treatment cost, construction of waste storage facilities	850	13,697
(2) Upstream and downstream costs		Measurement of substances contained in products	0	2,125
(3) Management activity cost		Environmental education, implementation of environmental management system, company greening, company beautification	0	41,114
(4) Research and development cost			0	0
(5) Social activity cost		Tree-planting activities, Mt. Fuji clean-up activities	0	110
(6) Environmental damage accommodation cost			0	0
Total			116,646	83,980

[reference] Total investments (nonconsolidated) in the applicable period amount to 3294 million yen. Total R&D costs in the applicable period amount to 2330 million yen.

2.Environmental Protection Effects

Description		Type of indicator	Unit	FY 2002	FY 2003	Change
Effects corresponding to costs incurred business area	Effects relating to resources invested in business activities	Amount of energy consumed	GJ	156,801	177,085	+20,284
		Amount of chemical substances used	t	58	72	+14
	Effects relating to environmental burdens and waste generated from business activities	Amount of carbon dioxide discharged	t—CO ₂	6,140	6,831	+691
		Total waste output	t	418	429	+11
		Total amount of recycled resources	t	321	421	+100
		Resource recycling rate	%	77	98	+21

3.Economic Effects Accompanying Environmental Protection Measures (in thousand yen)

Description		Amount
Income	Business income from sales of valuables generated in business activities	19,500
Cost reductions	Reduction in energy cost due to energy conservation activities	10,529
	Effects from modification of the cleaning process (cleaning solvent cost/man-hour)	5,348
	Reduction in waste treatment cost due to resource saving and recycling	5,279
Total		40,656

Environment-Conscious Products

We have been pursuing the products with the basic concept, "Smaller, Thinner and Higher Performance" even before starting the full-scale environmental management activities. We will keep on developing our products with the same stance to satisfy the needs of environment-conscious products.

We have also updated the "Design Assessment System" that was established five years ago to respond to customers' demands.

Especially, we have enhanced monitoring the source material management of environmental impact substances. We will go ahead with more useful and comfortable products with peace in customers' mind in collaboration with "Green Procurement System".

Development of White Lamp for General-purpose Illumination



Kazuhiro Yoshida,
LED Development Section
in First Electronic Device
Division

Our developing LED for general-purpose illumination contains no environmental pollutants such as mercury, lasts longer, and is superior in energy conservation compared with fluorescent lights. We have succeeded in increasing luminous efficiency year by year, and it can be considered that the LED will replace fluorescent lights in the future. (See the graph.)

The difficulty in the process of development was that the loss of luminous flux due to the package grew as the number of elements increased. To solve this problem, we optimized the package and established the heat release structure. What is more, we aimed at enhancing the efficiency of element itself and acquired 50lm/W@350 mA at present.

At this moment, on the point of luminous efficiency, fluorescent lights are a little superior to the LED. With regard to life, however, the LED for general-purpose illumination seems to last several tens of thousands of hours in contrast to fluorescent light's several thousands of hours. We advance the development of LEDs with the aim of improved luminous efficiency and acknowledgement of LEDs on the general-purpose illumination market.

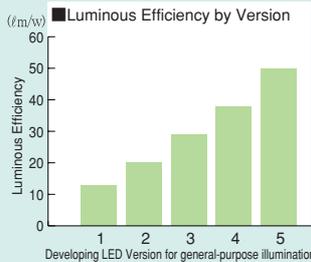
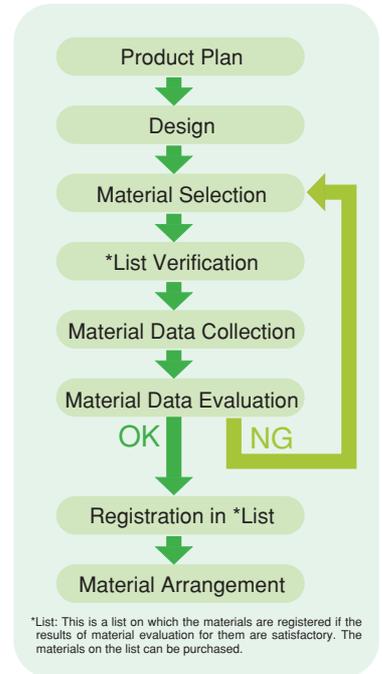


