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# On the release of the Pioneer Group CSR Report 2009

This report covers the philosophy and activities of  
Pioneer Corporation and the Pioneer Group.

Pioneer's philosophy is to "Move the Heart and Touch the Soul."  
Through its products and services that provide audio and visual information,  
Pioneer seeks to communicate, connect and cooperate  
with people both within and outside the Company.  
In this way, we hope to join hands with as many people  
as possible and to share their experiences.

Through this report, we are confident that readers will gain  
an overall picture of the business activities of the Pioneer Group,  
and we hope that this leads to further dialog with stakeholders.

## ■ Scope of the report

**Period covered:**  
This report covers the fiscal year from April 1, 2008 to  
March 31, 2009, as well as earlier initiatives and more  
recent activities.

**Organizations covered:**  
Pioneer Corporation and the 116 consolidated  
subsidiaries of the Pioneer Group (as of March 31, 2009)

**Date of issue:**  
December 2009

## ■ Related reports

- Pioneer provides financial information through a  
variety of regularly published financial reports  
including its Annual Report, and within the "Investor  
Relations" section of its Web site.

 <http://pioneer.jp/corp/ir/index-e.html>

- Detailed reports of the Company's environmental  
initiatives are also presented on its Web site.

 <http://pioneer.jp/environment-e/>

- Pioneer provides information concerning its  
technology development and R&D in the technology  
magazine *Pioneer R&D*, through presentations at  
conferences, and on its Web site.

 <http://pioneer.jp/crdl-e/index.html>

## ■ Relevant guidelines

- *Environmental Reporting Guidelines* (2007 edition)  
published by the Ministry of the Environment in Japan
- *Sustainability Reporting Guidelines* (G3) published by  
the Global Reporting Initiative (GRI)

## ■ Corporate names in this report

- "Pioneer" or "the Company" indicates Pioneer  
Corporation, and "the Pioneer Group" or "the  
Group" indicates Pioneer Corporation and its  
consolidated subsidiaries.

# Pioneer Group CSR Report 2009

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Pioneer is committed to promoting its Group philosophy, "Move the Heart and Touch the Soul," to as many people as possible around the world. Ever since its founding in 1938, Pioneer has brought to market numerous breakthrough electronics products.

Pioneer currently faces an extremely challenging business environment. Nevertheless, the Company is pressing ahead with drastic restructuring centered on business portfolio realignment. At the same time, the Company is doing its utmost to achieve the targets of its medium-term business plan, which revolves around a growth strategy for the core Car Electronics business.

Pioneer seeks to meet the expectations of all of its valued stakeholders by continuing to provide appealing products that only the Company can create.



**Susumu Kotani**  
President and  
Representative Director

## Restructuring Measures

Pioneer is implementing drastic restructuring measures centered on the realignment of its business portfolio. At the same time, the Company is streamlining the business framework of the entire Pioneer Group and improving its financial position.

### Business portfolio realignment

Going forward, Pioneer will position the Car Electronics business, with its outstanding technological expertise and brand power, as a core business. In this business, the Company will work to build stronger operations that can stay on top of changes in the business environment. Meanwhile, through strategic alliances with other companies, Pioneer will strive to actively create new markets and business domains in a timely and cost effective manner.

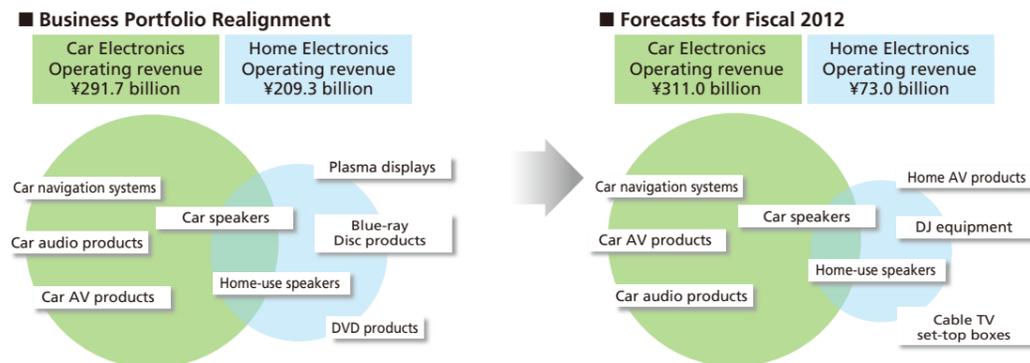
As part of these efforts, Pioneer has agreed with Mitsubishi Electric Corporation to jointly develop hardware and software for use in car navigation systems and car AV products.

Pioneer is also working to expand business in China. The Company has signed a basic agreement with Shanghai Automotive Industry Corporation (Group) to establish a joint

venture specializing in the development and sale of intelligent transport systems as well as the provision of related services, together with the development and sale of car navigation systems and car AV products.

Looking ahead, Pioneer will further develop the Home Electronics business focusing on the three main areas of home AV products, DJ equipment and cable TV set-top boxes. The Company will completely withdraw from the display business after ending plasma TV sales by the close of fiscal 2010. In the optical disc business, Pioneer executed an agreement with Sharp Corporation on the establishment of a joint venture on June 25, 2009, with the aim of restoring this business to profitability by taking advantage of the managerial resources of both companies in the area of optical discs, and expanding business especially in the Blu-ray Disc market.

## Business Portfolio Realignment



## Streamlining the business framework of the entire Pioneer Group

Pioneer is working to streamline organizations in line with the shift toward a smaller business scale following business portfolio realignment. To this end, the Company is consolidating its network of production companies, overhauling sales structures, and integrating operating bases with the aim of optimizing the efficiency of headquarter and back office functions. As for its R&D structure, Pioneer will adopt a policy of selection and focus with regard to R&D

themes in strategic areas. Through this business framework streamlining, the Company plans to reduce Group-wide personnel by approximately 5,800 regular employees and approximately 4,000 temporary and contract employees, compared with its workforce as of December 31, 2008. Pioneer also has reduced the number of directors/executive officers by five.

## Improving the Company's financial position

Considering the funding requirements for projected business restructuring expenses in fiscal 2010 and the redemption of convertible bonds with stock acquisition rights in fiscal 2011, Pioneer is working to generate cash and boost equity capital. This is also to ensure that the Company achieves the targets of its medium-term business plan.

Pioneer is working to generate cash mainly by reducing inventories and accelerating trade receivables collections, curbing capital expenditures, cutting directors'/executive officers' remuneration and employees' salaries, and selling idle assets.

In regard to boosting equity capital, Pioneer continues to examine possibilities for financial partnerships through negotiations with potential sponsors. The Board of Directors resolved on April 28, 2009 to raise funds through a third-party allotment of shares to Honda Motor Co., Ltd. Deliberations with Honda Motor Co., Ltd. as to such terms as the issue date and other matters are ongoing as the Company considers the status of negotiations with other potential sponsors.

## Medium-Term Business Plan

While steadily implementing restructuring measures, Pioneer is determined to restore profitability and achieve future growth by executing the following initiatives based on its medium-term business plan.

### Car Electronics business

In the core Car Electronics business, Pioneer is implementing drastic restructuring measures in fiscal 2010 aimed at boosting earnings power in existing domains while at the same time building an operating structure that can quickly respond to changes in the business environment. Through these means, the Company is endeavoring to enhance its ability to expand business when the auto market recovers.

Over the medium term, Pioneer aims to expand the Car Electronics business by focusing on products and markets that retain high growth potential. In the consumer-market business overseas, the Company is looking to introduce affordably priced models of car navigation systems and car AV products, and to actively develop business centered on car AV products in newly emerging economies. In Japan, Pioneer aims to stimulate new demand by establishing a telematics business, building on the development of the new Air Navi series.

In the OEM business, Pioneer will bolster ties with major clients Toyota Motor Corporation and Honda Motor Co., Ltd. By harnessing proposal capabilities honed in the consumer-market business, the Company will work to expand businesses



Overseas, Pioneer seeks to develop new car entertainment by focusing on car AV products.

The re-launched Air Navi series features enhanced basic functionality, in addition to offering communications functions that realize telematics capabilities.

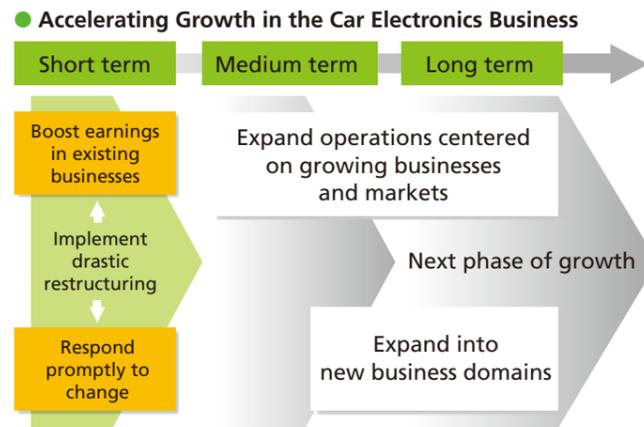
with an emphasis on car navigation systems. Efforts will also be focused on newly emerging markets mainly in China, where Pioneer will launch a joint venture with Shanghai Automotive Industry Corporation (Group).

Over the long term, in addition to conventional car entertainment, Pioneer plans to expand business domains in car safety and reliability, as well as in the environment. Aiming to become a leading company in the car electronics fields, Pioneer will contribute to the advancement of motorized societies around the world.

Pioneer is positioning car navigation systems as information and communications terminals that provide links to vehicles and the outside world, with the goal of building a safer, more comfortable and reliable motorized society. To this end, the Company is working toward raising the sophistication of car navigation systems to enhance their links with vehicles. Pioneer will also endeavor to provide business-use services such as fleet operation and management services, as well as to provide real-time content.

The Company recognizes its responsibility to help protect the global environment. Eyeing the advent of the electric vehicle era, Pioneer will strengthen its hand in product fields that feature increasingly energy-efficient and lighter products, among other initiatives. In the process, the Company will seek to develop innovative and unique technologies as it strives to expand its business domains.

Through these initiatives, Pioneer is targeting operating revenue of ¥311.0 billion and operating income of ¥15.0 billion in the Car Electronics business in fiscal 2012. The Company is determined to achieve these medium-term business plan targets, and to advance to the next phase of growth.



### Home Electronics business

Going forward, Pioneer will develop its Home Electronics business centered on home AV products, DJ equipment and cable TV set-top boxes, after fully withdrawing from the display business and starting an optical disc joint venture.

In home AV products, Pioneer is working to bolster its audio products—the field in which it started out as a company—while expanding sales and reducing fixed expenses to restore profitability. The Company is positioning AV receivers as core products with the intention of establishing Pioneer as a leading brand in the field, and to boost sales and generate steady earnings. The Company is also working to stimulate new demand by creating entirely new markets with audio products based on innovative concepts. Through collaboration with housing-related companies, Pioneer is rolling out the ACCO built-in home audio system that caters to home living environments.

In DJ equipment, the Company aims to expand earnings by revitalizing the market through its outstanding technological expertise and product planning capabilities, which have made Pioneer DJ equipment the de facto industry standard, and by stepping up activities in newly emerging markets. In addition, taking full advantage of its brand power, Pioneer plans to continue raising its growth potential by entering the facilities business, particularly audio and video facilities.

In cable TV set-top boxes, Pioneer commands a strong position with a 30% share of the Japanese market. The Company intends to work steadily, mainly by encouraging more cable TV stations to adopt its products and by addressing demand created from digitalization, with the aim of maintaining stable earnings.

Steps will be taken to shrink the scale of the Home Electronics business in line with business portfolio realignment. However, Pioneer is targeting operating revenue of ¥73.0 billion and operating income of ¥3.0 billion in this business in fiscal 2012, mainly based on projected restructuring benefits and new business creation.



**ACCO**  
Based on the concept of creating comfortable living environments filled with sound, the ACCO built-in home audio system represents a lifestyle proposal for accentuating the home with sound. Shown above is the A-IW001 model in-wall amplifier. (The iPod touch is sold separately.)

### Products That Only Pioneer Can Create

Pioneer is determined to see drastic restructuring through to the very end, centered on business portfolio realignment, streamlining of the business framework of the entire Pioneer Group, and improving the Company's financial position. At the same time, Pioneer will do its utmost to achieve the targets of its medium-term business plan, which is centered on the Company's growth strategy for the Car Electronics business.

Pioneer currently faces an extremely challenging business environment. It remains the Company's mission and responsibility, however, to continue meeting market expectations by providing appealing products to customers. Going forward, the Company is committed to developing hallmark Pioneer products featuring innovative technologies and unique added value, especially car navigation systems, car audio products, home AV products, DJ equipment and cable TV set-top boxes.

Pioneer recognizes that its social responsibilities include efforts to build a stable management and operating framework over the long term. To this end, the Company will engage in sound business practices, consistent with its Group philosophy, as it strives to meet the expectations of society. Irrespective of business conditions, Pioneer will remain faithful to its inherent and distinguishing qualities. Working in unison, each and every employee will work tirelessly to realize the Pioneer Group philosophy, "Move the Heart and Touch the Soul."

As the Company moves steadfastly toward this goal, Pioneer asks for the continued support and understanding of its stakeholders.

### Financial Highlights

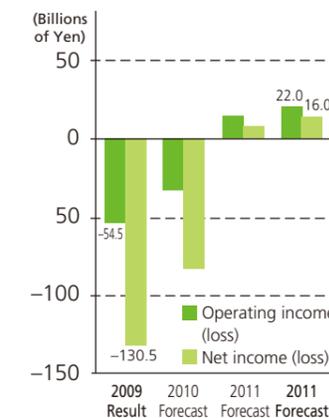
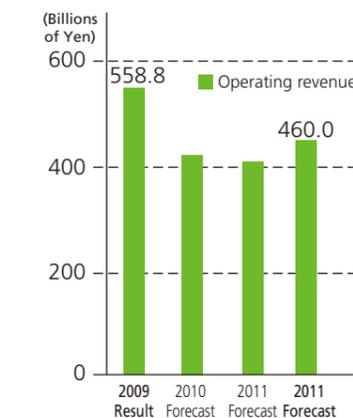
Pioneer Corporation and Its Consolidated Subsidiaries  
Fiscal years ended March 31

In millions of yen and thousands of U.S. dollars, except per share information

	2008	2009	2009
	Yen	Yen	U.S. Dollars
Operating revenue	¥774,477	¥558,837	\$5,702,418
Operating income (loss)	9,216	(54,529)	(556,418)
Ordinary income (loss)	12,428	(54,420)	(555,306)
Net loss	(19,040)	(130,529)	(1,331,929)
Net loss per share	(103.95)	(636.68)	(6.50)
Cash dividends per share	7.50	0.00	0.00
Free cash flows	(50,341)	(99,855)	(1,018,929)
Total assets	562,276	429,093	4,378,500
Total equity	259,355	111,848	1,141,306

Note: U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥98 = US\$1.00, the approximate exchange rate prevailing on March 31, 2009.

