

CITIZEN ELECTRONICS CO., LTD.

Environmental Report 2007

Environmental Targets and Achievements in FY 2006 Environmental Targets for FY 2007

- Achievement of environment-friendly products
- Promotion of energy saving activities and reduction in CO₂ emissions
- Implementing division-specific environmental activities
- Improving the environmental management system in the Citizen Electronics Group companies, etc

Environmental Accounting

- Environmental protection costs
- Investments for environmental protection
- Economic benefits accompanying environmental protection measures
- Environmental protection effects

Environment-Friendly Products

- Resource saving
- Energy conservation
- Extended life
- Space saving
- Introduction of "Green Materials"
- Evaluation of environment-friendly products

Energy Conservation

- Power and fuel consumption amounts
- CO₂ emissions amount

Waste Reduction

- Waste amount, valuable resources amount, and their recycling rate

Chemical Substance Management

- Released and transferred quantities of substances relevant to the PRTR Law

Environmental Education and Training

- Presentations on hazardous chemical substances and spectrometer
- Presentations on development and expansion of environmental management system

As a Member of the Community

- 1 Million Woods Tree-Planting Movement
- Mt. Fuji Clean Up Campaign

Environmental Targets and Achievements in FY 2006, Environmental Targets for FY 2007

We have almost reached the targets set for FY2006, but we still have more work to do. We will continue to work in FY 2007 to reach our targets. Please refer to the following pages for information.

	Targets in FY 2006	Achievement	Evaluation
1	<p>Enhancement of green procurement</p> <ul style="list-style-type: none"> • Recheck substances to be totally abolished and accomplishment of abolition Achievement rate:100% • Reorganization and implementation of procured material examination system Achievement rate:100% • Improvement of procurement source evaluation Achievement rate:100% <p>Enrichment of environment-friendly products</p> <ul style="list-style-type: none"> • Establishment and introduction of new evaluation criteria Achievement rate:100% 	<p>Achievement rate:100%</p> <p>Achievement rate:100%</p> <p>Achievement rate:100%</p> <p>Achievement rate:50%</p>	<p>◎</p> <p>◎</p> <p>◎</p> <p>△</p>
2	<p>Promotion of energy saving activities and reduction in CO₂ emissions</p> <ul style="list-style-type: none"> • Promotion of operating energy monitoring system Achievement rate:100% 	<p>Achievement rate:100%</p>	<p>◎</p>
3	<p>Implementation of division-specific environmental management</p> <ul style="list-style-type: none"> • Themes related to activities in terms of environmental burdens • Themes that lead to environmental protection activities Target: at least 1 theme 	<p>Achievement rate:87%</p>	<p>○</p>
4	<p>Enhanced development of environmental system including the Citizen Electronics Group companies and companies used for outsourcing</p> <ul style="list-style-type: none"> • Review and creation of activity plan, by April • Enhancement of environmental system Plan achievement rate:100% 	<p>Achievement rate:80%</p>	<p>○</p>

Targets for FY 2007
<p>Enrichment of environment-friendly products</p> <ul style="list-style-type: none"> • Proportion of environment-friendly products to all the new models 50% (FY 2007) <p>Environmental quality accident "zero"</p> <ul style="list-style-type: none"> • Enhancement of source material management Activity plan achievement rate:100%
<p>Promotion of energy saving activities and reduction in CO₂ emissions</p> <ul style="list-style-type: none"> • Consideration and introduction of energy saving measures such as compressor control measures
<p>Implementing division-specific environmental activities for and division-specific contributions to environmental protection</p> <ul style="list-style-type: none"> • Themes related to business targets (policy management) in terms of effects on reducing environmental burdens • Themes that lead to environmental protection activities Target: at least 1 theme
<p>Enhanced development of environmental system including the Citizen Electronics Group companies and companies used for outsourcing</p> <ul style="list-style-type: none"> • Enhancement of support for activity promotion

[Evaluation]

◎: Achievement rate equal to more than 100% ○: Achievement rate equal to more than 80%, but less than 100% △: Achievement rate less than 80%