Diagram of Source Material Management of Environmental Impact Substances



Energy Conservation Activities

Citizen Electronics is the "Type 1 Designated Energy Management Factory (Electricity)." We discuss energy saving measures in the Energy Conservation Subcommittee that is chaired by the "Energy Manager", and each division embodies determined measures in their activities. The main theme of FY 2003 was energy saving on air conditioning equipment, and

considerable achievement has been made.

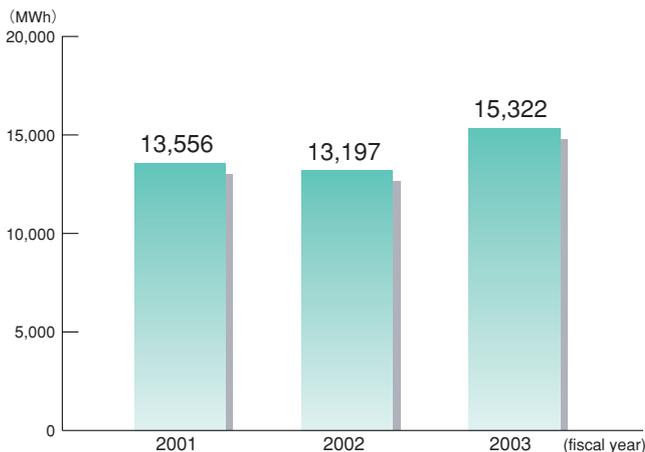
We established our "Management Standards" on the basis of "Judgment Criteria for Businesses relating to Energy Conservation" under energy-saving laws and implement our energy saving activities according to them.

Introduction of Centralized Monitoring System

It is important to understand actual data for implementing energy saving activities. We have been aware of power consumption for each building, and what is more, we introduced a monitoring system to observe power consumption for each floor in real time.

Consequently, we can manage power consumption in detail and believe that this system contributes to further promotion of energy saving activities.

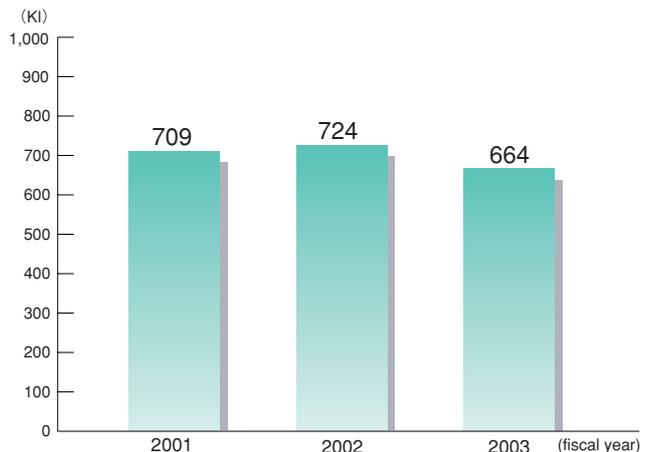
Power Consumption



In fiscal year 2003, power consumption rose because of considerable increased production.

Fuel Consumption

(town gas, bunker A and kerosene, total amount in terms of heavy oil)



Chemical Substance Control and Reduction Activities

There are two main themes for our chemical substance control activities: "Complete Elimination of HCFC-141b and Dichloromethane" and "Lead Free". We established a committee for each activity to promote the themes respectively. Although our original plan of the completion at end of December 2003 is a little bit delayed, we have achieved the targets at end of March 2004.

With the achievement of these themes, we have completely

eliminated main portion of hazardous chemical substances (substances applicable to the PRTR Law).

We will continue to promote the activities of detailed monitoring and reducing chemical substances.