### Consolidated Business Forecasts



## Group Vision Structure

Pioneer's mission and raison d'être within society is expressed in its Group philosophy, "Move the Heart and Touch the Soul." With a view to realizing this philosophy and based on conditions affecting the Group, Pioneer established the Group Vision in April 2006 to provide an image for the Company to aim for over the next five to ten years.

Pioneer will work to realize the Group Vision in order to achieve its ultimate goal expressed by "Move the Heart and Touch the Soul."

### Group Philosophy

**"Move the Heart and Touch the Soul"**

### Group Vision

**To become a company that encourages all its members to work as a team, with everyone customer-focused, integrating each one's professionalism in pursuing innovations one after another.**

Pioneer aims to continuously provide excitement and passion to customers around the globe, searching new ways to push the boundaries of what "sound, vision and information" can offer beyond expectations.

With that goal in mind, each and every member in all corners of the Pioneer Group is being asked to keep generating ideas for improvement in their respective areas.

These ongoing individual efforts at self-improvement will collectively help the entire Pioneer Group bring about a new level of achievement and will lead it to offer such lasting value to its customers as they have never experienced before.

Pioneer is committed to turning one idea after another into solid reality for its valued customers through innovations that make the unthinkable thinkable and the impossible possible.

## Foundation of Pioneer's Decisions and Actions

The Pioneer Group will consistently take note of changes in society as it continues to provide products and services. To fulfill its social responsibilities, the Group intends to gain an understanding of society's expectations through dialog with various stakeholders including shareholders, consumers and customers, local communities, business partners and employees.

In accordance with the Pioneer Group Charter for Corporate Operations, Pioneer has defined the basic principles

for operational decisions and actions in the Pioneer Group Code of Conduct, which applies to directors of the Pioneer Group and to all employees who work for the Company. Each Group company ensures that every officer and employee follows this code while observing the laws and social conventions of their respective countries and regions. In addition, both documents have been translated and distributed in 11 countries.

### Pioneer Group Charter for Corporate Operations

- We will provide products and services that are useful, reliable, and safe.
- We will operate our corporate activities fairly.
- We will continue efforts to conserve materials and energy, and reduce impact on the Earth's environment.
- We will strive for fair disclosure of information about our corporate activities.
- We will undertake effective risk management to deal with unforeseen incidents as quickly and sincerely as possible.
- We will properly manage and protect our assets and rights.
- We will endeavor to contribute to society from a global perspective.
- We will aim to pursue our corporate activities, always with respect for humanity.

### Pioneer Group Code of Conduct (Section Titles)

- To Continue as a Company Trusted and Supported by Society
  - Capital Market's Trust
  - Customer Satisfaction: Our Top Priority
  - Compliance as a Multinational Company
  - Environmental Conservation
  - Contributing to Society
  - Strict Measures Against Individuals Endangering Civil Society
  - Public Disclosure
  - Prohibition of Insider Trading
  - Inappropriate Bestowing of Benefits to Shareholders or Investors
- To Win Our Customers' Satisfaction and Trust
  - Safe and High-Quality Products and Services
  - Fair and Appropriate Information
  - Customer Claims and Requests
  - Protection of Customers' Personal Information
- To Establish Fair and Free Business Relations
  - Fair Business Conduct
  - Management of Information from Third Parties
  - Business Conduct with Suppliers and Service Providers
  - Business Conduct with Dealers and Distributors
  - Relationship with Governmental Agencies and Industry Groups
  - Gifts and Entertainment
- To Conclude Our Business Activities Properly and Effectively
  - Risk Management
  - Company Information
  - Intellectual Property
  - Proper Management and Use of Company Assets
  - Proper Accounting Treatment
- To Work Energetically with Mutual Respect for Each Other
  - Respect for Human Rights
  - Workplace Diversity
  - Freedom from Harassment
  - Respect for Privacy
  - Healthy and Safe Working Environment
  - Workplace Information Sharing
  - Abolition of Formal Gift-Giving
  - Political and Religious Activities
- Acting in Accordance with this Code
  - Business Ethics Hotline

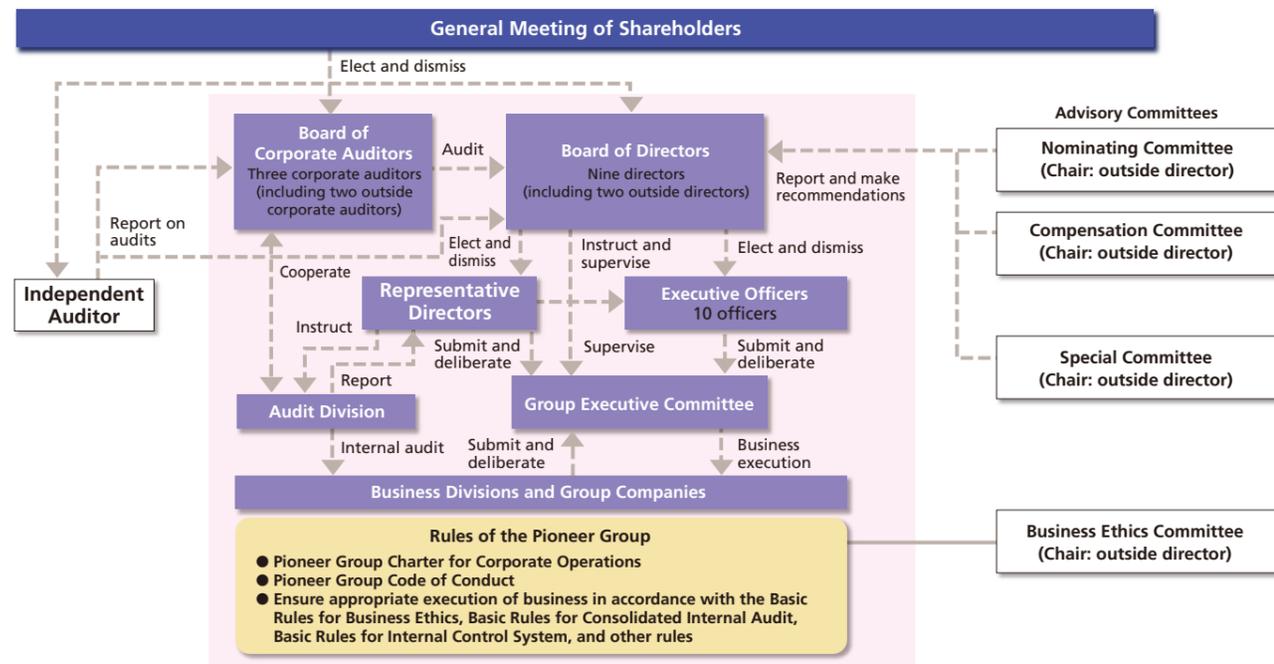
# To Continue as a Company Trusted and Supported by Society

## Corporate governance

In accordance with the Company Law of Japan, Pioneer has elected to structure its corporate governance system as a company with a board of corporate auditors. The Board of Directors, which includes several outside directors, decides on fundamental issues such as management policies and supervises the execution of business activities, while the Board of Corporate Auditors audits the directors' performance of

their duties. Based on this institutional structure, Pioneer has adopted an executive officer system to expedite the execution of business activities and clarify the responsibilities for each business. Meanwhile, aiming to enhance the transparency of decision making, Pioneer has established the Group Executive Committee and voluntary advisory committees to the Board of Directors.

### Corporate Governance Structure (As of June 25, 2009)



### Board of Directors and Board of Corporate Auditors

Pioneer has adopted a corporate auditor system of corporate governance. The Company has established the Board of Directors as a decision-making body for matters of the highest importance such as management policies, and as a supervisory body. The representative directors are responsible for business execution, while the Board of Corporate Auditors is responsible for auditing. In fiscal 2009, the fiscal year ended March 31, 2009, the Board of Directors held 10 meetings, while the Board of Corporate Auditors held 11 meetings.

Several outside directors with a high degree of independence have been elected to strengthen the supervision of business execution. In addition, Pioneer has shortened the term of office of directors to one year. The purpose behind this action was to further clarify the responsibilities of directors and facilitate prompt responses to changes in the business environment by increasing the opportunities for shareholders to elect directors.

In addition, the Company has adopted an executive officer system to expedite business execution and clarify the responsibilities for each business.

### Group Executive Committee

The Group Executive Committee, which was formed to reinforce decision making, is comprised of directors and executive officers chosen by the Board of Directors, and in principle, holds regular meetings twice per month. The Group Executive Committee, under the supervision of the Board of Directors, thoroughly discusses such issues as priorities for advancing business activities, investment projects, Group realignment, and Group-wide management strategies, as well as medium- and long-term policies. It approves these issues, or in cases where the Board of Directors has decision-making authority, it reports on these issues to the Board of Directors. In fiscal 2009, the Group Executive Committee held 29 meetings and deliberated on approximately 110 issues, functioning effectively as part of the management decision-making process in support of the Board of Directors.

### Voluntary Advisory Committees

Pioneer has voluntarily established the following three advisory committees: the Nominating Committee, Compensation Committee, and Special Committee. These committees serve to support the Board of Directors, and each is chaired by an outside director. Their goals are to improve management transparency and strengthen corporate governance. These committees report on the results of their deliberations to the Board of Directors, and make related recommendations. The Board of Directors discusses their reports and recommendations, giving due consideration to their content.

## Consolidation and reinforcement of the internal control system

The Pioneer Group regards its system of internal controls as a framework for preventing the risk of impediments to trustworthy management and a countermeasure aimed at addressing crisis situations. In an effort to further consolidate and reinforce this internal control system, the Group has formulated and is expanding the Rules of the Pioneer Group. By ensuring that all members of the Group are fully informed of these Rules, Pioneer Group is taking steps to ensure the adequacy and optimal efficiency of business activity execution throughout the Group.

Falling under the umbrella of the Pioneer Group Charter for Corporate Operations, which strives to lay the foundation for garnering the trust and respect of society as a responsible corporate citizen, the Rules of the Pioneer Group encompass the Pioneer Group Code of Conduct, which outlines those specific compliance items and issues for which directors/ executive officers and employees must take individual responsibility, as well as a set of compliance rules, which clarify the scope of each Group company's responsibility and authority.

## Risk management

Chaired by a representative director, Pioneer's Internal Control Committee was established in accordance with the Basic Rules for Internal Control System. In addition to consolidating and reinforcing those management systems aimed at addressing risks inherent in the Group's business activities, this Committee

is working to gain a better understanding of the nature and scope of business risks and to formulate effective crisis management countermeasures. The Company manages important risks in a systematic manner in line with policies identified in the Rules of the Pioneer Group.

## Consolidation and reinforcement of internal auditing

The Audit Division under the direct control of the CEO takes overall charge of implementing internal auditing throughout the Group as a whole, based on the Basic Rules for Consolidated Internal Audit, which are part of the Rules of the Pioneer Group. The Audit Division periodically holds meetings

comprised of all the internal audit managers from each division and Group company with the aim of consolidating the internal control system, the auditing of risk management, corporate ethics, quality control, environmental protection and the like, as well as reinforcing the audit system.

## Crisis control measures

Forming a part of the Rules of the Pioneer Group, the Basic Rules for Crisis Controls have been formulated to optimize the Group's response in the event of a crisis. Chaired by a representative director, the Emergency Management Committee (EM Committee) has been established as a permanent organization pursuant to these basic rules. In addition to overseeing the education, training and notification

processes as they relate to crisis management, the Committee assigns officers, who are responsible for addressing and resolving crisis events and issues, to each division of Pioneer or each Group Company throughout the Group. The Crisis Control Manual outlines the roles and responsibilities of each crisis management organization as well as crisis management response procedures and protocol.

## In the event of natural disaster

In the face of a global influenza epidemic and amid fears of a major earthquake rocking Japan in the near future, the Pioneer Group places the utmost emphasis on the sanctity of life, and therefore it prioritizes efforts to secure a swift resumption of business activities in the case of a pandemic or crisis event. In addition to formulating the Manual for Natural Disaster which outlines those measures and actions to be adopted in the event of a disaster or crisis, the Pioneer Group also takes steps to ensure that adequate reserves of emergency food, medical and other supplies are maintained. Placing considerable weight on ensuring appropriate modes of

communication, every effort is made through training measures to confirm the efficacy of emergency functions. In response to the outbreak of a new influenza strain (subsequently diagnosed as exhibiting attenuated virulence) in April 2009, steps were taken to distribute supply stockpiles under instructions issued by the Emergency Management Committee and in accordance with the Guideline for Pandemic Influenza. Making the most of the experience gained, the Pioneer Group undertook a review of its Guideline as well as the adequacy of its existing supplies.

## Full compliance

The Pioneer Group complies with all relevant laws and regulations and regards compliance with the requirements of social responsibility as an important aspect in creating an environment where its employees can work with peace of mind. The directors/executive officers and employees of the Pioneer Group are working to ensure the relevance and adequacy of business operations in accordance with the Rules of the Pioneer Group. As the organization that oversees these rules, Head Office divisions are endeavoring to disperse

information with the aims of improving the notification process and enhancing the understanding of the Group.

In addition, the Business Ethics Committee, chaired by an outside director, was established in accordance with the Basic Rules for Business Ethics, which forms a part of the Rules of the Pioneer Group. This Committee meets once every six months with the aim of ensuring strict adherence to all relevant laws and regulations as well as the Pioneer Group Code of Conduct by all Group directors/executive officers and employees.

## Prevention of insider trading

In March 2009, Pioneer uncovered that a corporate auditor of the Company then in office engaged in an act of insider trading in April 2007.

Despite the strongly held belief that the Rules of the Pioneer Group, which at the time encompassed the Basic Rules for Prevention of Insider Trading, were functioning properly, the Company acknowledges that its established structure and systems in this area were inadequate. Upon uncovering the aforementioned illegalities in March 2009, Pioneer took immediate steps to organize the Committee for the Prevention of Recurrence. Chaired by an outside director, the Committee was charged with the responsibilities of identifying the causes

for the subject behavior and to formulate appropriate prevention countermeasures. Based on the Committee's findings, progressive initiatives have been implemented. These include overhauling the corporate auditor selection process, strengthening the Company's information management structure and systems and reinforcing director/executive officer and employee education and training.

Reflecting the gravity of this inexcusable incident, and to further emphasize the importance of management accountability, internal reprimands and penalties were imposed on the president and relevant directors/executive officers.

## Appropriate disclosure of management information

Guided by its Basic Rules on Disclosure, which form a part of the Rules of the Pioneer Group, the Company maintains the basic policy of disclosing management information to its stakeholders in a timely and appropriate manner. Accordingly, proactive steps are taken to ensure that all stakeholders are provided with useful information both openly and fairly.

In an effort to enhance the adequacy and efficacy of financial reporting in Japan, certain mandatory provisions were

introduced under the Financial Instruments and Exchange Law in 2009. As a result, Pioneer took steps to bolster its internal control system. As a part of the audit process, the Company obtained confirmation from its independent auditor that its internal controls were indeed adequate and effective. This confirmation was lodged together with the Company's Securities Report in June 2009.

## Ensuring fair trade

Pioneer has implemented a variety of measures to ensure strict adherence to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, as well as to related laws and regulations. In addition to establishing the Basic Rules on Fair Trade as a part of the Rules of the Pioneer Group, the Company

has also issued its Monopoly Prohibition Compliance Manual for internal use. Led mainly by its Legal Affairs Division, Pioneer continues to augment its fair trade compliance counseling and reporting structure and systems.