Environmental Target Achievement Debriefing

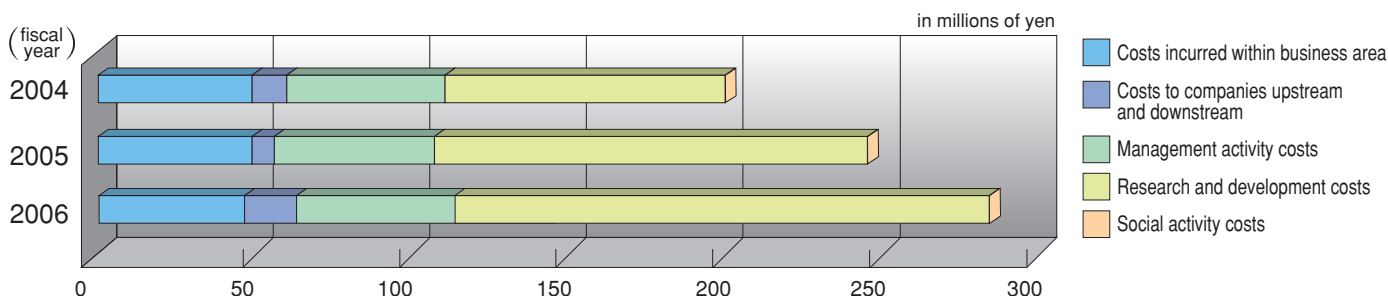


Environmental Target Announcement Debriefing

Environmental Accounting

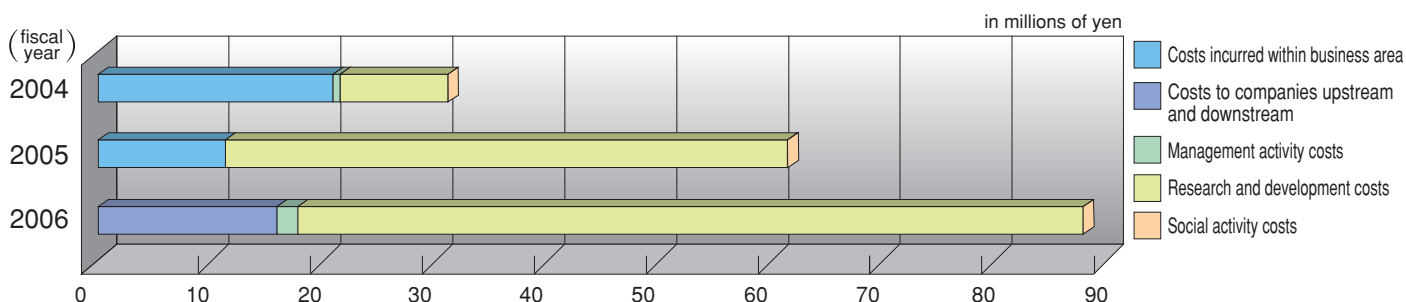
●Environmental protection costs

The total cost has increased by approximately 15% compared with FY 2005 because of increases in the costs to companies upstream and downstream, and R&D costs.



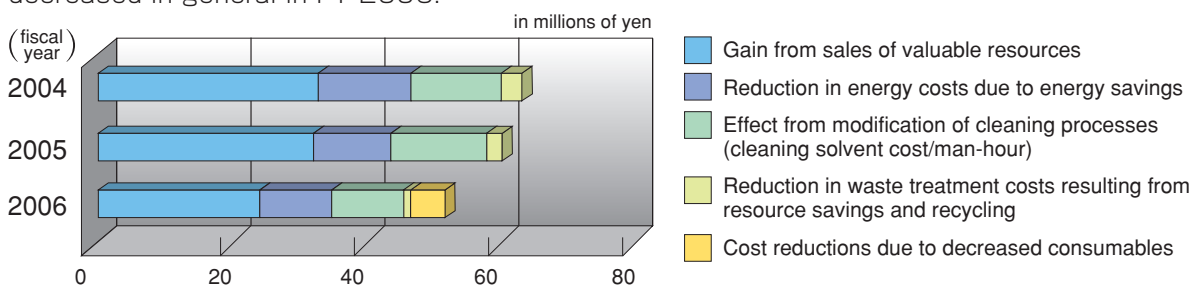
●Investments for environmental protection

The total environmental protection cost has increased by approximately 40% because of increases in the costs to companies upstream and downstream caused by the introduction of an X-ray fluorescent spectrometer and other instruments, as well as increased R&D costs including the investment for R&D in LED lighting and other products continued from the previous year.