Sadaharu Tanabe,
a member of HCFC Countermeasures Committee, Plastics Molding & Press Section in Precision Dies & Molding Division

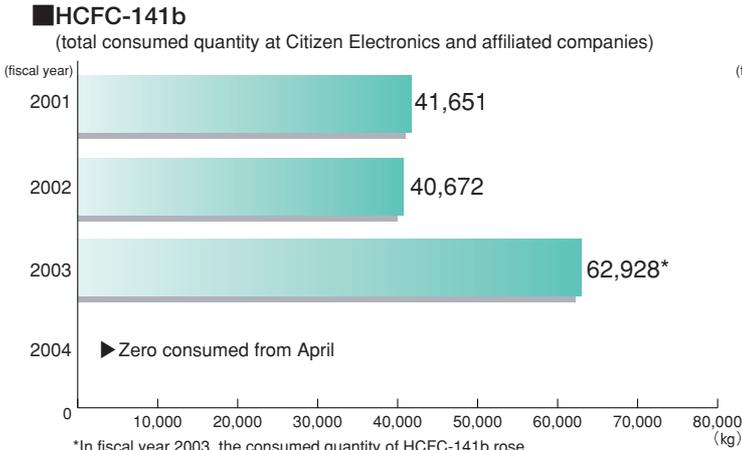
Activities for Complete Elimination of HCFC-141b and Dichloromethane

I am a member of "HCFC Countermeasures Committee," and have chosen new facilities, alternative cleaning solvents, under consultation with related personnel about quality, costs, safety, operability, laws and regulations to completely eliminate HCFC-141b and dichloromethane, so-called "Magic Liquid", which has been used for more than 20 years.

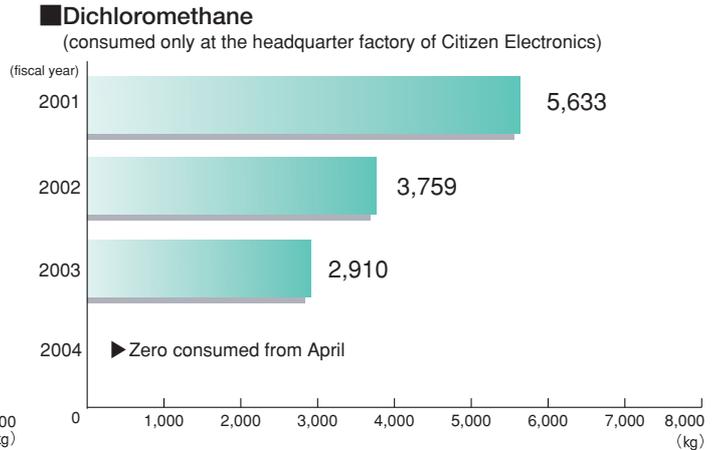
I believe that I introduced the facilities and alternative cleaning solvents appropriate to each product after repetition of experiments and evaluations under consideration of product-specific conditions by the use of my experiences with data and information acquired from general cleaning exhibitions, visits to useful companies and other activities.

I will be dealing with reduction of cleaning solvents and other materials to be used with integration myself as a member of Chemical Substance Subcommittee and my own engineering operations.

Consumed HCFC-141b and Dichloromethane



*In fiscal year 2003, the consumed quantity of HCFC-141b rose because of considerable increased production.



Released and Transferred Quantities of Substances Applicable to the PRTR Law in FY 2003

The results of the released and transferred quantities of substances applicable to the PRTR Law at Citizen Electronics are shown below. Notification is required for dichloromethane (methylene chloride).

Contained substance	Substance No.	Annual amount acquired	Amount transferred as products	Substance				
				Amount discharged into environment				
				Total amount	Amount transferred as waste	Amount released into the air	Amount released into water	Amount released into soil
Antimony and its compounds	25	26	7	19	19	0	0	0
Bisphenol A epoxy resin (liquid type)	30	94	91	3	3	0	0	0
Silver and its water-soluble compounds	64	15	8	7	7	0	0	0
1,1-dichloro-1-fluoroethane (CFC's substitute)	132	910	0	910	384	526	0	0
Dichloromethane (methylene chloride)	145	2,910	0	2,910	798	2,112	0	0
Poly (oxyethylene) = Nonylphenyl	309	8	0	8	8	0	0	0
Manganese and its compounds	311	19	5	14	14	0	0	0

Waste Reduction Activities

"Improvement in the Recycling Rate" and "Waste Reduction in All Divisions" have been our targets and we implemented our activities to achieve these targets in fiscal year 2003.