## Exclusion of antisocial forces

In the spirit of undertaking fair corporate activities with respect for social norms as specified in the Pioneer Group Charter for Corporate Operations, the Pioneer Group applies firm, systematic measures as required by the Pioneer Group Code of Conduct to exclude antisocial forces, particularly in the form of organized crime, that threaten the safety and orderliness of civil

society. To achieve this, the Company has designated a department to take overall charge of responding to antisocial forces. The internal framework encompasses liaison with specialist external agencies, sharing information within the Pioneer Group, providing guidance in responding to issues, ensuring communication and other measures.

## Security export control

As a global company that undertakes its operations within many communities around the world, the Pioneer Group hopes for the maintenance and expansion of international peace and security. Therefore, the Company regards as fundamental principles the international consensus in security export control and compliance with every country's laws

concerning the regulation of exports. Therefore, Pioneer has established voluntary control standards, and the Pioneer Export Control Committee works to achieve precise and efficient management of exports across the Group, including overseas Group companies.

## Protection of intellectual property and copyright

The Pioneer Group not only maintains and manages intellectual property acquired through technology development and other means, but also undertakes day-to-day measures to respect the intellectual assets of third parties as a matter of principle.

The administrators of related departments and affiliated companies of Pioneer's various business sites have established a copyright liaison meeting to ensure Company-wide compliance of copyright protection technology in all Pioneer products. Furthermore, to avoid betraying the trust of

customers of the Pioneer brand, the business divisions, Intellectual Property Division, Legal Affairs Division and other related departments work together to eliminate counterfeit goods from the marketplace, which threaten to damage Pioneer's brand value and social status. In addition to establishing an inquiry desk to answer employees' questions, the Company has issued a Q&A booklet to employees of Group companies in Japan concerning the protection of copyright in operational activities.

## Information security and protection of personal information

Within the Rules of the Pioneer Group, the Company has formulated the Basic Rules for Information Security Management. These Rules form the basis of the Group's information security framework and outline the policies and measures to be implemented to ensure the optimal protection, utilization and management of information assets.

Pioneer has established the Rules for Protection of Personal Information as part of the Rules of the Pioneer

Group, in addition to its publicly available Privacy Policy. Group companies handle all personal information in accordance with these rules and stringently safeguard customers' interests and rights. Pioneer has never experienced a case of a deliberate leak of personal information, such as external infringements or unauthorized removal of data from the Company,

## Policy regarding material procurement suppliers

The Pioneer Group Code of Conduct requires the Pioneer Group to deal fairly with suppliers on an equal footing, in accordance with relevant laws and agreements. In addition, it requires suppliers to act with awareness of their social responsibility, observing the laws of the countries and regions where they do business, and respecting international agreements of the United Nations, International Labour Organization, Organization for Economic Co-operation and Development, and so on.

In purchasing from material procurement suppliers, Pioneer is committed to being fair and equitable, protecting the environment, fulfilling its social responsibility, and clearly

stating its requirements with regard to suppliers. In March 2007, the Company prepared the Pioneer Group Supply Chain CSR Checklist covering the prohibition of child and forced labor, provision of a proper working environment and other issues. Thereafter, the Checklist was distributed to suppliers in Japan and communication was undertaken with suppliers to assess the status of their CSR activities. These activities will be extended on an ongoing basis to overseas business sites that have procurement departments, with the Procurement Division taking the lead in promoting CSR procurement throughout the entire supply chain.

## Internal whistleblower system

Behavior that departs from accepted standards can upset the harmony of the workplace. In order to eliminate any wrongdoing, internal auditing has been consolidated across the Group. At the same time, the Business Ethics Hotline was established in 2002 as an internal whistleblower system for the entire Group. The Hotline, operated by an external agency, offers a mechanism that can check the details of informants while maintaining their anonymity. The information is also sent

simultaneously to the Business Ethics Committee and the Board of Auditors, enabling them to respond in good faith.

The Committee Administrative Office promotes the Business Ethics Hotline with posts on the intranet bulletin board and by distributing cards that employees are encouraged to carry at all times. This creates an environment that allows employees to report on any wrongdoing they may encounter.

# To Win Customers' Satisfaction and Trust

## Quality Assurance Philosophy

### Quality Assurance Philosophy

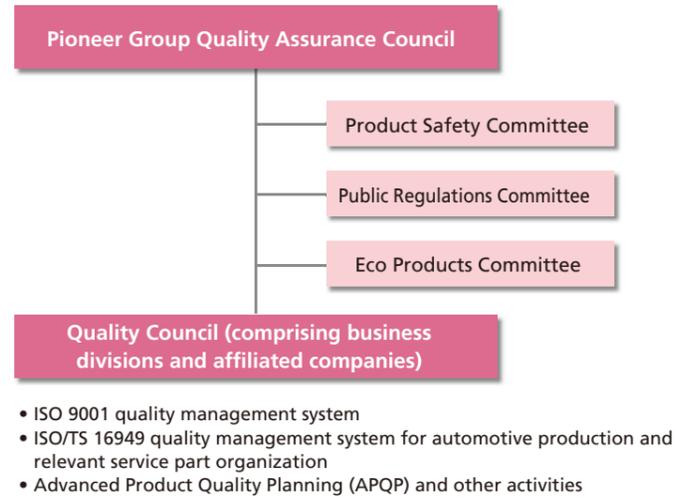
Offering customers products and services that generate satisfaction and confidence

### Quality policy for the fiscal year ending March 31, 2010

Supply safe products that meet official regulations by implementing advanced quality programs across the organization, and achieve a record of zero epidemic defects in the marketplace

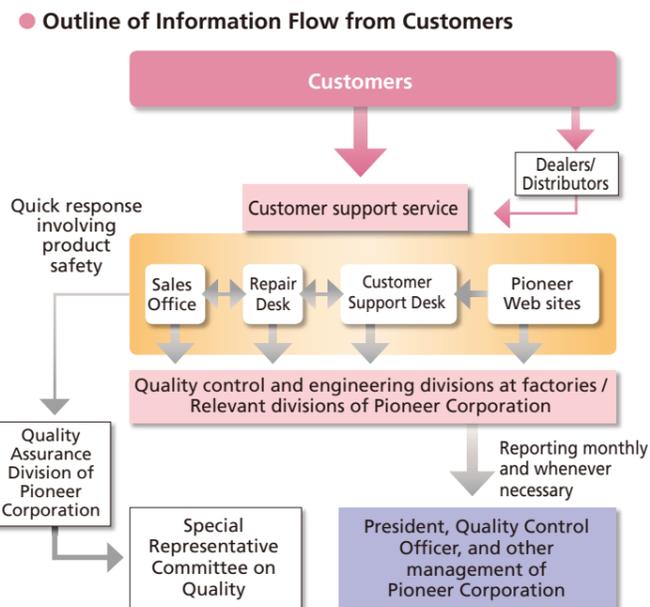
The Pioneer Group regards ensuring quality as the most fundamental issue in its pursuit of customer satisfaction. Therefore, the Company has formulated its Quality Assurance Philosophy. With the aim of realizing this philosophy, Pioneer has clarified its quality assurance responsibilities and authority and is working to improve overall quality. Specifically, the Quality Assurance Council has been established as well as three committees: the Product Safety Committee, the Public Regulations Committee, and the Eco Products Committee. These committees operate across organizations within the Pioneer Group as a whole.

The Pioneer Group is further developing its advanced quality programs implemented across the organization based on the quality policy for the fiscal year ending March 31, 2010, and is working to ensure that this framework becomes firmly established. Within this framework, Pioneer identified product safety, public regulations, and product environment as key concepts, and intends that all staff involved in the development and production processes become familiar with them. Furthermore, in order to provide products that satisfy its customers, Pioneer believes that the "perceived quality" that customers expect from products is an essential factor, and the Company will reflect this understanding in its product evaluation.



## Initiatives toward ensuring product safety

The Pioneer Group has clearly identified the basic issues for ensuring the safety of its products, promotional materials, installation work and repairs, and the Company strives to prevent injury to person and damage to property. To achieve this, a framework centered on the Product Safety Committee has been established, and based on the Action Guide of Product Safety the Company works on a routine basis to prevent incidents and to respond promptly should they occur.



## Preventive measures through component safety management

Pioneer compiles issues identified in manufacturer evaluations, development requests, mass production control, and so on, and by using components in accordance with regulations and other stipulations, prevents significant issues from arising in the marketplace.

## Product Safety Reader

The Product Safety Reader covers information that engineers must be familiar with, and reading this text several times gives readers a well-organized understanding of product safety. The first issue, published in 2003, was revised and re-issued in 2006.

### Main policies concerning product safety

Main policies implemented in the fiscal year ended March 31, 2009	Major plans for the fiscal year ending March 31, 2010
<ul style="list-style-type: none"> <li>Online version of safety awareness information for consumers</li> <li>Risk assessment training: 3 times</li> <li>Product safety assessment: 3 times</li> <li>Product liability/safety training: 10 times</li> </ul>	<ul style="list-style-type: none"> <li>Online version of safety awareness information for consumers</li> <li>Risk assessment training: At the time of each product risk assessment</li> <li>Product safety assessment: 6 times</li> <li>Product liability/safety training: 11 times</li> </ul>

## Activities to raise customer awareness of safe usage

The Pioneer Web site includes information concerning product safety precautions, with clearly presented visual explanations that allow customers to set up and use Pioneer products safely and correctly.

### Product safety precautions (Japanese only)

<http://pioneer.jp/oshirase/safe/>

### Important notice concerning product safety (Japanese only)

<http://pioneer.jp/oshirase/>

Product Announcements (April 1, 2008–March 31, 2009)  
 • Major announcements concerning product safety: 0 cases

## Response to public regulations concerning products

The Pioneer Group collects regulatory information from the governments of nations where it conducts business, as well as from industry and international organizations, and reflects this information in its products. The sales divisions check that Pioneer products consistently comply with all local and national regulations. In addition, the repair and service divisions ensure that repairs comply with the public regulations. The Pioneer Group has established the Public Regulations Committee to ensure compliance with the public requirements for products and promotions.

### Main public regulations concerning products

- Regulations concerning product approval including safety, EMC/EMI regulations, communications standards, etc.
- Labeling regulations for consumer protection and product certification (labeling on products, operation manuals, packaging, etc.)
- Environmental regulations

### Main policies concerning public regulations for products

Main policies implemented in the fiscal year ended March 31, 2009	Major plans for the fiscal year ending March 31, 2010
<ul style="list-style-type: none"> <li>Steps to ensure that lithium-ion rechargeable batteries comply with the Electrical Appliance and Material Safety Law (Japan)</li> <li>Public regulations training: 8 times (4 divisions)</li> <li>Steps to strengthen lithium battery transportation regulatory compliance in accordance with United Nations' recommendations</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen structures and systems applicable to the gathering of information relating to overseas countries' public regulations</li> <li>Public regulations training</li> <li>Internal public regulations assessment</li> </ul>

## Upstream initiatives toward quality assurance

### Rapid acquisition of market quality information and enhanced responses to issues

In the Pioneer Group, information from customers is accurately communicated to relevant divisions for use in sales support and quality improvement activities. For example, at the Customer Support Center in Japan, inquiries and complaints are compiled into a monthly report entitled "The Voice of the Customer," which is distributed to directors, department heads of related divisions and to all relevant staff. In addition, support centers provide information that can be used for product planning in the periodic meetings with operations divisions.

Similar activities are undertaken at Pioneer's overseas subsidiaries. In addition to consolidating this sort of regular monthly information exchange, Pioneer will reinforce its response to issues arising in the marketplace. Information about these issues is conveyed via inquiries to the Customer Support Desk, along with repair and service information, analysis of returned products, feedback from Internet surveys and so on. The Company will promptly feed this information back to its planning and design departments.

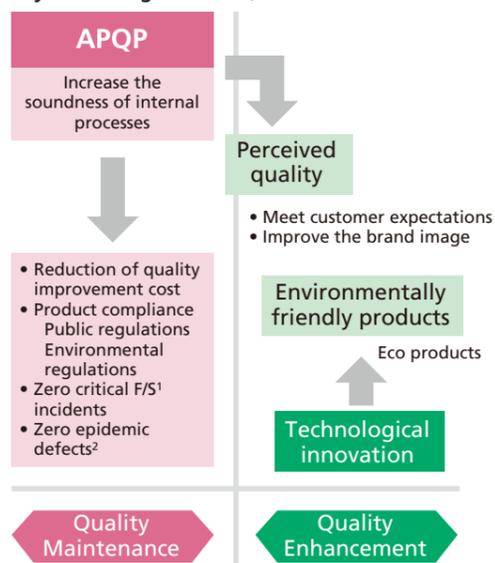
### APQP activities at Pioneer

The product development process consists of a complex interaction of various other processes. The initial (upstream) stage of product development starts with planning conception, which has a significant impact on product quality. The steps required for achieving quality targets are identified at this stage. Pioneer uses Advanced Product Quality Planning (APQP), an approach that cuts across various organizations to find and resolve issues quickly. The Company will continue to identify best practices in order to maintain and improve total quality across the Pioneer Group. In the fiscal year ending March 31, 2010, Pioneer is identifying steps for achieving the quality targets from the initial stage of product development, and creating systems to enable issues to be found and resolved quickly through team activities in all divisions.

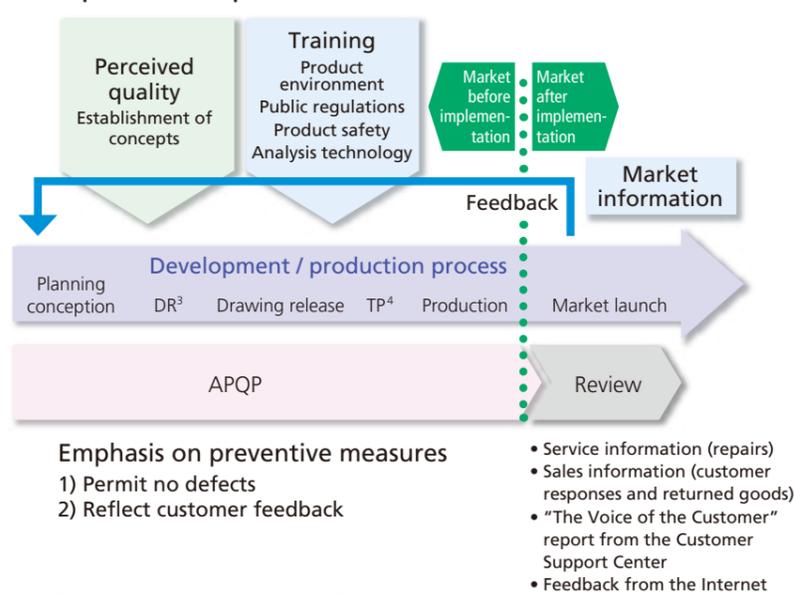
#### The four key points of APQP

- 1) Predict and prevent problems rather than responding after the fact
- 2) Team activities
- 3) Information on current circumstances is constantly shared
- 4) Effective communication

#### Approach to activities in the fiscal year ending March 31, 2010



#### Establishment of a process framework required for high-quality product development



1 Critical F/S\* incidents: Incidents caused by product safety issues requiring a Company announcement

2 Epidemic defects: Market defects concentrated around a specific factor

\*F/S: Fire and Safety. This refers to the spontaneous occurrence of product-generated fires and other product-related accidents, which compromise the safety of product users.