●Economic benefits accompanying environmental protection measures

Although we have balanced the effects by reducing consumables, the economic benefits decreased in general in FY 2006.



●Environmental protection effects

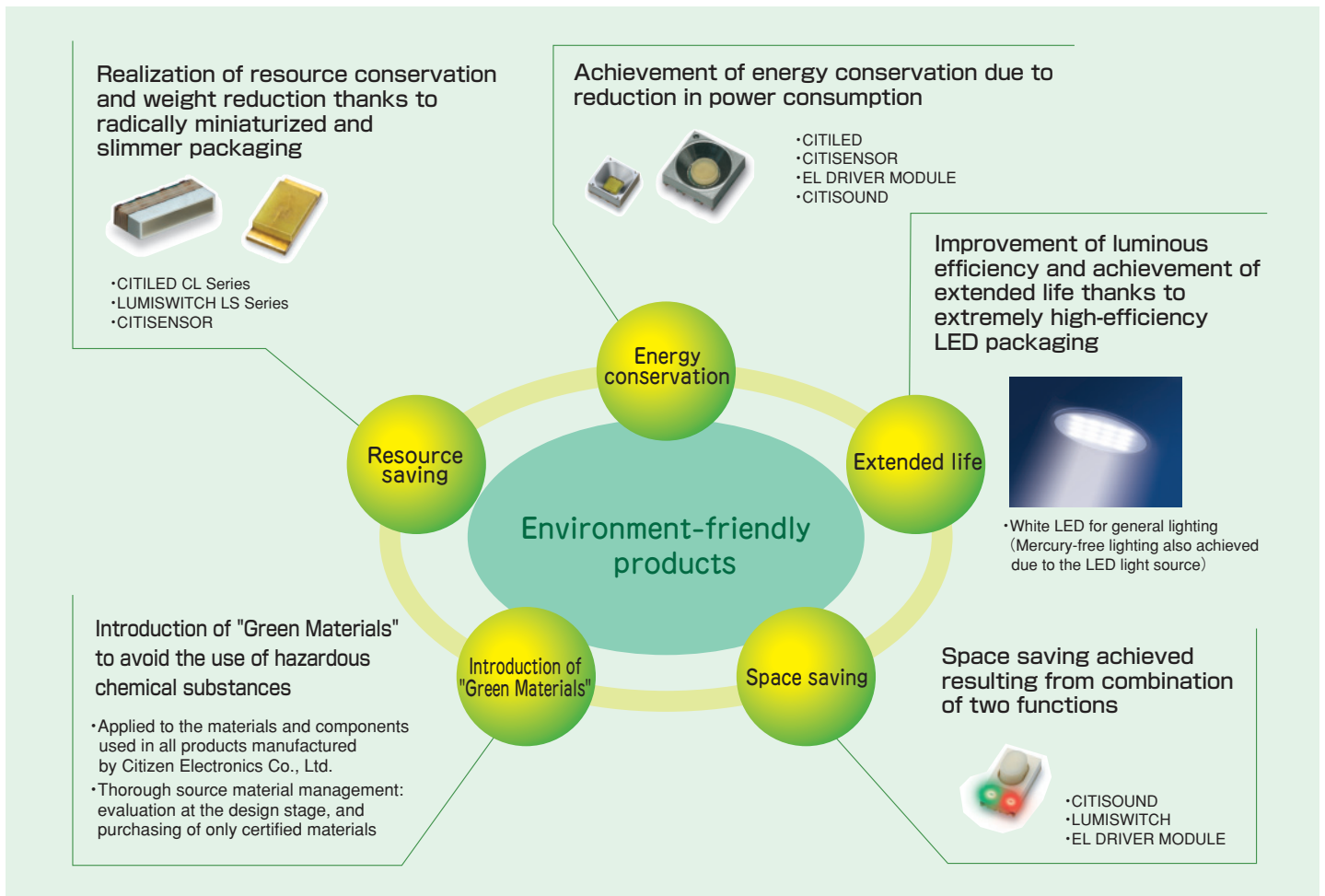
The effects are shown below. Please refer to the following pages for additional information.