For "Improvement in the Recycling Rate", assured separating recovery is the first premise. It seems that every employee's consciousness for separation recovery has improved through the separation patrol and internal audit yearly conducted by the Waste Matter Subcommittee.

Partly because new facilities were installed in Fujiyoshida City Environmental Beautification Center last year, the recycling of general waste also starts to be stable.

For "Waste Reduction in All Divisions", the divisions listed up their own targeted wastes and have implemented their activities to treat their wastes respectively resulting in some achievement. We specified such activities for waste reduction again in our environmental targets in fiscal year 2004.



Trash boxes for separation in an office



Fujiyoshida City Environmental Beautification Center

There are trash boxes for separation in offices and factories of Citizen Electronics to ensure appropriate separation between industrial waste and general waste.

We also promote to separate miscellaneous paper wastes, and transport combustible wastes that must be burned to Fujiyoshida City Environmental Beautification Center near Citizen Electronics.

Completion of new waste treatment facilities in the beautification center in March 2003 allowed recycling of incineration ash.

Waste Separation Chart

部門	品名	数量	単位	
事務	紙類	100	kg	
	プラスチック	50	kg	
	金属	20	kg	
	ガラス	10	kg	
	その他	5	kg	
	工場	紙類	200	kg
		プラスチック	100	kg
		金属	50	kg
		ガラス	20	kg
		その他	10	kg