3 DR (Design Review): An opportunity to identify problems early on and correct them

4 TP (Test Production): A prototype for general evaluation of quality, reliability, productivity, etc.

## Initiatives toward improving perceived quality

In order to improve the usability, universal design, and perceived quality of Pioneer products, the Pioneer Group has established the Pioneer HCD (Human Centered Design) Promotion Committee to share information, formulate guidelines and undertake other relevant activities.

Pioneer aims to foster a consistent sense of quality based on the factors underlying perceived quality: vision (texture and sense of precision), touch (tactile sensation and operability), and hearing (operating noise and other sounds). The Company is enhancing its product evaluation using sensitivity check surveys, with an emphasis on reflecting customer opinions.



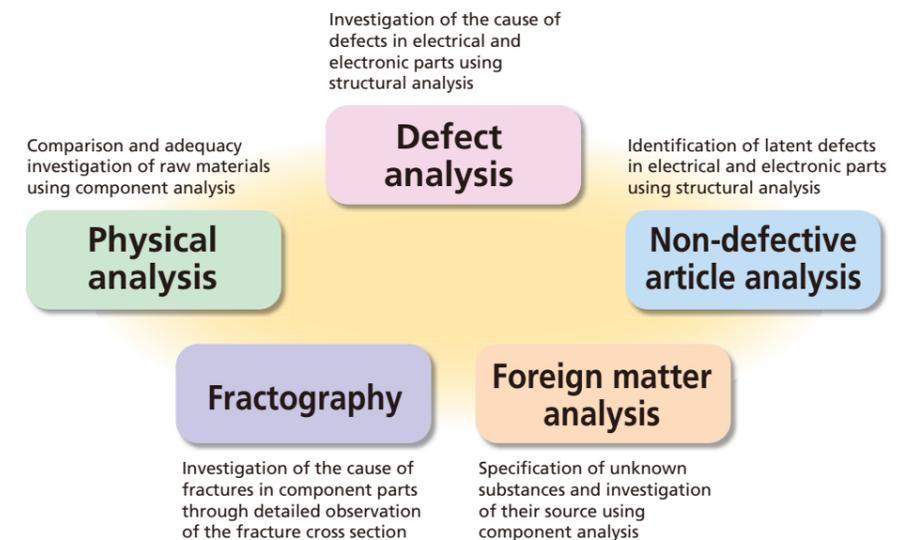
Barrier-free car navigation map that takes account of users with color vision deficiencies

Note: Typically HCD is a process concept for product development based on the user's perspective, and it conforms to the international standard ISO 13407 (for human centered design processes for interactive systems). ISO 13407 defines the concept, for which there are specific standards concerning usability, Internet accessibility and so on.

### Preventive measures using analysis evaluation

The Pioneer Group seeks to resolve quality problems in a timely manner, undertaking preventive measures and prompt and appropriate measures against the reoccurrence of problems. This is important for providing customers with products and services that win their confidence and satisfaction. Therefore, Pioneer aims to improve its analysis evaluation technologies for quality problems caused by materials and components, or due to work practices and the working environment at the site of the development and production processes.

For example, the Analysis Evaluation Center pinpoints the underlying issues and problems that cause defective products by examining market, domestic and overseas Pioneer Group company, affiliated company and material supplier manufacturing processes utilizing sophisticated analysis evaluation technologies. Through an analysis evaluation of non-defective articles, the Center obtains know-how that can be reflected in preventive measures in the development and production process to increase the long-term reliability of Pioneer's products.



### Customer support services

The Pioneer Group is working to establish high-quality support services everywhere around the world. Every year the Company carries out customer satisfaction surveys concerning its support services, followed up by actions to improve customer satisfaction based on the survey results. Pioneer consistently makes decisions from the customer's viewpoint, building relationships of trust by providing service that appeals to customers and meeting their expectations everywhere around the world.

- Improving customer satisfaction worldwide
- Raising the quality of products
- Strengthening product lineups

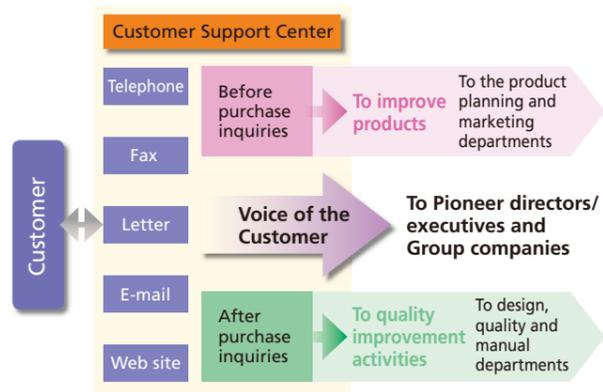
● Results of the independent customer satisfaction survey for Japan

	2007	2008	2009
Overall satisfaction following repairs as reported by the survey	75%	78%	79%
Satisfaction with the Repair Desk	93%	92%	93%
Customer satisfaction with the Customer Support Center	91%	91%	92%
Customer satisfaction with the Parts Ordering Center	4.5 points	4.7 points	4.5 points

### Responding to customer queries

The Customer Support Center in Japan integrates all the support operations for Pioneer products in the country with the aim of providing clear and effective service from the customer's viewpoint. Every year, the Center responds to approximately 400,000 before- and after-purchase inquiries by telephone and e-mail. The Center does not simply respond to inquiries, but also provides product information from the customer's standpoint, and offers value-added proposals in order to provide a higher level of customer satisfaction. In addition, information from customers including the inquiries and complaints received by customer support departments in Japan and overseas is accurately communicated to relevant divisions for use in sales support and quality improvements.

In fiscal 2009, the Customer Support Center improved its response rate. With the help of evaluation by an external agency, the Center worked to improve the quality of the responses of personnel, including their overall manner, first impressions and friendliness. Furthermore, the Company will enhance its "e-Self Service" to enable customers to discover for themselves how to set up their products or connect them to peripheral equipment. In addition, customer convenience is being enhanced by improving and expanding the Company's FAQ section of its Web site. At the same time, six new Web site content sections have been added.



● Inquiries and response rate for the Japan Customer Support Center in Japan

	2007	2008	2009
Number of inquiries	552,183	440,751	442,817
Response rate	72.3%	87.9%	85.0%

### Inquiry information monitoring experience system

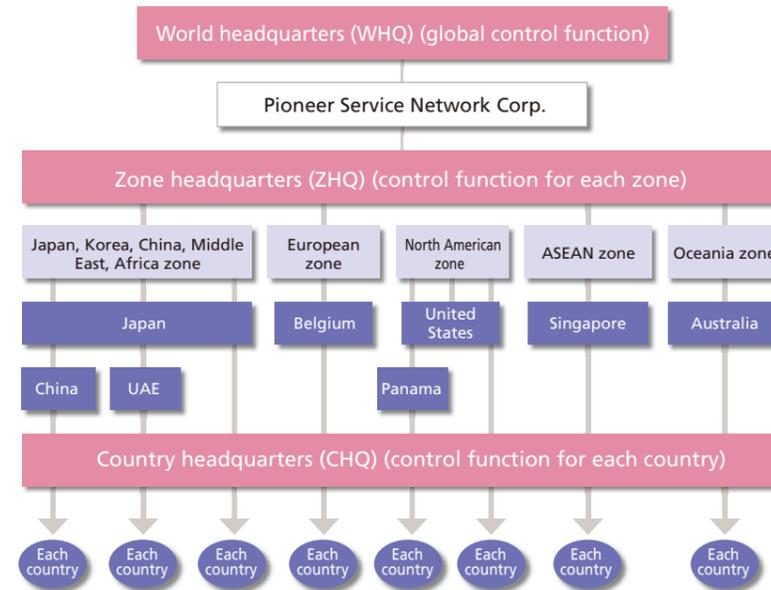
Listening to customers directly at the Customer Support Center enables employees to develop their own insights and more effectively implement the Group Vision from the customer's viewpoint. To ensure that more employees have this opportunity, Pioneer has established an inquiry information monitoring experience system.

### Product repair service

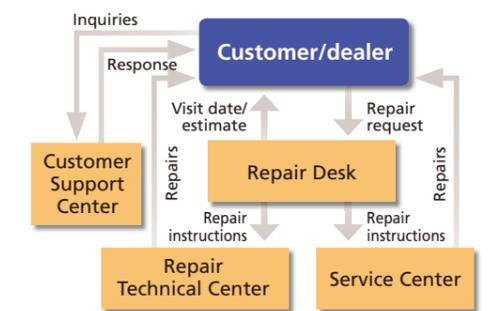
Customers in Japan have praised Pioneer's efforts to respond to their expectations and requirements for improved speed of repairs, as well as for clear explanations from the inquiry desk, the courtesy of responses, and the adequacy of repairs and explanations. In the fiscal year ended March 31, 2009, the Pioneer Group took steps to strengthen and expand its

automotive OEM product service network and systems worldwide. Carrying on from the previous year, every effort was made to bolster and augment the service network and systems that target such newly emerging growth markets as the BRIC nations (Brazil, Russia, India and China).

● Worldwide service system



● Response to inquiries and repair requests in Japan



● Number of repairs

	2007	2008	2009
Japan	409	390	350
Overseas	322	308	315

Note: The number of overseas repairs is the total for Europe, the United States, Canada, ASEAN countries, China, Korea, Australia, and Central and South America.

### Offering peace of mind and satisfaction

Since its product launch in October 1981, Pioneer has continued to market its laser disc player for close to three decades. Taking into account recent difficulties in procuring specialized parts necessary for manufacturing, the Company decided in April 2009 to cease production. In this context, Pioneer will maintain supplies of component and repair parts for a minimum period of eight years commencing from the date of final production for each model. At the end of this eight-year period, the Company will continue to undertake laser disc player maintenance and repairs until all supplies of

component and repair parts are exhausted. (Replacement parts may, however, be used for requirements other than performance components.)

While the Pioneer Group will also withdraw from the display business during the fiscal year ending March 31, 2010, it will continue to provide the same maintenance and repair services as those proposed for laser disc players in its efforts to offer uninterrupted peace of mind and satisfaction for customers.



Laser disc player



Plasma television

# Environmental Management Philosophy and Initiatives

## Corporate Philosophy and Policies for Environmental Preservation

### Philosophy of Environmental Preservation

The Pioneer Group will make efforts to always contribute to maintaining and realizing a rich and safe global environment through its corporate activities, based on the general understanding that it is one of its corporate missions to maintain, improve, and hand over the global environment to the next generation.

### Basic Policies of Environmental Preservation

#### 1. Compliance with Laws and Regulations, Etc.

The Pioneer Group will comply with all applicable laws and regulations, and agreed requirement items in connection with environmental protection, and when necessary, establish voluntary control standards to reduce the negative impact of its activities on the environment.

#### 2. Preservation of Environment

The Pioneer Group will cease the use of, adopt substitute substances for, or restrain the discharge of substances that are harmful to the environment, such as those that contribute to the depletion of the ozone layer or global warming and other toxic chemicals. The Group's key objectives are to take into account the effect of such substances on the ecological system, help reduce the negative impact of the Group's activities on the environment, and prevent contamination.

#### 3. Development of Environment-Friendly Products

The Pioneer Group will examine the negative environmental impact of its processes from the procurement of materials and product parts to the disposal of products. Pioneer will adopt a Product Assessment approach in the course of its research and development activities, properly reduce harmful substances contained in its products, and develop new environment-friendly technologies to reduce the negative impact of such products and technologies on the environment.

#### 4. Management by Goals

The Pioneer Group will establish goals in order to reduce the negative impact of its activities on the environment, such as saving natural resources and energy, recycling, and reducing waste materials, and will make efforts to achieve those goals.

#### 5. System for Promoting Environmental Protection

An all-Pioneer system that contributes to the promotion of environmental protection will continue to be established under the leadership of the officer in charge of the Environmental Management Group of Pioneer Group Headquarters. For this purpose, each division will establish corresponding organizations and optimize the environmental management system.

#### 6. Training

The Pioneer Group will educate all its employees with regard to environmental protection, including notification of policies of environmental protection. In addition, specialized training will be given to employees when necessary.

#### 7. Continuous Improvement

The Pioneer Group will continuously maintain and improve its environmental management system and protection activities by understanding its activities and conducting appropriate measures in accordance with the results of environmental audits.

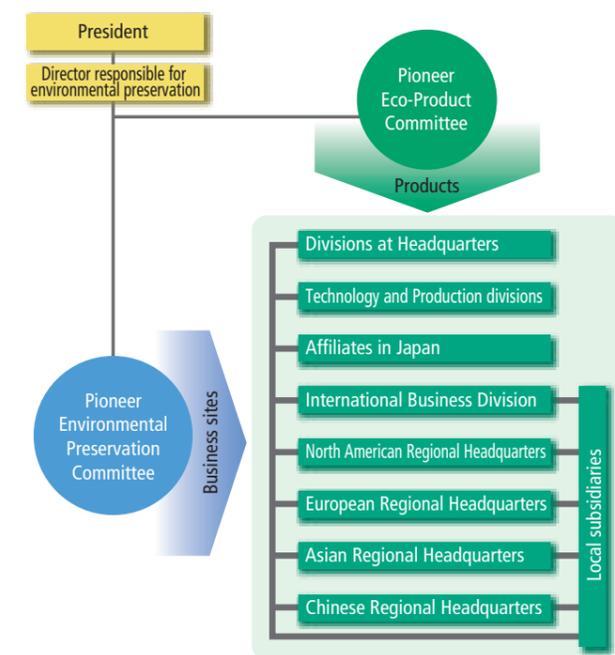
#### 8. Disclosure and Communications

The Pioneer Group will disclose its policies for environmental protection, goals and results of its environmental protection activities to the public through its environmental reports, and thereby make efforts to facilitate communication with outside parties.

## Framework for environmental preservation activities

Pioneer established the Pioneer Environmental Preservation Committee in 1991 to serve as a group-wide structure to discuss and take action on environmental issues. In addition, the Company has stepped up activities focusing largely on the reduction of harmful chemical substances used in its products. Acting as a preservation organization that transcends the Group, the Pioneer Eco-Product Committee was launched in 2006 to oversee the Company's environmental preservation activities from an individual product perspective. In this way, Pioneer's environmental preservation system covers both facilities and products, and the two committees serve to promote overall activities throughout the Group vertically and horizontally.