Description of effect		Type of indicator	Unit	FY 2004	FY 2005	FY 2006	Change
Effects corresponding to costs incurred within business area	Effects relating to resources invested in business activities	Energy consumed	GJ	183,031	188,020	153,729	▲34,299
		Chemical substances used	ton	6	3	4	1
		CO ₂ emissions	ton-CO ₂	7,034	7,267	6,180	▲1,087
		Waste	ton	290	182	191	9
		Valuable resources	ton	44	87	81	▲6
		Recycling rate	%	99	99	99	0

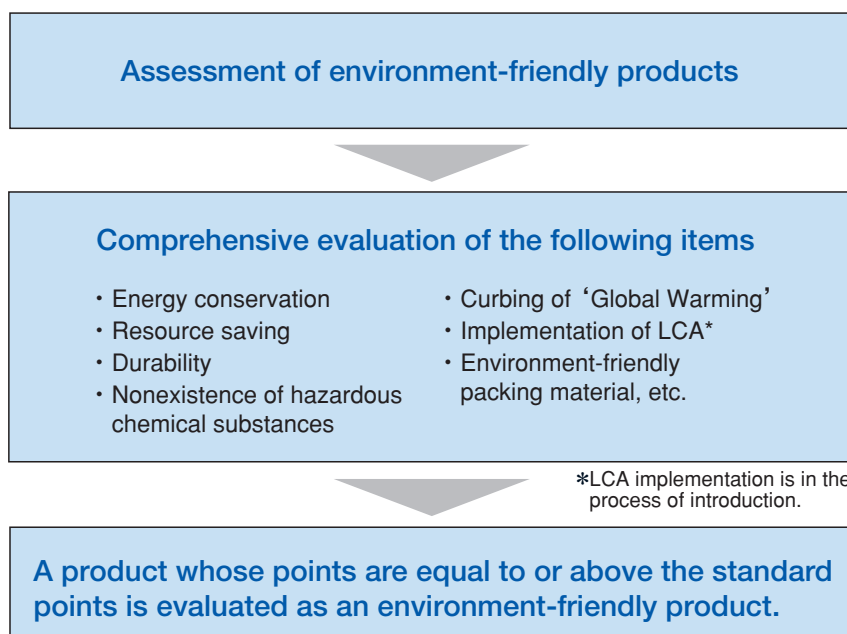
▲ indicates reduction

Environment-Friendly Products

We are working to produce environment-friendly products with our polyhedral approach including our Energy Conservation and Extended Life programs. We also have introduced the evaluation criteria for environment-friendly products from this year to quantitatively measure the effect of environment-friendliness regarding new products. In addition, we are aiming to reduce the environmental burdens by using LCA data.



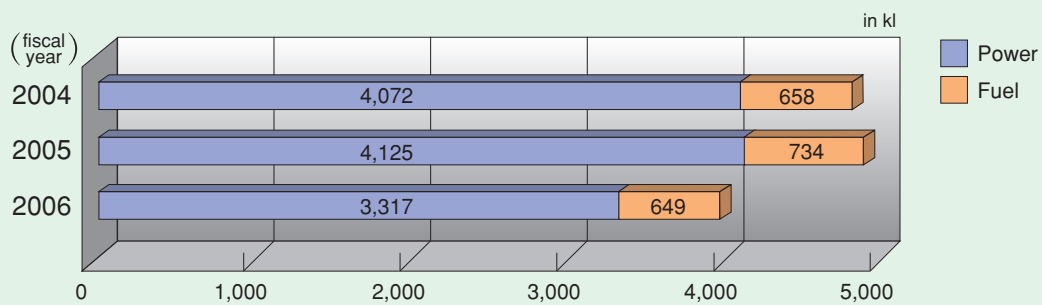
● Evaluation flow of environment-friendly products