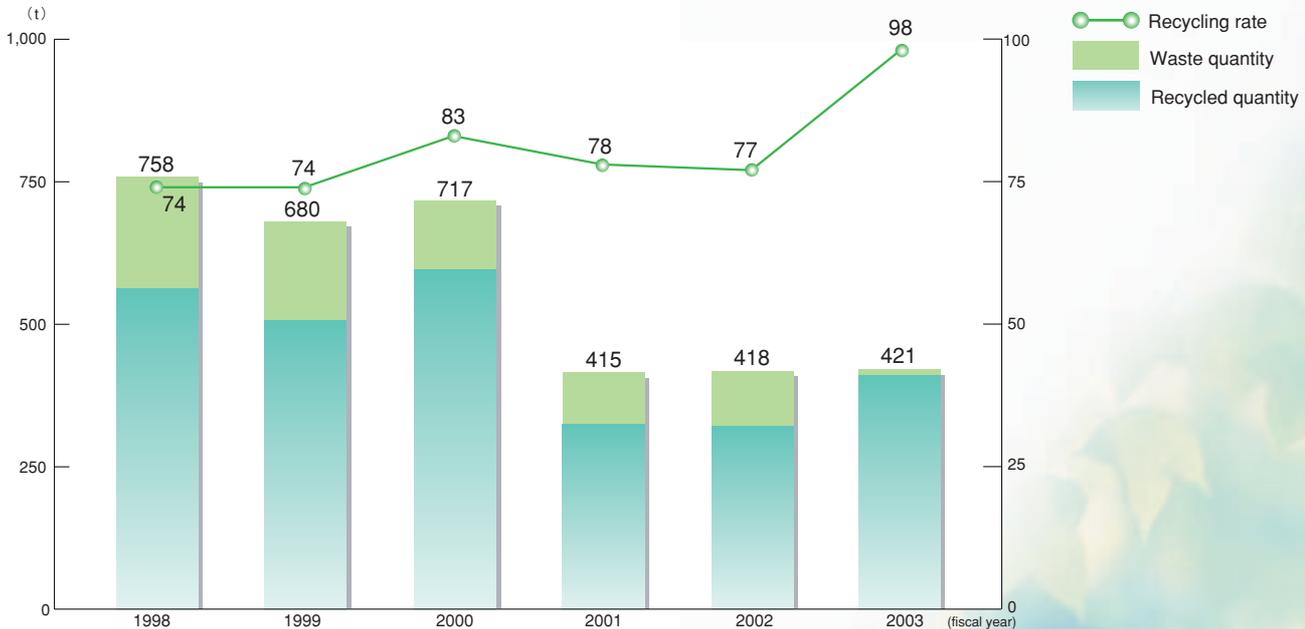
Waste Separation Chart

Patrol Report for Separation Checking

日付	場所	担当者	結果
2003.4.1	事務	山田	紙類 100kg, プラスチック 50kg, 金属 20kg, ガラス 10kg, その他 5kg
2003.4.1	工場	山田	紙類 200kg, プラスチック 100kg, 金属 50kg, ガラス 20kg, その他 10kg

Patrol Report for Separation Checking

Discharged Waste and Recycling Rate



Note: The discharged waste quantity includes industrial waste discharging from outsourced companies in Yamanashi Prefecture.

Activities and Accomplishments

Green Procurement Activities

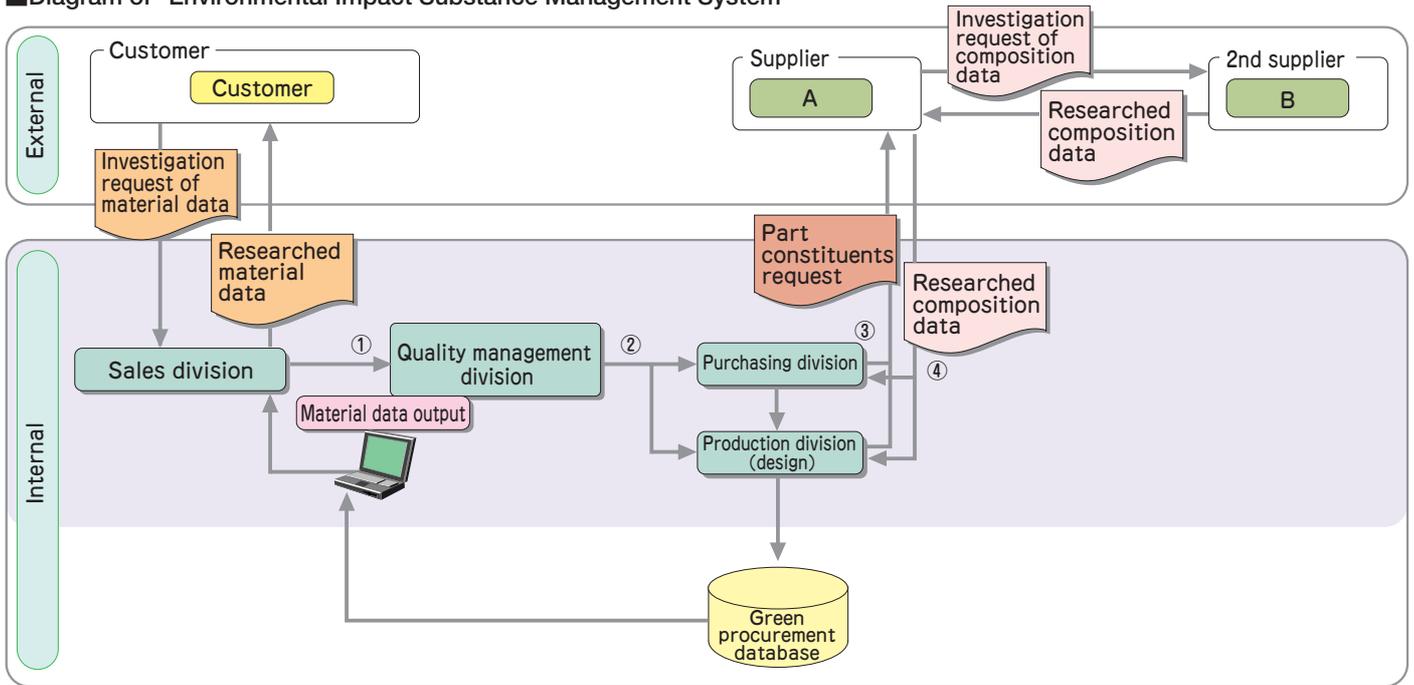
We have established "Green Procurement Promotional Project" to increasingly boost "Green Procurement" where Citizen Electronics are purchasing environmentally friendly materials preferentially from business partners.