### Structure of environmental preservation activities



## Pioneer Environmental Mark

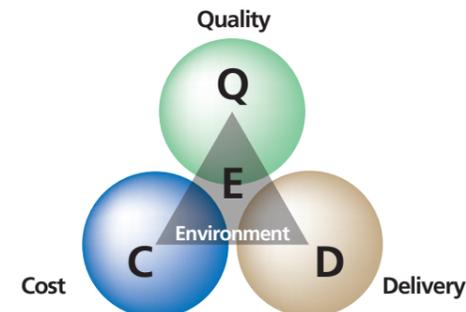
The Pioneer Environmental Mark, a motif of the Earth and two leaves, represents the Earth, the environment and living in harmony.

Displayed in Pioneer catalogs, environmental education posters and related materials, the Company's environmental symbol is used throughout the world as both an education tool to raise environmental awareness within the Group and a promotion tool to advance Pioneer's green credentials externally.



## Environmental vision: "The complete integration of corporate activities and environmental preservation activities"

The Pioneer Group aims for the complete integration of corporate activities and environmental preservation activities.



## Continuous improvements through the environmental management system

Pioneer is building an environmental management system based on ISO 14001 international standards. At Pioneer Group companies worldwide, this system has been used effectively to implement, maintain, and improve environmental preservation activities. Pioneer has acquired ISO 14001 certification for 16 business sites and 29 companies in Japan, and 30 out of 35 companies overseas.

Recognizing environmental preservation as a key management issue, the Pioneer Group regards environmental preservation activities as its business mission. Accordingly, Pioneer seeks to reduce the impact of its business activities on the environment at every stage of the product lifecycle, from research and development through planning to design, production, sales, use, service and finally disposal.

Reducing environmental impact is an essential element of manufacturing, entailing the improvement of environmental quality along with product quality. In working toward realizing a sustainable society, Pioneer instills each operational process with this concept of environmental quality while actively promoting the complete integration of corporate activities and environmental preservation activities. Pioneer believes that recovering the irreplaceable natural wealth of the Earth will truly "Move the Heart and Touch the Soul" of many people.

In the fiscal year ended March 31, 2009, Pioneer was reviewed by an external agency, which uncovered one minor issue (inadequate record management) and 19 observations. As the respective business sites work to correct these matters, the Pioneer Environmental Preservation Committee is sharing the information to ensure that the environmental management system at each business site is upgraded accordingly.

## Integration of environmental management systems

As the importance of measures against global warming in its environmental preservation activities is increased, the Pioneer Group works to raise the effectiveness of these activities through strong and efficient environmental management. As the first step in reinforcing environmental governance, all Pioneer Corporation's business sites (Headquarters, Kawagoe Plant, Kawasaki Plant, and Corporate Research and Development Laboratories) have been subject to the ISO 14001 Environmental Management system. Integration under this

standard enables the business sites and all Group companies to rigorously carry out Plan, Do, Check and Act (PDCA) activities, and ensures that the entire Group works together toward more ambitious targets. Moreover, the scope of environmental management systems was extended to domestic Group companies in fiscal 2009. Looking ahead, Pioneer will further expand this scope to overseas Group companies. Through these means, every effort is being made to raise the efficacy of the Pioneer Group's environmental preservation activities worldwide.

## Environmental risk management

If an accident at a business site were to cause environmental pollution in the surrounding area, it could result in material losses while posing an inconvenience to local residents and other parties, as well as call for considerable cleanup time and expense. In order to avoid this risk, the Pioneer Group has established voluntary control standards that are more stringent than the standards mandated by law. Pioneer carries out drills

at business sites (such as those with fuel oil tanks) to practice its response to potential scenarios that would have a significant impact on the environment in the unlikely event that an incident occurs. In addition to taking prompt measures to minimize these impacts, the Company has established a system for quickly reporting to local governments of areas where its business sites are located.

### Response of Group companies in Japan to emergencies and complaints during the fiscal year ended March 31, 2009

● Legal violations by business sites:	0
● Environment-related complaints and requests submitted to business sites:	2 (blockage of drains, driving manner)
● Emergencies and irregular situations at business sites:	4 (three incidents of air conditioning equipment refrigerant leakage, leakage of neutralizer)

Pioneer has taken prompt and appropriate steps to resolve and identify the causes of these issues, and will work to prevent their reoccurrence.

## Pioneer's environmental accounting

Pioneer established its Environmental Accounting Committee in October 1999, and since then, has published environmental accounts in accordance with the guidelines of the Ministry of the Environment. In the fiscal year ended March 31, 2009, Pioneer recorded environmental investment of ¥0.74 billion, environmental expenses of ¥4.5 billion, and economic effects of ¥1.1 billion. On a consolidated basis, the proportion of environmental investment accounted for 1.6% of total capital investment, which amounted to ¥45.8 billion, and

environmental research and development expenses were 1.3% of total research and development expenses of ¥54.8 billion. Environmental expenses declined ¥1.2 billion compared with the previous fiscal year while economic effects decreased ¥0.4 billion year on year.

<http://pioneer.jp/environment-e/management/management.html>

## The Pioneer Environmental Contribution Award

The Pioneer Group has established the Pioneer Environmental Contribution Award to honor business sites, groups, and individuals that have made contributions through their environmental preservation activities. Similarly, the Environmental Patent Award is given for patents deemed to have made a particular contribution to environmental preservation. Of the 40 applicants for the Pioneer

Environmental Contribution Award in the fiscal year ended March 31, 2009, the award was commended to nine groups and individuals. The top award recognized improvements in transportation container load efficiency. Selecting from those patents filed during the previous fiscal year, an Environmental Patent Award was commended in recognition of outstanding contributions to environmental preservation.

## Environmental communication

As a responsible company and member of both local and overseas communities, Pioneer works diligently to protect and improve the global environment. To this end, the Company recognizes the need to maintain the highest ethical standards. As a part of ongoing volunteer activities, a large number of Pioneer employees regularly participate in cleanup efforts around business sites, parks and tourist facilities both in Japan and around the world. In addition to these cleanup efforts, Company employees also take part in local school and government agency events. Through these and other endeavors, each and every employee of the Pioneer Group

strives to raise his or her level of environmental awareness and to foster environmental communication with local residents.

### Group-wide communication activity results in the fiscal year ended March 31, 2009

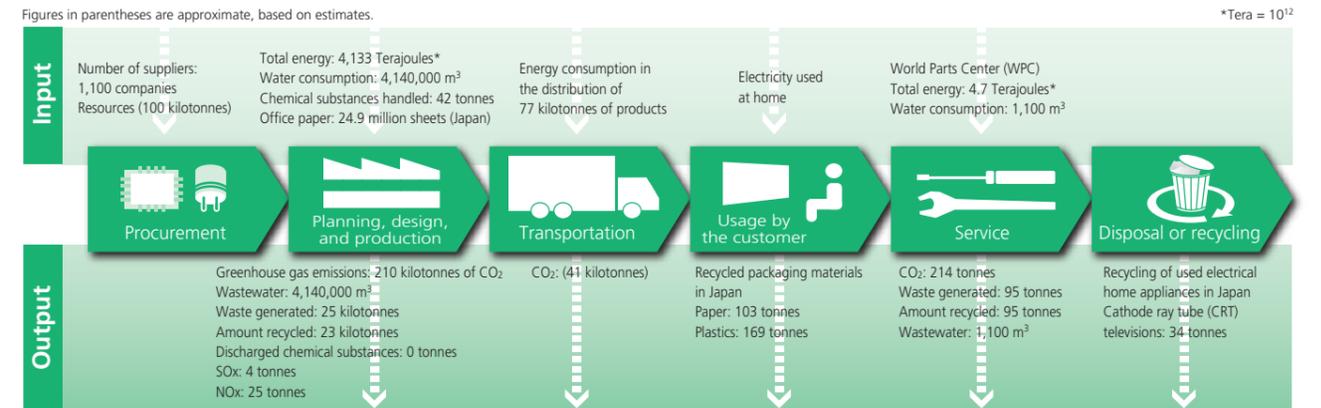
	Japan	Overseas
● Cleanup activity	66 times	12 times
● Interaction with local elementary and junior high schools, participation in local events:	29 times	12 times

<http://pioneer.jp/environment-e/communication/>

## Pioneer's environmental impact

The life cycle of Pioneer products includes planning, design and manufacture before delivery to customers as finished products, as well as final disposal or recycling after their service life has ended. It is inevitable that the environment will

be impacted in various ways at each stage of the process. Pioneer continues to devote full attention to reducing this impact as much as possible.



## Main environmental targets and results

Item	Objectives	Targets in FY2009	FY2009 results	Evaluation	Targets in FY2010	Targets in FY2012		
Eco products	Global warming prevention	Promote the creation of environment-friendly products	CYBER NAVI AVIC-VH9000 received the Chairperson's Award from the Eco-Products Steering Committee	○	Strengthen CAR NAVI eco-drive support functions and performance	Provide eco products compliant with the highest standards		
		Compliance with European Energy-using Products (EuP) and energy-saving regulations of each country	Established a structure compliant with EuP requirements		Deliver products compliant with Lot 6 EuP directives. Achieve compliance with various countries' energy-saving regulations			
		Introduce a compliance assessment system	Released 2 Super Advanced Eco Models Released 49 Advanced Eco Models Implemented promotions through the Company's Web site and exhibitions		Attain a cumulative total of 3 or more Super Advanced Eco Models Achieve a new product ratio of 20% or more for Advanced Eco Models			
		Start transition to a new life cycle assessment (LCA) system	Commenced data evaluation of hallmark models (including the AVIC-VH9000 and S-A4SPT-PM) in accordance with the new LCA system		Post LCA data for major models on the Company's Web site			
Eco factory	Resource recycling (3Rs)	Promote designs for simplified recycling	Reduced the time required for manual disassembly; simplified parts replacement for plasma TVs for North America, automotive products, and others	○	Consider the implementation of recycling process surveys together with recycling initiatives with respect to (commercial) car speakers	Reduce greenhouse gas emissions per unit of actual production <sup>1</sup> by 36% or more compared with FY1991, averaged over the period of the Kyoto Protocol Formulate a mid- to long-term reduction plan		
		Promote resource saving	Reduced product size and weight of PRS-D8400 car audio amplifier by approximately 41% and 27%, respectively, compared with the previous year's model		Promote efforts to reduce the size and weight of automotive products			
Eco factory	Reduction of environmentally hazardous substances	Compliance with European REACH and RoHS/battery directives of each country	Commenced on a trial basis the collection of chemical substance information using supply chain information distribution tools	○	Expand the use of VOC-free adhesives in such products as car speakers	Achieve and maintain Group-wide zero emissions		
		Reduce VOCs in products in compliance with voluntary industry standards	Used VOC-free adhesive agents for certain car speaker products					
		Global warming prevention	Reduce greenhouse gas emissions after a review of the reduction plan according to changes in the production system Reduce emissions per unit of actual production <sup>1</sup> by 36% or more compared with FY1991, averaged over the period of the Kyoto Protocol; formulate a mid- to long-term reduction plan		Achieved 20% reduction, failed to achieve single fiscal year reduction target; however, on track to achieve reduction targets for the 2008 to 2012 period		×	Reduce greenhouse gas emissions (review the reduction plan according to changes in the production system) Reduce emissions per unit of actual production by 36% or more compared with FY1991, averaged over the period of the Kyoto Protocol Formulate a mid- to long-term reduction plan
		Resource recycling (3Rs)	Reduce volume of paper used by office equipment and continue previous fiscal year's reduction of 28.9 million sheets (A4 equivalent)		Achieved 14% reduction compared with previous fiscal year		◎	Reduce the volume of paper used by office equipment, and continue the previous fiscal year's reduction of 24.9 million sheets (A4 equivalent)
Eco factory	Reduction of environmentally hazardous substances	Maintain target in Japan and achieve zero emissions overseas	Achieved targets at all domestic operating bases and 16 of 19 overseas operating bases	○	Maintain zero emissions of waste in Japan Achieve zero emissions of waste overseas	Achieve and maintain Group-wide zero emissions		
		Expand green purchasing for items other than production materials Achieve a green purchasing ratio of 95% or more	Achieved green purchasing ratio of 97.3%		Expand green purchasing for items other than production materials Continue efforts toward achieving a green purchasing ratio of 95% or more			
		Improve product distribution and emissions per unit of sales	Reduce energy used in distribution by 1% compared with the previous fiscal year, in line with the Act on the Rational Use of Energy		Actual emissions per unit of sales <sup>2</sup> deteriorated 0.1%; however, this was a 2.7% improvement compared with the fiscal year ended March 31, 2007		△	Reduce energy used in distribution by 1% compared with FY2007, in line with the Act on the Rational Use of Energy
Environmental communication	Public relations activities	Publish and distribute the environmental comic series in book form	Published and distributed the environmental comic series in book form	○	Add new topics to the environmental comic series	Maintain harmony with society as a good corporate citizen		
		Continue activities according to the policy for social action programs	Provide environmental lectures and general education at all business sites		Conducted a series of environmental lectures, general environmental education and training		Promote communication with local communities Conduct general environmental education and training	
		Contribute locally by participating in zero garbage measures at all business sites, environmental events, and forest protection activities	Contributed locally through participating in zero garbage measures at all business sites, environmental festivals, and forest protection activities				Contribute locally by participating in zero garbage measures at all business sites, environmental events, and forest protection activities	

Notes: Self-evaluation standards (broad estimates)

◎ Significantly exceeded the target: 110% or more      △ Fell slightly short of the target: 95% to less than 100%  
○ Achieved the target: 100% to less than 110%      × Failed to meet the target: less than 95%

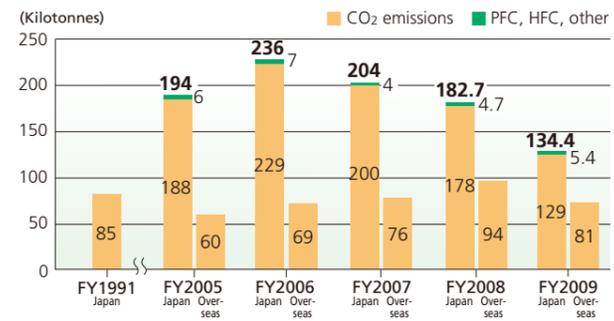
1 Emissions per unit of actual production: CO<sub>2</sub> emissions ÷ Real output (calculated by dividing the production output for each fiscal year by the Bank of Japan Domestic Corporate Goods Price Index for electronic products, with fiscal 1990 as the base year). The Goods Price Index for fiscal 2008 was 0.443.  
2 Emissions per unit of sales: CO<sub>2</sub> emissions ÷ Sales (calculated by dividing the sales for each fiscal year by the Bank of Japan Domestic Corporate Goods Price Index for electronic products, with fiscal 2006 as the base year). The Goods Price Index for fiscal 2008 was 0.936.

# Reducing Environmental Impact

## Reducing CO<sub>2</sub> emissions

The Pioneer Group is a willing participant in the Nippon Keidanren (Japan Business Federation) Voluntary Action Plan on the Environment. As such, the Group engages in activities aimed at exceeding the voluntary reduction target for CO<sub>2</sub> emissions (per unit of actual production<sup>1</sup>) averaged over the commitment period of the Kyoto Protocol (fiscal 2008 to fiscal 2012) set at 36% or more by the electrical and electronic equipment industry. While at 20%, Pioneer failed to achieve its single fiscal year reduction target in the fiscal year ended March 31, 2009, the Company remains on track to achieve its reduction target for the fiscal 2008–2012 period. Pioneer also manages greenhouse gases used in production processes

### Trends in greenhouse gas emissions



## Promoting the use of photovoltaic power

Pioneer is actively promoting the introduction and use of photovoltaic power as a part of its overall greenhouse gas reduction efforts. In this context, the Company is currently conducting field tests for new photovoltaic technologies in conjunction with the New Energy and Industrial Technology Development Organization (NEDO).