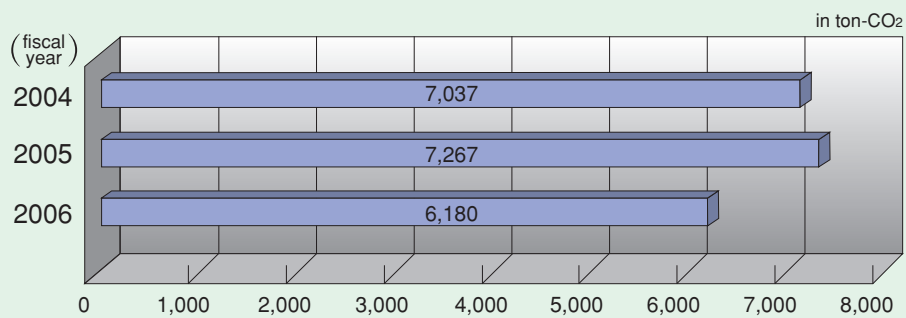
Energy Conservation

We have introduced compressor operation management with an energy monitoring system, consequently conserving energy. From the company-wide viewpoint, relocating affiliated companies from within the company premises to outside the company reduced energy consumption by approximately 20%.

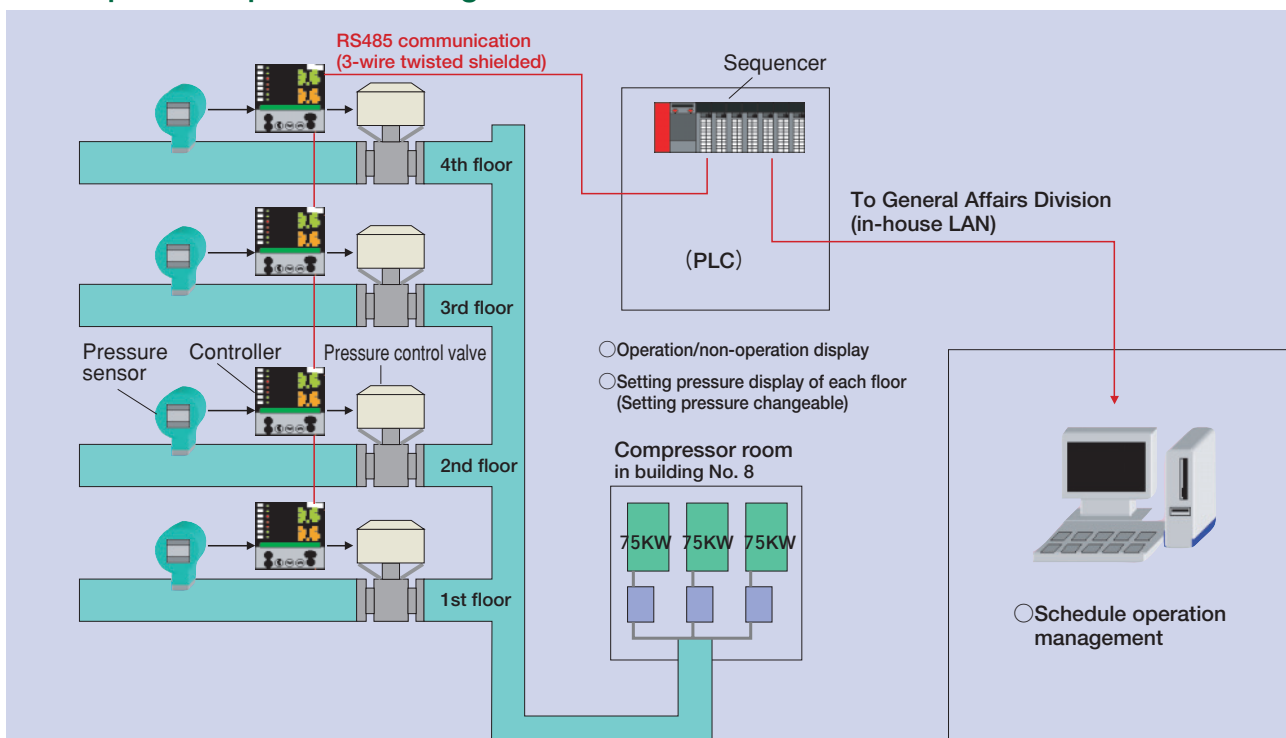
● Power and fuel consumption (equivalent in crude oil)