We formed "Green Procurement Manual" in March 2004, distributed "Green Procurement Manual" to every material supplier and ask them to implement "Environmental Corporation Evaluation" and

"Evaluation of Material to Be Purchased" of which results are saved into our database.

We also started to construct "Environmental Impact Substance Management System" and are making effective use of the database in developing environmentally conscious products with hazardous chemical substances excluded.

■Diagram of "Environmental Impact Substance Management System"



Environmental Education and Instructional Activities

Citizen Electronics gained ISO 14001 certification in 1999, then positively continued to implement environmental management activities. At the same time, the number of opinions and questions regarding environmental activities from employees has increased year by year and the contents of them have become sophisticated. These phenomena are the results of environmental education and instructional activities.

In fiscal year 2003, we held the prior explanatory meeting for internal audit to auditors, Secretariat Meetings for the explanation of

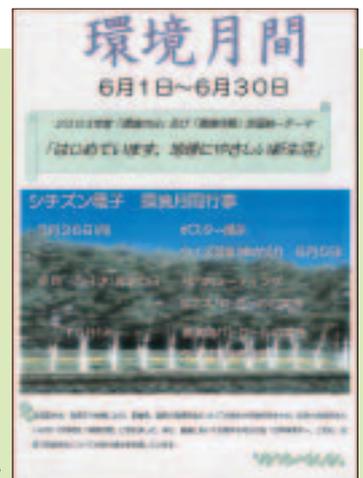
revisions to the regulations and the law, the liaison meeting among senior employees and each subcommittee for the explanation of the Law concerning the Rational Use of Energy, and others. Especially in Environment Month which is June, we tried to encourage employees' consciousness for environment by having the discussion regarding environment in the regular meeting at each division, implementing "Energy Conservation Patrol" and "Waste Separation Patrol" by subcommittee members and playing a quiz regarding environment.



In-house education This picture was taken when the "Energy Manager" was explaining the Law concerning the Rational Use of Energy in the liaison meeting among senior employees. We have various study meetings and training meetings to conduct management and activities on the basis of rules, regulations, environmental objectives and environmental targets.

Important Events for Environment Month FY 2003

- Environment quiz
- Energy conservation patrols
- Waste separation patrols
- Division meetings



Environment month poster

Citizen Electronics conducts business activities having various relationships with various people as not only a global corporation and but also a corporation deeply involved in local communities. Then, we consider that