In its initial phase, this joint research project involved the installation of a photovoltaic power system at Pioneer Micro Technology Corporation (MTC) in Yamanashi Prefecture in March 2007. This system is producing electricity at a rate of 150kW annually, powering part of MTC's manufacturing line. More recently, a 30kW photovoltaic power system was installed at the Company's Kawagoe Plant in Saitama Prefecture in February 2009. This system is being used to power the business site. Utilizing a dedicated line, the status and details of solar power generated at the Kawagoe Plant are relayed hourly to NEDO. At the same time, electricity output is displayed on a real time basis through a monitor located in the Plant lobby. Through these means, Pioneer has established a framework that allows interested parties to visually confirm the Company's efforts to contribute to the environment.

Looking ahead, the Pioneer Group will proactively promote efforts to reduce greenhouse gas emissions by leveraging the benefits of such clean energy alternatives as photovoltaic power generation and further enhancing electricity consumption efficiency.

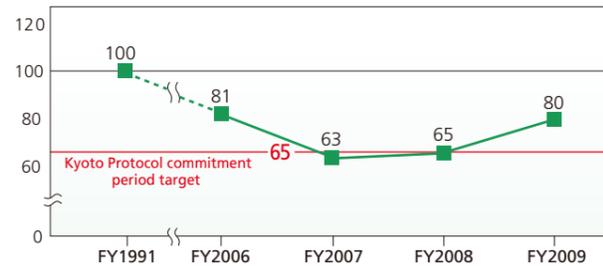


Photovoltaic power system installed at the Kawagoe Plant

other than CO<sub>2</sub> such as PFC and HFC, on the basis of conversion to CO<sub>2</sub> emissions. With measures such as installing scrubbers on manufacturing lines, Pioneer is focusing significant efforts on achieving overall reductions in emissions.

1. CO<sub>2</sub> emissions per unit of actual production = CO<sub>2</sub> emissions (tonnes) ÷ Actual production\*\* (in millions of yen)  
 \* The figures below represent the CO<sub>2</sub> emission factor for electric power in calculations of CO<sub>2</sub> emissions.  
 Japan: 0.453 t - CO<sub>2</sub>/MWh (Actual value for fiscal 2007 issued by the Federation of Electric Power Companies)  
 Overseas: The value released by the Greenhouse Gas Protocol Initiative  
 \*\*Actual production is calculated by dividing the production output for each fiscal year by the Bank of Japan Domestic Corporate Goods Price Index for electronic products, with fiscal 1990 as the base fiscal year. On this basis, real output was 0.443 for the fiscal year ended March 31, 2008.

### Trends in emissions per unit of actual production (FY1991 base index of 100)

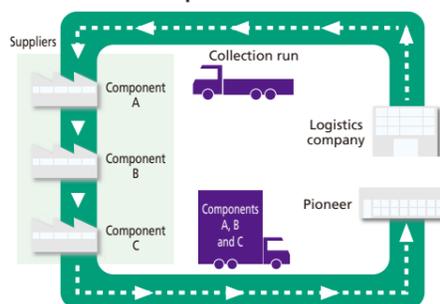


## Energy saving in distribution

Pioneer has for some time placed considerable emphasis on realizing a modal shift in its means of transport from trucks to the use of rail and ships. In the fiscal year ended March 31, 2009, the amount of products transported by rail and ships totaled 3,360,000 tonne-kilometers<sup>1</sup>. This represents a 29% decline compared with the previous fiscal year, reflecting the overall drop in sales. On this basis, the amount of rail and ship transportation as a proportion of total transportation edged down 0.1 of a percentage point year on year to 21.8%. Complementing this ongoing modal shift, Pioneer is also increasing the efficiency of transportation of components used in the manufacturing process by implementing a "milk run" system to shorten transportation distances. Under this system, a single run is used to collect essential components from several suppliers. In the fiscal year under review, Pioneer successfully reduced the cumulative transportation distance of two-tonne and four-tonne trucks from 22 suppliers by 64,200 kilometers. This resulted in a reduction in fuel consumption of 12,800 liters, and emissions cutback of 33.5 tonnes of CO<sub>2</sub> equivalent.

### Milk run concept

1. Tonne-kilometers represent the volume of transported goods, with one tonne-kilometer equal to one tonne of goods transported for one kilometer.



## Reducing environmentally hazardous substances in production processes

In order to reduce the impact on the environment from environmentally hazardous substances used in production processes, Pioneer has set internal targets and is making efforts to reduce emissions. In line with the industry's voluntary action plan, Pioneer has identified specific reduction targets with respect to volatile organic compounds (VOCs). Against this identified reduction target of 30% by the fiscal year ending March 31, 2011 compared with emissions levels

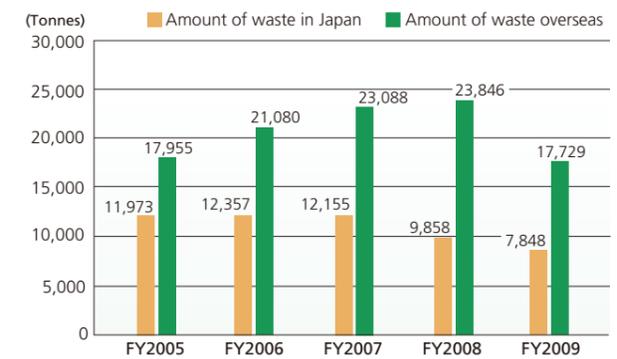
as of the fiscal year ended March 31, 2001, the Company has achieved a 66% reduction as of the fiscal year ended March 31, 2009. In addition, Pioneer fully phased out ozone-depleting specified CFCs in 1992, and eliminated the use of hydro chlorofluorocarbons (HCFCs) in 1996, well in advance of the total ban from 2020 as stipulated in international regulations.

## Resource recycling (3Rs)

The Pioneer Group continues to promote zero emission of waste<sup>1</sup> at all of its domestic and overseas business sites. All of the Group's business sites in Japan achieved this goal in the fiscal year ended March 31, 2006. Pioneer is now striving to achieve the same result throughout its overseas network.

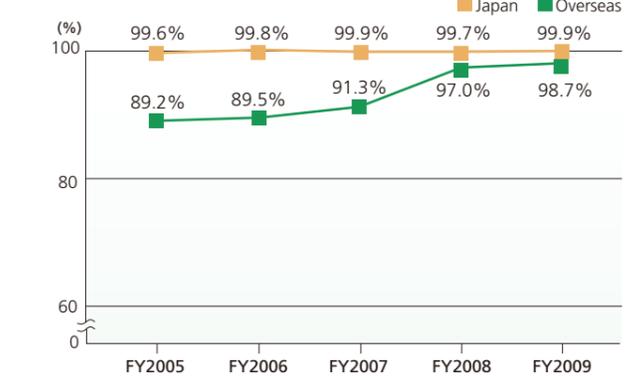
1. The Pioneer Group has defined "zero emission of waste" as that condition when each of the Group's business sites recycle 99% or more of their waste and bring landfill disposal to almost zero.

### Trends in waste generated



In the fiscal year ended March 31, 2009, the amount of waste generated by Pioneer declined by 20% compared with the previous fiscal year in Japan. The year-on-year percentage decrease of waste generated by Pioneer overseas was 26%. This drops in both Japan and overseas is largely attributable to lower year-on-year production volumes. Looking ahead, the Pioneer Group will continue its efforts to reduce the amount of waste generated at its overseas business sites.

### Trends in recycling rates



In the fiscal year ended March 31, 2009, Pioneer maintained a recycling ratio in Japan of above 99%. The recycling ratio for overseas business sites was 98.7%, an improvement compared with the previous fiscal year.

## Green purchasing

The basic concept behind green purchasing is to avoid wasteful buying and to purchase only necessary items which also meet environmentally friendly standards.

The Pioneer Group has set a green purchasing target of 100%. In the fiscal year ended March 31, 2009, the Group achieved this target for 10 out of a total of 12 category items.

As a part of Pioneer's green purchasing activities, approximately 60% of Company cars are now low-emission vehicles<sup>1</sup>. Of this number, more than half are ultra-low-emission vehicles<sup>1</sup>.

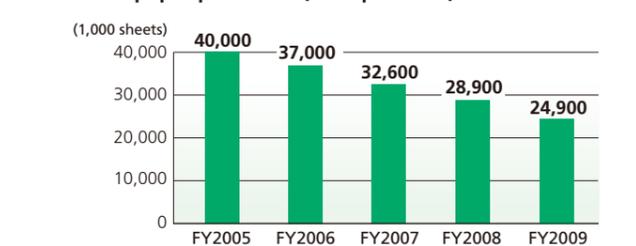
Pioneer excluded office paper from its list of 100% green purchasing category items in each of the fiscal years ended March 31, 2008 and March 31, 2009, as a result of fraudulent labeling practices uncovered in Japan, in which the recycled pulp content of paper was exaggerated. Nevertheless, as a result of efforts to reduce the amount of office paper purchases, the Company achieved a year-on-year decrease in the fiscal year ended March 31, 2009 of 14%.

1. Low-emission vehicle certification system: a system that specifies reductions of harmful substances from exhaust fumes from the standard levels  
 Ultra-low-emission vehicle (four stars): A reduction in emission levels of 75% or more  
 Low-emission vehicle (three stars): A reduction in emission levels of 50% or more

### Items targeted for 100% green purchasing

- Fax machines
  - Copying machines
  - Printers
  - Office furniture
  - Toilet paper
  - Personal computers
  - Televisions
  - Uniforms
  - Company cars
  - Multifunction printers
  - Refrigerators
  - Electronic boards
- = 100% green purchasing achieved

### Office paper purchases (A4 equivalent)



# Environment-Friendly Products

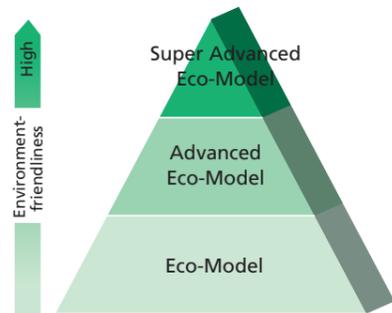
## Environment-friendly product creation initiatives

Pioneer recognizes that the development and sale of environment-friendly products is a core component of its corporate mission. Taking into consideration such critical environmental issues as the prevention of global warming, the increased application of resource recycling and the reduction of environmentally hazardous substances, the Company is proactively promoting the design of environment-friendly products in its efforts to reduce environmental load.

### Working toward a total lineup comprised of environment-friendly products

As a part of its ongoing efforts to enhance the environment-friendliness of its products, Pioneer conducts environmental impact as well as product evaluations using life cycle assessment (LCA). Furthermore, the Company is promoting the development of environment-friendly products by assessing conformity with in-house environmental standards.

#### ● Evaluation system for environment-friendly products



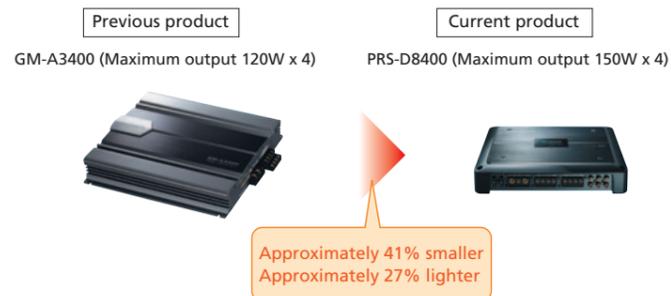
<b>Super Advanced Eco-Model</b>	Products that exhibit industry leading environmental performance
<b>Advanced Eco-Model</b>	Products that substantially exceed the environmental performance of conventional products Products that have undergone product assessment and that comply with critical requirements of Pioneer's environmental standards Examples of certified products: • Raku-Navi AVIC-HRZ099 • BD-ROM DVD/CD Writer BDR-S03J • CYBER CONFERENCE SYSTEM CCS PRIME
<b>Eco-Model</b>	Products that exhibit basic environmental performance Products that have undergone product assessment and that comply with essential requirements of Pioneer's environmental standards

## Global warming prevention

The Pioneer Group strives to prevent global warming by delivering lighter weight automotive products that enhance fuel efficiency, as well as household appliances that consume lower levels of electricity during use.

### Utilizing digital amplification technology to produce more compact, lighter weight car audio amplifiers

Pioneer achieved significant reductions in size and weight for the PRS-D8400 by utilizing the high amplification efficiency of CLASS D amplifier circuits as well as low heat-generating and fewer heat-radiating parts such as heat sinks. Through this and other products, Pioneer is playing an active role in improving the fuel efficiency of vehicles and reducing exhaust gas emissions.



<http://pioneer.jp/environment-e/ecoproducts/prevention.html>

## Super Advanced Eco-Model certified products



**CYBER NAVI AVIC-VH9000**  
"The 5th Eco Products Awards"  
Awarded Chairperson's Award, Eco Products Awards Steering Committee, Eco-Products Category

Utilizing the Pioneer Smart Loop, Pioneer car navigation systems help drivers avoid traffic congestion and select the optimal route to their destination. These systems contribute to a reduction in wasteful fuel consumption as well as the prevention of global warming. In addition, Pioneer's online service "Smart Loop Drive Report" supports eco-friendly driving by providing driver feedback data, such as to realize a "soft acceleration."



**Pure Malt Speaker S-A4SPT-PM**  
Awarded Chairperson's Award for Circular Resource Techniques and Systems for 2005, Clean Japan Center

Pioneer Pure Malt speakers are housed in cabinets made from recycled whiskey barrels. These barrels, which were in turn made from century-old white oak, were used to help mature 50-year old whiskey. Through recycling, Pioneer's speaker cabinets showcase outstanding craftsmanship and the quality of sound produced from mature-age wood.

Pioneer contributes to efforts to protect and beautify the forests of Japan by donating a portion of its product sales to the National Land Afforestation Promotion Organization's Green Fund.



The Green Fund symbol

<http://pioneer.jp/environment-e/ecoproducts/>

## Resource recycling (3Rs)

In countries all over the world, social structures that have historically focused on mass production, mass consumption and mass disposal are increasingly encountering close scrutiny and systematic review. This in turn has triggered the progressive shift toward recycling-oriented activities and the 3R principle, a concept that encourages societies to Reduce waste, and Reuse and Recycle resources.

For its part, Pioneer actively promotes the 3R principle and is placing considerable weight on the recycling of materials.

<http://pioneer.jp/environment-e/ecoproducts/circulation.html>

### Recycling of used whiskey barrels

Since the launch of the inaugural S-PM1000 series of pure malt speakers ten years ago, Pioneer has released a variety of products made from recycled whiskey barrels. Accordingly, these speakers have gained worldwide recognition as a leading example of the Company's recycling efforts.