● CO₂ emissions amount



● Compressor operation management

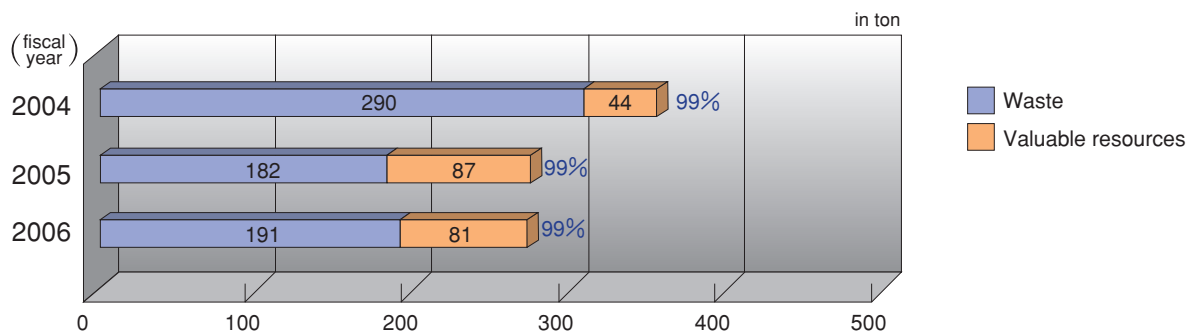


Introducing this system to manage the air supply pressure for each floor on both weekdays and holidays allows us to save approximately 90 MWh annually.

Waste Reduction

●Waste amount, valuable resources amount, and their recycling rate

We treat reducing waste and improving the recycling rate as maintenance activities. The results in FY 2006 were numerically almost the same as in FY 2005.



※ The percentages indicate the recycling rate of the total amount consisting of waste and valuable resources.

Note:

- Recycling rate (%) = (recycled resource amount + valuable resource amount) x 100 / (waste amount + valuable resource amount)
- Valuable resource: Resources with profit reported even with subtracting the transportation expense after selling the waste
- Recycled resource: Resources existing in waste that is recycled

Chemical Substance Management

●Released and transferred quantities of substances relevant to the PRTR Law

The following table shows the results of released and transferred quantities of substances in FY 2006 that are relevant to the PRTR Law. None of them required reporting to the prefectural government. Four (4) substances (antimony and its compounds, bisphenol-A epoxy resin (liquid type), poly(oxyethylene)=nonylphenyl, and manganese and its compounds) listed in FY 2005 have not been used since FY 2006 because they were abolished or are not used any more.

in kg

Contained substance	Substance							
	Substance No.	Annual handling amount	Amount transferred as products	Amount discharged into environment				
				Total amount	Amount transferred as waste	Amount released into the air	Amount released into the water	Amount released into the soil
Silver and its water-soluble compounds	64	7	7	0	0	0	0	0

Environmental Education and Training

We introduced an X-ray fluorescent spectrometer (XRF, used for the acceptance test to inspect the contained constituents of materials) last year. Therefore, we had presentations for the relative staff of each product division on hazardous chemical substances, and the principle and applications of the spectrometer. We also gave presentations to the promotion staff in companies used for outsourcing in order to develop and expand the environmental management system. We have been following up with continued support.

Presentations on hazardous chemical substances and X-ray fluorescent spectrometer



Presentations on environmental management system (in companies used for outsourcing)



As a Member of the Community

The Yamanashi Prefecture-sponsored "1 Million Woods Tree-Planting Movement" was rained out in FY 2005, but we gathered in May FY 2006 at Oshino-mura where we planted Japanese cypress and alder with local residents and volunteers. More than 50 of us, including employee family members, attended "the Mt. Fuji Clean Up Campaign" sponsored by Mt. Fuji Environmental Cleanup Movement Association in August last year with the participation of Ms. Koike and the Ministry of the Environment, where we deepened our friendship with local community members.

1 Million Woods Tree-Planting Movement



Mt. Fuji Clean Up Campaign