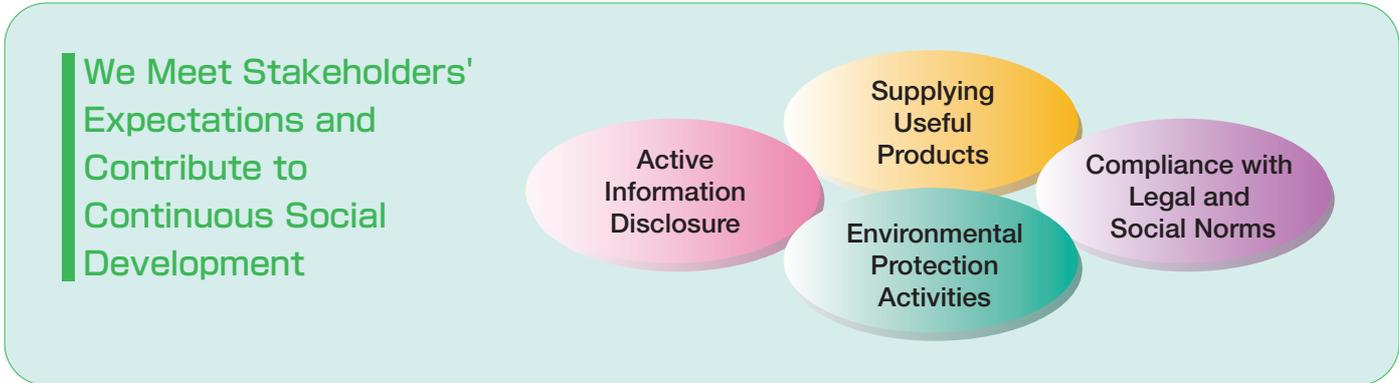
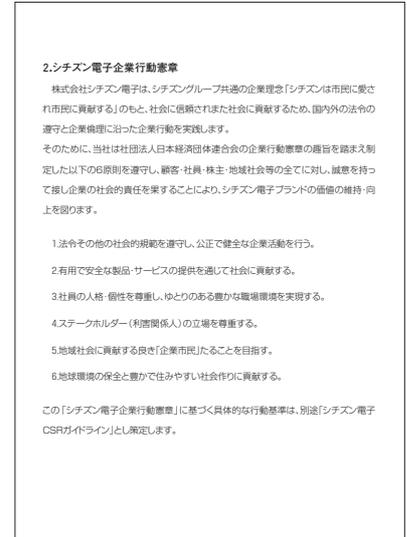
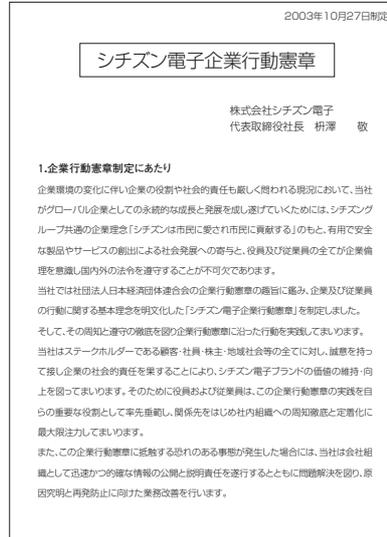
developing relationships with such people built on trust is fulfilling our social responsibility. The description below introduces such concept and detailed activities.

Corporate Role

In keeping with the corporate philosophy of the Citizen Watch Company Group, "Citizen hopes to make a contribution to people's life in everywhere in the world by making products that is familiar and loved by citizens." Citizen Electronics has formed "Citizen Electronics Code of Conduct" to be a faithful and useful company for society. In addition to that, we also formed "Citizen Electronics CSR Guidelines" in which the law and company regulations are written as concrete action standards for the code of conduct. We will try to behave based on the guidelines everyday. We can verify that we respect the guidelines with the regular audits.

CSR:Corporate Social Responsibility

Citizen Electronics Code of Conduct



As a Member of Community

Citizen Electronics is aggressively engaged in various events held by communities to contribute to development in communities and to enhance communications with local people. We also encourage all employees and their families to involve in local environmental protection activities through our educational activities, then this involvement has significantly come to fruition.



Tree-Planting Ceremony

This picture was taken when we participated in the tree-planting ceremony held by Yamanashi Prefecture at Oshino-mura in May 2003. Citizen Electronics employees planted broad-leaved trees at the base of Mt. Fuji.



Mr. Fuji Clean-Up Operation

The initial scheduled day was canceled due to a typhoon, but we participated in the latter clean-up operation and cleaned the 5th station area of Mt. Fuji with other groups.



Funehiki Seimitsu Co., Ltd. (Fukushima Prefecture)

Funehiki Seimitsu Co., Ltd. implements activities in the heart of nature's bounty under happy regional environment and nature harmony with the aim of becoming an acknowledged company through community-based environmental protection activities. We introduced ISO 14001, Environment Management System, as a tool of business administration in 2003, and announced our objectives and targets based on the environmental policy. We are now engaging ourselves in environmental activities to achieve continuous and effective environmental performance across the organization.

Process to Acquisition

- May 2002 : Establishment of environmental promotion committee
- June : Kickoff
- November : Declaration of environmental activities under the environmental policy, objectives and targets
- May 2003 : Acquisition of ISO 14001 certification (BVQI)

Activities in Future

Funehiki Seimitsu has reaffirmed the significance of the activities not only by ourselves but in cooperation with Citizen Electronics Group companies and local communities through the activities implemented in the last fiscal year. We will endeavor to improve our company to be more trustworthy and desired as well as strengthen such collaboration and reduce environmental burdens in future.