Leveraging these endeavors, Pioneer will continue to pursue developments in its pure malt series of products, thereby contributing to the ongoing effective use of woodland resources.

## Reduction of environmentally hazardous substances

Exceeding criteria set under the Restriction of Hazardous Substances (RoHS<sup>1</sup>) Directive, Pioneer has formulated its own set of stringent component and material procurement standards applicable not only to products sold in Japan, but also those shipped for sale overseas. In this manner, the Company is working diligently to promote the reduction of environmentally hazardous substances.

Pioneer is also taking steps to establish and develop a structure that both manages component materials that contain substances of very high concern (SVHC) in procurement materials, and facilitates improved understanding of component material data in its efforts to comply with the Registration, Evaluation and Authorization of Chemicals (REACH<sup>2</sup>) Directive.

### Reduction of volatile organic compounds (VOCs<sup>3</sup>)

Pioneer is engaging in activities in response to the voluntary VOC control scheme of the Japan Automobile Manufacturers Association with the aim of improving the air quality of vehicle interiors. While the level of VOC emissions produced from automotive products remains extremely low, the Company is committed to raising safety standards even higher. To this end, Pioneer is considering the use of a non-paint forming process within its overall manufacturing, and has commenced the use of VOC-free adhesives.

<http://pioneer.jp/environment-e/ecoproducts/reduction.html>



VOC-free adhesive application (for car)  
Unit Subwoofer TS-W3010



Measuring VOCs using a high-performance liquid chromatograph (HPLC) analyzer

In addition, the Company has formulated its own set of guidelines and is both investigating and evaluating various means aimed at reducing VOCs encompassing the entire product life cycle from materials procurement through to finished products.

- RoHS is a directive prohibiting the use of specific hazardous materials in electrical or electronic equipment. All electrical or electronic equipment sold in the EU are prohibited from containing the following six substances: lead, mercury cadmium, hexavalent chromium, polybrominated biphenyl (PBB), and polybrominated diphenyl ether (PBDE).
- Issued by the EU, the REACH Directive mandates the registration of all chemical substances. At the same time, the Directive imposes specific requirements relating to the harmful effects of chemical substances, the level of production and concentration as well as application. In this context, considerable emphasis is placed on risk management with the aim of reducing impacts on the environment and ecosystems.
- VOC is a collective name for organic chemical substances that evaporate easily in the air at room temperature and room pressure, such as formaldehyde, toluene and xylene. VOCs can cause sick house syndrome and photochemical smog.

## Environmental data

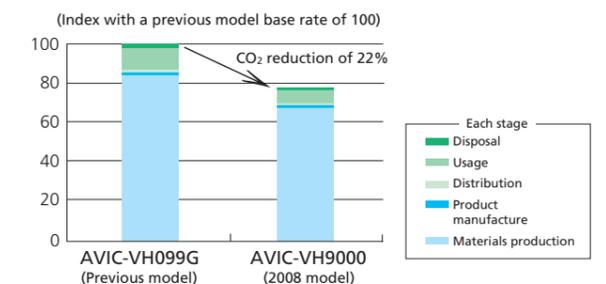
Utilizing life cycle assessment (LCA) techniques, Pioneer undertakes a quantitative analysis of the impact on the environment of its products from a complete lifecycle perspective. This encompasses the manufacture of component materials, the manufacture of finished products, transportation, use and disposal. Key LCA data is posted on the Company's Web site.

### Alleviating environmental impact across the entire product life cycle

As a part of the overall development process and particularly with regard to the manufacture of component materials, Pioneer uncovered that the CYBER NAVI AVIC-VH9000 imposed a relatively considerable burden on the environment following an LCA evaluation. As a result, the Company implemented specific countermeasures focusing mainly on efforts to reduce the weight and number of component parts.

Through these endeavors, Pioneer successfully cut back warming impacts (CO<sub>2</sub> equivalent) by 22%.

#### ● Product lifecycle warming impact (CO<sub>2</sub> equivalent)



<http://pioneer.jp/environment-e/ecoproducts/data.html>

# To Work Energetically with Mutual Respect for Each Other

## Realizing the Group Vision

The Pioneer Group has formulated its Group Vision of "becoming a company that encourages all its members to work as a team, with everyone customer-focused, integrating each individual's professionalism in pursuing innovations one after another." To achieve this, Pioneer works to reinforce its personnel and organizational capabilities.

- Placing value on:
- Mutual trust
  - Efforts toward innovation
  - Horizontal communication that extends across organizations and segments
  - People who think, learn, and grow continuously on their own initiative
  - The determination to accomplish tasks

From the Pioneer Corporation Employee Code of Conduct

## Respect for human rights

"We aim to pursue corporate activities with the utmost respect for humanity" is a key commitment espoused under the Pioneer Group Charter for Corporate Operations. In an effort to ensure a safe and comfortable working environment that allows each and every employee to go about their duties with energy and vitality, the Group also places considerable emphasis on fair treatment with respect to both recruitment procedures and actual working conditions. Based

on a sense of mutual trust and respect, the Pioneer Group is at the same time endeavoring to build and develop a highly transparent organizational framework.

- Prohibition of discrimination
- Prohibition of harassment
- Prevention of industrial or other accidents
- Prohibition of child labor and forced labor
- Respect for privacy
- Strict adherence to all laws and regulations

## Workplace diversity

As a company that pursues innovation in accordance with its Group Vision, Pioneer seeks to create a culture in which diverse personnel can exercise their capabilities, irrespective of their gender and other differences, working enthusiastically and energetically to fulfill the mission of their respective workplaces. Under the direct supervision of the president, and positioned as a key management strategy and issue, Pioneer launched its Gender Project in 2004 in Japan as a three-year initiative aimed at fully supporting its female employees.

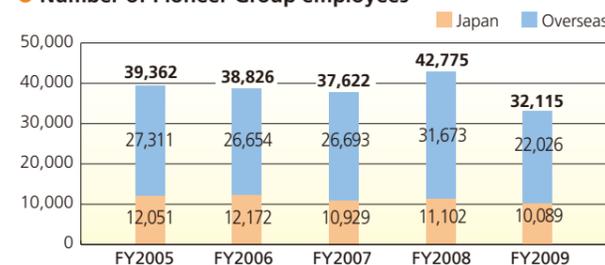
Pioneer's Human Resources Division established the Women's Career Development Support Center in May 2007 to strengthen the advances made under the Gender Project,

which sought to bring new life to the Company's corporate culture, and the measures undertaken in personnel policy.

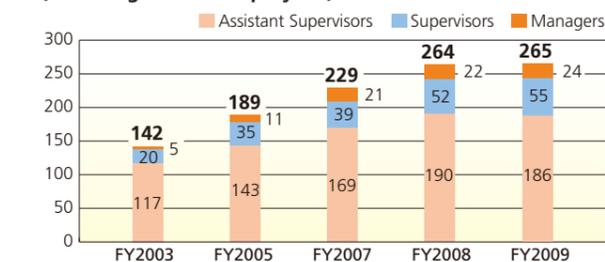
### Initiatives of the Women's Career Development Support Center

Through a three-pronged action plan, the Women's Career Development Support Center aims to create a culture in which female employees and all their colleagues can play an active and vital role in the Group's ongoing development and success.

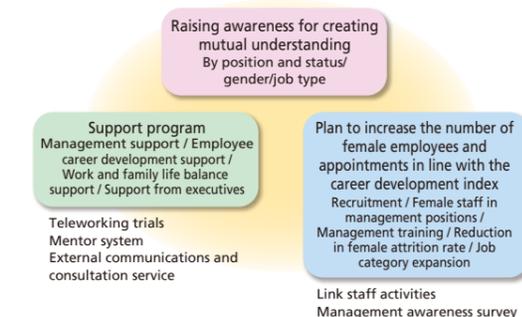
### Number of Pioneer Group employees



### Pioneer's female staff in management positions (including loaned employees)



### Three-pronged women's career development support plan



In addition to the Gender Project, Pioneer is strengthening its personnel policy initiatives in an effort to build and develop an ideal workplace environment.

Initiatives	Key initiatives
● External communications	Internet site for employees; information transmission from a dedicated database
● Teledworking	Trial operation directed toward systematic implementation
● Mentor system	Mentoring for female managers by executives; Mentoring for newly joined female employees by female managers
● Consultation service	Support and consultation service for women's career development, diversity promotion and harassment-related matters

## Link staff activities

Link staff report on actual workplace conditions as well as employee opinions to the Human Resources Division and promote diversity within the workplace. Recognizing that working conditions and issues will differ from workplace to workplace, onsite link staff members are appointed from individual business sites. Efforts are currently being made to conduct a series of events aimed at identifying and resolving business site-specific workplace issues.



Link staff activities at Pioneer's Kawasaki Plant

### Key initiatives implemented in the fiscal year ended March 31, 2009

Business site	Objective	Initiative
Kawagoe Plant	Review of work hours and times	Lectures based on the theme, "Toward an exciting and balanced work and family life that reflects individual employee needs," were held to review work styles with the aim of promoting balanced work and family lives, and seminars were held in support of working parents with childcare needs.
Tsurugashima business site	Break down stereotypes	Lectures and workshops based on the theme, "An exercise in thought and its power," were held to both break down stereotypes and link everyday occurrences and ideas to new business opportunities and activities.
Kawasaki Plant	Improve communication to promote mutual understanding	Seminars based on the theme, "Identifying with each other—toward a workplace defined by its teamwork," were held to examine differences in male and female thought processes and to improve mutual communication, and seminars were held in support of working parents with childcare needs.
Meguro Headquarters	Improve productivity of office workers	Workshops based on the theme "Realizing organizational change through personal efforts" were held, allowing employee representatives to express their true feelings with regard to changes in workplace methods and procedures.

## Childcare seminars for fathers

Pressured by considerable time constraints and workloads, fathers are often unable to assist in the raising and care of their children. With the help of Childcare Support Ciao, a non-profit organization, Pioneer held seminars for busy fathers at both its Kawagoe and Kawasaki plants to not only review individual work methods and styles, but also to help male employees more actively participate in childcare. With more than 60 attendees, these seminars served as a forum for fathers to share their concerns and to foster deep networks and lines of communication.



Childcare seminar for busy fathers at Pioneer's Kawagoe Plant

## Initiatives to support harmonization of work and family life

Underpinned by cooperation between labor and management, Pioneer has continued to implement a variety of initiatives since April 2005 aimed at promoting employee work and family life balance. In recognition of these ongoing activities, the Company received the Next Generation Certification "Kurumin" mark from Japan's Ministry of Health, Labour and Welfare in May 2007. In order to further develop these initiatives, Pioneer formulated a second stage action plan in April 2007 based on the three themes of supporting women's careers, promoting understanding in the workplace while raising the awareness of individual women, and creating an environment where both men and women can easily participate in childcare. As one example of the Company's efforts to support increased work and family life balance, Pioneer has introduced a more flexible shortened working hours system and extended the period when it can be used.



Promotional material about Pioneer's support for raising the next generation

### Number of employees who utilize the work-life balance systems

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Childcare leave system	79 (1)	81 (4)	84 (4)
Caregiver's leave system	3 (1)	1 (0)	1 (0)
Shortened working hours for child and adult care	45 (0)	59 (0)	84 (3)

Parentheses indicate use by male employees

### Achievements under the first stage action plan (April 2005 – March 2007)

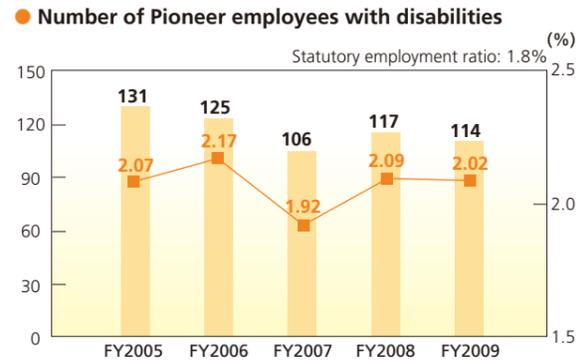
- Program to promote harmonization of work and family life to support employees in raising children
  1. Enhanced program for employees who take childcare leave to return to the workplace
  2. System for providing information to employees on leave, and creation of information exchange tools
  3. Establishment of a childcare consultation service
- Programs for all employees
  4. Preparation and distribution of promotional material about support for raising the next generation
  5. Questionnaires and e-learning

### Second stage action plan (April 2007 – March 2010)

- Women's career development support
  1. Provision of systems for supporting harmonization of work and family life
  2. Establishment of an environment that enables employees who work while raising children to exercise their full capabilities
- Promotion of understanding in the workplace and increasing the awareness of individual employees who are raising children
  1. Fostering awareness of balance in work and family life among employees who are raising children
  2. Promoting an understanding of balanced work and family life in the workplace as a whole, and establishing a structure for cooperation
- Establishment of an environment where both men and women can easily participate in childcare

### Promoting employment of people with disabilities

In order to fulfill its corporate social responsibility and to employ a diverse workforce, Pioneer has consistently undertaken initiatives to employ people with disabilities. In 2005, the former Japan Organization for Employment of the Elderly and Persons with Disabilities (currently the Association of Employment Development for Citizens, Tokyo) presented Pioneer with the Good Employer of Persons with Disabilities award, in recognition of the Company's program to exceed the 1.8% statutory ratio of disabled employees and efforts to establish suitable workplaces. Pioneer will continue to take active steps to employ people with disabilities, expanding the range of occupations available throughout the Group as a whole.



### Mental health care

Health management of employees is more than just a matter of health and safety, and Pioneer regards the development of both the Company and its people as an important management issue. Therefore, Pioneer takes a preventive approach to mental health care, holding seminars for employees, distributing promotional materials to raise awareness of the issue, improving its Health Care Section, and building a counseling service system. In addition, the Company has developed a program for helping employees who have experienced mental health issues to return to the workplace.



Basic policy: Prevention of mental health issues and early intervention

### Preventing work-related accidents

With respect to the prevention of work-related accidents, Pioneer believes that maintaining and improving a workplace environment that takes into account the safety and health, both mental and physical, of employees is important to ensure

that they can carry out their work with peace of mind. At each business site, the Health and Safety Committee develops and implements accident prevention and safety improvement measures that are relevant to each workplace.

### Personnel development

Based on a personnel development philosophy of "mutual growth," under which the individual and organization grow together, Pioneer follows a personnel system and policy that fully integrates recruitment, placement, training, evaluation and compensation.



### Employee attitude surveys

Since 2001, Pioneer has carried out employee attitude surveys as part of its activities to improve the quality of the Company's management. Regarded as health checks for the organization, these attitude surveys for all employees in the Pioneer Group in Japan assess the current state of Pioneer's corporate culture and administration, as well as issues that the employees identify in the course of their day-to-day work. The results of the surveys are then used to foster a better organizational culture.

**Conducted from September to November 2008**  
 Response rates: Group average in Japan of 94.0%, and 91.1% for Pioneer Corporation  
 Number of employees surveyed: 11,733  
 Number of employees responding: 11,029

## As a Responsible Corporate Citizen

### Social contribution activities

Guided by the Pioneer Group philosophy, "Move the Heart and Touch the Soul," each and every employee works proactively to contribute both to local communities and society as a whole. The Pioneer Group's social contribution activities focus on the three fields of audio and visual, environmental conservation, and education support. By making available its technologies, experience and know-how, the Group strives to continuously contribute to and enrich society.

### Audio and visual

#### "Listen through the Body" concerts

Pioneer has continued to hold "Listen through the Body" concerts for people with hearing difficulties since 1992, using a system that changes sound into vibrations that can be felt by the body. In recent years, monthly concerts at the Company's head office have been organized on a volunteer basis by employees and their families. With the help of volunteers, concert venues have today been extended from the suburbs of Tokyo to various regions throughout Japan, as well to overseas offices of the Pioneer Group.

In an effort to spread the pleasure of music to as many people as possible, concerts are held in such regions in Japan

as Sendai, Shizuoka, Tottori, Hiroshima and Fukuoka, at venues including regional halls, schools for the disabled and Pioneer business site conference rooms.

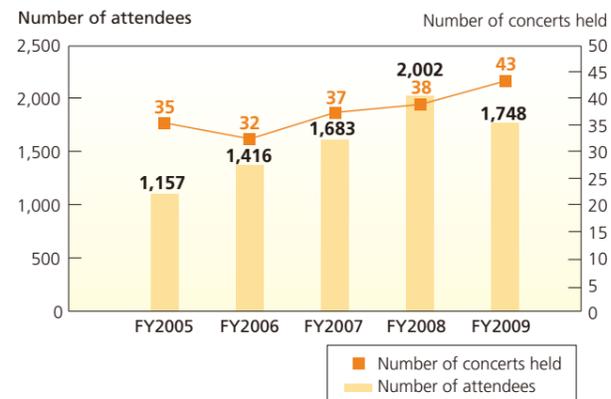
Overseas, a Listen through the Body concert was first held at a school for the hearing impaired in Shanghai, China, in March 2008. In June of the same year, a second U.S. concert was held in Los Angeles featuring music by saxophonist Sadao Watanabe. Pioneer installed 20 body sensory system seats for the enjoyment of local students and the elderly. Closer to home, an in-house produced film was shown in one of the conference rooms of Pioneer's Singapore subsidiary for the benefit of local students and the elderly. Through these and other means, the Pioneer Group is proactively engaging in social contribution activities throughout the world.

Listen through the Body concerts received the "Mecenat Award for Physical Acoustics" and the "Readers' choice for Mecenat Award" in the September 2007 Japan Mecenat Awards of the Association for Corporate Support of the Arts. These awards recognized the volunteer endeavors of Pioneer employees and their families, the quality and expertise of the Company's proprietary audio technologies, as well as Pioneer's ongoing efforts to contribute to society.

The Listen through the Body concerts bring pleasure and enjoyment to all concerned from the audience to the participating employee volunteers and performers. Looking ahead, Pioneer plans to further spread the pleasure of music to an increasing number of people through periodically held concerts across a wide variety of regions.



#### Number of concerts held each year



Pioneer holds regular concerts that offer a richly varied program featuring performances from a diversity of music genres.



The body sensory audio system consists of a chair with a cushion and a pouch containing a vibrating unit. The system realistically conveys sound directly to the body as vibrations.

## Environmental conservation

### Pioneer Forest

As a company that manufactures speakers made with wooden materials, Pioneer undertakes activities to protect forests. Pioneer has undertaken regular management of 2.4 hectares of cypress forest near Kamakita Lake in Saitama Prefecture through an agreement with the Saitama Prefectural Forestry Public Corporation, executed in 2005. The forest has been designated as the "Pioneer Forest," and management work is carried out twice per year in spring and fall. Employees and their families volunteer to prune and thin trees. What was originally a dark forest that blocked out sunlight has been reborn as a bright and leafy forest. Pioneer will continue with these management activities and develop further activities using its "forest for nature exploration classes" for children, among other initiatives.



Pruning in Pioneer Forest

### Environmental conservation activities at business sites

Both in Japan and overseas, Pioneer Group employees regularly volunteer to participate in cleanup activities particularly in the areas surrounding each business site, as well as local parks, coastal areas and streams.

Moreover, employees place considerable emphasis on interaction with local schools and residents participating in regional environmental events. Through these means, every effort is made to increase overall environmental awareness in the regions.



Cleanup around Headquarters

## Supporting education

### Hands-on Craft Workshops

In order to show the next generation the technologies of manufacturing and introduce them to the pleasure of making things, Pioneer actively undertakes related educational activities. As part of this effort, the Company holds "Hands-on Craft Workshops" for elementary school children. Employees lead classes where children make speakers out of paper and assemble a DVD player by hand. The children experience the pleasure of creating through the joy of hearing sounds from the first speakers they have ever made and the surprise of seeing images from a DVD player they assembled themselves.



"What kind of speaker can I make now?"

### Educational support activities at business sites

Pioneer's Corporate Research & Development Laboratories periodically invite elementary and high school students to attend "Fun Science Lab" events and "Science Camps," respectively. In the science supplementary reader for first graders, *Kawasaki Science World*, which was distributed to middle schools in Kawasaki, Kanagawa Prefecture from April 2008, Pioneer engineers present technologies on the theme of "Audio Systems and Surround Sound." These initiatives are supplemented by environmental lectures and activity presentations at various business sites given to local students and teachers.



The "Fun Science Lab," a lasting memory of the summer holidays



A "Science Camp" held for high school students



The supplementary science reader *Kawasaki Science World*

### Overseas social action programs

Pioneer Technology (Malaysia) Sdn. Bhd. has jointly held the "Pioneer Mathematics Contest" with local education authorities every year since 1995, with the goal of showing high school students the importance of mathematics, which represents the cornerstone of electronics. In a contest held in October 2008, 958 students took part from 34 schools, and a total of 16,591 students have participated to date. The certificate of participation in the contest has come to be regarded as an important admission criterion for higher education, and the contest is widely viewed as a valuable initiative.



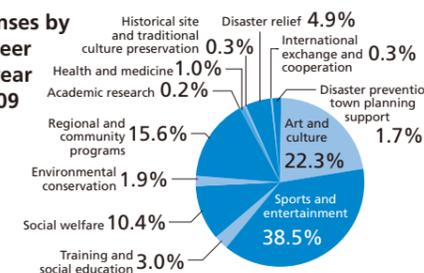
The tense atmosphere at the Pioneer Mathematics Contest

## Social action programs of the Pioneer Group

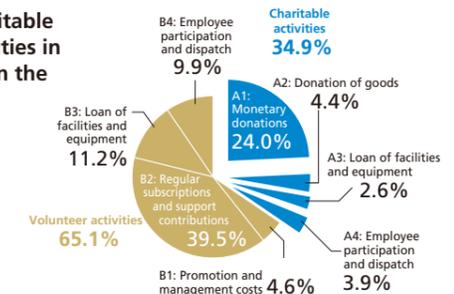
Both at home and overseas, the Pioneer Group is committed to efforts that contribute to society. Taking into consideration the needs of each local community, the Group is active in a wide-range of fields, implementing programs in the fields of audio and visual, environmental conservation, education

support, sport and entertainment, social welfare and disaster relief. Extending well beyond gifts and donations, the Pioneer Group harnesses its business-related know-how and technological capabilities to promote employee participation-based voluntary activities.

### Breakdown of expenses by segment in the Pioneer Group in the fiscal year ended March 31, 2009



### Percentages of charitable and volunteer activities in the Pioneer Group in the fiscal year ended March 31, 2009



Please visit the Corporate Citizenship Web site for more information on the Pioneer Group's various social action programs, which included art and culture, social education, and international cooperation and exchange. <http://pioneer.jp/citizen/index-e.html>

# Communication with Society

## Shareholders, investors and society

The basic policy of the Pioneer Group is to disclose accurate information in a timely and fair manner to shareholders and investors, customers, suppliers, the media, local communities, and all other stakeholders. As a matter of course, the Company discloses information required by laws and public regulations. Pioneer also seeks to disclose information that may be considered useful for shareholders to make decisions and gain a better understanding of the Company. In addition to this rigorously fair disclosure of appropriate information, Pioneer conducts highly transparent corporate activities with the aim of deepening the understanding of and winning the trust from shareholders, investors, and society at large.

Disclosure Policy  
<http://pioneer.jp/corp/ir/disclosure/index-e.html>

## Customers

The Pioneer Group holds a variety of events and campaigns to provide customers with opportunities to try Pioneer products. At events held throughout the world, Pioneer shows customers the merits of its products and helps them discover new ways of enjoying these products.



The 27th Annual Pioneer A&V Seminar held in April 2009 at the Company's Meguro studio

## Dealers

The Pioneer Group conducts a variety of surveys and research to better understand its customers and markets. This information is reflected in the Company's business operations and product development. Pioneer establishes product development teams comprising staff from planning and creative design, design development, quality and other departments, who visit product dealers with sales representatives in order to gain a direct understanding of what dealers and customers value and hope to see in products.

## Suppliers and material procurement

Pioneer's Procurement Division holds a Suppliers' Meeting twice per year to request cooperation from its material procurement suppliers with respect to the Company's initiatives concerning environmental protection, hiring and labor, and health and safety throughout the supply chain as a whole. The Procurement Division also periodically gathers requests and opinions using an external survey agency and makes improvements as necessary.



The Suppliers' Meeting in November 2008

## Local communities

As a responsible corporate citizen, the Pioneer Group seeks to engage with local communities. Each business site invites local students and residents to attend science workshops and environmental presentations. Business sites also actively participate in local community events.



An environmental workshop held at an elementary school in Yonezawa, Yamagata Prefecture, in February 2009

## Labor unions

Pioneer works to maintain good relationships with Pioneer Group labor unions<sup>1</sup> representing Pioneer employees with an emphasis on conducting dialog in good faith. The Company takes part in a central labor-management conference with the unions every six months and as required, as well as meetings on personnel issues. In addition, Pioneer works with the unions to boost employee moral and promote social programs.

1. The labor unions are active at Pioneer and eight affiliated companies. These unions combine to form the Federation of Pioneer Group Workers Unions, which is associated with the Japanese Electrical, Electronic & Information Union.

## Organizational Overview

# The Pioneer Group's Globally Expanding Network

Pioneer's group companies all share the common approach of putting people and society first. Each Group company is fulfilling its duties as a team of highly skilled professionals in R&D, production, sales, or other operations by realizing outstanding collective capabilities. Based on the themes of "to be customer-focused," "to develop professionalism" and "to pursue innovations," the Pioneer Group will further strengthen cooperation on the global stage, and create outstanding products and services while fostering a strong corporate culture.

### Japan

Tohoku Pioneer Corporation	Pioneer Communications Corporation	Pioneer Sales & Marketing Corporation	Pioneer Micro Technology Corporation
Mogami Denki Corporation	Pioneer FA Corporation	Pioneer Service Network Corporation	Technoaccess Corporation
TSE, Inc.	Pioneer Finetech Corporation	Pioneer Tokyo Service, Inc.	Tech Experts Inc.
Pio Tec, Inc.	Increment P Corporation	Pioneer Media Creates Corporation	Pioneer Investment Corporation
TPS Corporation	Global Survey Corporation	Technical Audio Devices Laboratories, Inc.	Fukuin Corporation
Towada Pioneer Corporation	Pioneer Marketing Corporation	Pioneer Digital Design and Manufacturing Corporation	Pioneer Welfare Services Co., Ltd.
Pioneer System Technologies Corporation	Pioneer Solutions Corporation		

(List of principal consolidated subsidiaries)

### The Americas

<b>United States</b>	<b>Canada</b>	<b>Panama</b>
Pioneer North America, Inc.	Pioneer Electronics of Canada, Inc.	Pioneer International Latin America S.A.
Pioneer Electronics (USA) Inc.	<b>Mexico</b>	<b>Brazil</b>
Pioneer Automotive Technologies, Inc.	Pioneer Electronics de Mexico S.A. de C.V.	Pioneer do Brasil Ltda.
Discovision Associates	Pioneer Speakers, S.A. de C.V.	
Pioneer Research Center USA, Inc.		
Pioneer Speakers, Inc.		
Pioneer International (Miami) Inc.		

### Europe

<b>Belgium</b>	<b>Italy</b>	<b>Norway</b>
Pioneer Europe NV	Pioneer Italia S.p.A.	Pioneer Norge A/S
<b>United Kingdom</b>	<b>The Netherlands</b>	<b>Sweden</b>
Pioneer GB Ltd.	Pioneer Benelux BV	Pioneer Scandinavia AB
Pioneer Digital Design Centre Ltd.	<b>Spain</b>	<b>Russia</b>
<b>Germany</b>	Pioneer Electronics Iberica SA	Pioneer RUS Limited Liability Company
Pioneer Electronics Deutschland GmbH	<b>Denmark</b>	
<b>France</b>	Pioneer Denmark A/S	
Pioneer France SAS		

### Asia and Oceania

<b>Singapore</b>	<b>South Korea</b>	Pioneer Suntec (Shanghai) Electronic Technology Co., Ltd.
Pioneer Electronics Asiacentre Pte. Ltd.	Pioneer Korea Corporation	Pioneer Media Creates (Shanghai) Co., Ltd.
<b>Taiwan</b>	<b>China</b>	INCREMENT P Shanghai Co., Ltd.
Pioneer High Fidelity Taiwan Co., Ltd.	Pioneer China Holding Co., Ltd.	Shanghai Pioneer Plating Co., Ltd.
Pioneer Electronic (Taiwan) Corporation	Pioneer Technology (Dongguan) Co., Ltd.	<b>India</b>
<b>Malaysia</b>	Pioneer Technology (Shanghai) Co., Ltd.	Pioneer India Electronics Private Ltd.
Pioneer Technology (Malaysia) Sdn. Bhd.	Pioneer Electronics (Shanghai Export Zone) Co., Ltd.	<b>Australia</b>
<b>Thailand</b>	Pioneer (HK) Ltd.	Pioneer Electronics Australia Pty. Ltd.
Pioneer Electronics (Thailand) Co., Ltd.	Dongguan Monotech Electronic Co., Ltd.	<b>United Arab Emirates</b>
Pioneer Manufacturing (Thailand) Co., Ltd.	Dongguan Monotech Pai Yue Electronic Co., Ltd.	Pioneer Gulf, Fze.
Tohoku Pioneer (Thailand) Co., Ltd.	Shanghai Pioneer Speakers Co., Ltd.	
<b>Vietnam</b>	Mogami Hong Kong Co., Ltd.	
Tohoku Pioneer (Vietnam) Co., Ltd.	Mogami Dongguan Electronics Co., Ltd.	

### Corporate Profile

(As of March 31, 2009)

Company	Pioneer Corporation	Number of employees	5,278 (non-consolidated)
Headquarters	4-1 Meguro 1-chome, Meguro-ku, Tokyo 153-8654, Japan		32,115 (consolidated)
Founded	January 1, 1938	Affiliated companies	Consolidated subsidiaries: 116
Established	May 8, 1947		Japan: 39
Capital	¥69,823 million		Overseas: 77