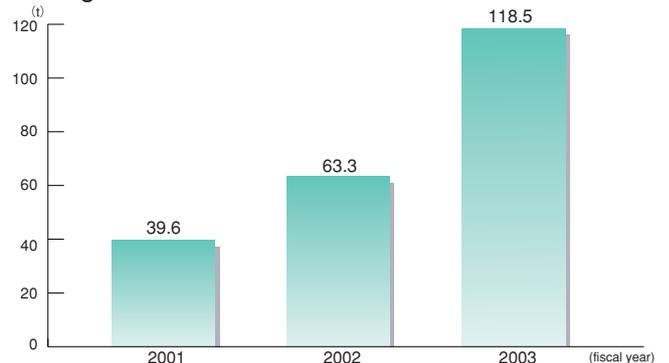
Monthly cleaning around Funehiki Seimitsu

Activities

Activity	Detail
Waste separation and reduction in waste quantity	Waste separation and recycling, improvement of production yield rate, etc.
Effective utilization of resources	Reduction in paper to be consumed, paper recycling, etc.
Reduction in energy consumption	Improving the efficiency of compressed air and vacuum, management of illumination and air conditioning, etc.
Reduction in hazardous substances	Complete Elimination of HCFC, Lead Free, etc.
Participation in environmental protection activities in local communities	Participation in planting festivals, regular cleaning in public places, etc.

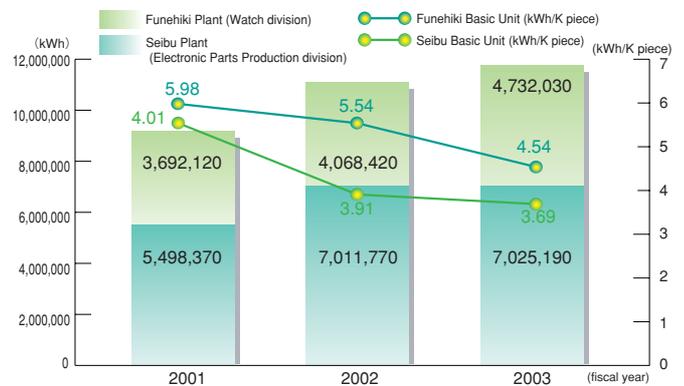
*We consider concrete measures of activities and develop them led by the environmental project.

Discharged Amount of Wastes



Note: The discharged amount of wastes has risen because of considerable increase in production and change in package method.

Consumed Energy



Wah Kong Precision (Jiangmen) Ltd. and Jiang Xing Electronics Factory Ltd. (China)



Report of Environmental Protection Activities

Li De You,
Environmental Management Representative.

Summary of the introduction of environmental management activities

Environmental protection activity is one of the most important operations for society and also international requirements that should be implemented by nations, organizations, companies and the like at this moment.

Wah Kong Precision (Jiangmen) Ltd. and Jiang Xing Electronics Factory Ltd. started to make preparations for environmental management system, ISO 14001, from April 2002 and acquired

ISO 14001 certification in February 2003. We faced various hurdles during the preparation period. At the beginning of our activities, we, members of the promotion committee, focused on the construction of the environmental management system including environmental pollution control activity, studying the requirements of ISO 14001 as per instruction from the consultant firm. We keep implementing the environmental pollution control activity as a continuous improvement activity.

We have also poured our efforts into the green procurement activity from the viewpoint of customers' requirements from FY 2003 to FY 2004. We will continue our activities to become an excellent model for local communities in cooperation with Citizen Electronics Co., Ltd.

Environmental Targets and Achievements in FY 2003

We mainly targeted reduction of power and water to be consumed in fiscal year 2003, and attained expected targets. Besides, there were other targets including total abolition of HCFC and lead, reduction in paper to be consumed and complete elimination of halon 1211 extinguishers, which we have worked on and achieved. We will follow through on these activities in fiscal year 2004.

