

Pioneer Group CSR Report 2016



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On the Release of the Pioneer Group CSR Report 2016

This report strives to present the philosophy and activities of Pioneer Corporation and the entire Pioneer Group in a straightforward and accessible format.

Pioneer's aim is to share its passion for sound, vision, and information by bringing the world a steady stream of innovative products and services. The Pioneer philosophy, "Move the Heart and Touch the Soul," expresses this aspiration.

This report has been carefully designed to give readers a clear overall picture of the business activities of the Pioneer Group and to serve as a platform for further dialogue with stakeholders.

Assisting People and Areas Affected by the Kumamoto Earthquake

Our deepest sympathies go out to everyone affected by the Kumamoto Earthquake. We at Pioneer offer our heartfelt wishes for the safety of all and the return of life to normal as soon as possible.

With the aim of providing relief to people affected by the Kumamoto Earthquake which struck on April 14 and making a positive contribution to the recovery of affected areas, Pioneer has donated a matching gift of ¥10 million, the funds contributed by Pioneer Group companies and employees.

Scope of the Report

Period covered:

This report covers fiscal 2016, the fiscal year ended March 31, 2016, as well as some earlier initiatives and more recent activities.

Organizations covered:

Pioneer Corporation and the 72 consolidated subsidiaries of the Pioneer Group (as of March 31, 2016)

Date of issue:

October 31, 2016

Related Reports and Information

Pioneer discloses financial information in its annual report, financial statements, and other releases as well as on its website.

 <http://pioneer.jp/en/ir/>

Information on the Pioneer Group's environmental initiatives is also presented on its website.

 <http://pioneer.jp/en/environment/>

Pioneer provides information concerning its technological developments and R&D at academic conferences and on its website.

 http://pioneer.jp/en/crdl_design/crdl/

Pioneer also provides information concerning its social responsibilities on its website.

 <http://pioneer.jp/en/society/csr/>

Reference Guidelines

- *Environmental Reporting Guidelines* (2012 edition) published by Japan's Ministry of the Environment
- GRI (Global Reporting Initiative): While based on the third generation of the *Sustainability Reporting Guidelines*, transitioning to the fourth generation is now being considered.

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.

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Message from the President



"Comprehensive Infotainment" that Creates Comfort, Excitement, Safety and Reliability in Vehicles

The Pioneer Group has realized a philosophy that expresses our founding spirit of "Move the Heart and Touch the Soul" and our unshakeable commitment encompassing a pioneering spirit which is also represented in our company name, and we have released many world firsts including component car stereos and GPS navigation systems. I believe it is our mission to avail ourselves of the new challenges we will face in the future so that we may deliver new excitement to our many customers.

Last year, we focused management resources on the car electronics business, which continues to grow

worldwide. It was a year when we took the first step toward restructuring Pioneer.

As the car electronics market undergoes great change, we are promoting a strategy tailored to the characteristics of two different businesses: the consumer-market business in which we are always able to bring new value to market and the OEM business in which we grow together with automobile manufacturers by putting forth proposals that exceed their expectations. Our aim is to be the leading company in "comprehensive infotainment" that creates comfort, excitement, safety and reliability in vehicles.

Aiming to be Indispensable in the Age of Autonomous Driving

With an eye looking squarely toward the coming age of completely autonomous driving, we are focusing on our autonomous driving-related business and map business as the mainstays of our new business.

Autonomous driving systems hold great potential as well for providing solutions to social issues involving movement, such as achieving an accident-free society, alleviating traffic congestion, and allowing the elderly and people with disabilities to move about freely.

Pioneer is a unique presence that has realized both 3D-LiDAR sensors and highly accurate and advanced maps, which are essential for autonomous driving systems. This is due to the utilization of our strengths in having resources such as optical technology, navigation technology that realizes highly accurate positioning, probe data, and cloud infrastructure, as well as having a map production company among our subsidiaries.

3D-LiDAR is a three-dimensional driving space sensor that employs lasers and plays an important role in autonomous driving vehicles. We have been pursuing development with the aim of achieving the number

one position in the LiDAR market by creating smaller and less expensive sensors that can be mounted on a wide variety of vehicles including ordinary automobiles as well as by using our proprietary technology to optimize sensors for autonomous driving.

With our highly accurate and advanced maps, we are already involved in developing and consolidating detailed geographical data. By combining this with 3D-LiDAR sensors mounted on ordinary vehicles in the future, we aim to efficiently and inexpensively maintain and operate advanced maps, which will collect and prepare only the information necessary for autonomous driving.

Furthermore, in the autonomous driving field, we will strive to become an "essential company toward the realization of autonomous driving" by making use of our ability to develop both "3D-LiDAR" driving space sensors and high-precision map data, which are necessary for autonomous driving, as well as by utilizing our alliances to create and commercialize a "data ecosystem" for advanced maps.

For Sustainable Growth

In order to realize sustainable growth of our businesses, the Pioneer Group will continue to provide customer value and products that only Pioneer can make. We will practice CSR management rooted in ESG (environment, society and governance), and aim to enhance corporate value while meeting the expectations of our many different stakeholders and the broader society.

As a member of the global community, the Pioneer Group will contribute to society's sustainable development as we share excitement with our stakeholders through our business activities. I look forward to your continued understanding and support in the months and years to come.



Susumu Kotani
President and CEO

Group Philosophy and Vision

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, Pioneer established the Vision in April 2010 after taking business conditions into consideration. This vision

provides an image of the type of corporate group that Pioneer seeks to evolve into and shines a light toward achieving the ultimate goal espoused in the Group Philosophy.

Group Philosophy

"Move the Heart and Touch the Soul"

**A New Pioneer Begins with You
Vision**

**Spread the smiles.
Feel the vibes.
Share the passion.
Pioneer engages you anytime, anywhere.**

This new corporate vision embodies Pioneer's renewed commitment to "being one with its customers," "smiles and passion" and "growth." Specifically, Pioneer strives to become:

- A company that takes a position to be one with its customers and keeps them in the loop in creating new products and values.
- A company whose employees pride themselves on helping customers keep going with smiles and passion with their own.
- A company whose employees cooperate with each other with smiles and passion.
- And a company whose growth derives from its customers' personal growth along with its employees' personal and professional growth.

The word "engage" used in the vision statement represents a sense of involvement and a sense of purpose that are shared and externalized through dialogues between customers and employees, among employees, and between employees and the Company.

We would like to spread and share these wishes among ourselves thoroughly, and actualize our Vision. In addition, we would also like to be a helpful partner for customers, business partners and our society to spread smiles, feel the vibes and share the passion.

Toward Future Growth



Business Strategies

Targeted future position

Creating comfort, excitement, safety and reliability in vehicles

**Aiming to be a leading company in
"Comprehensive Infotainment"**

Pioneer's operating environment is entering a period of major transformation.

We expect continued growth in sales in the automotive industry, led by emerging countries, and developed countries are seeing advances in the incorporation of information technology in cars, with an emphasis on autonomous driving, safety, and reliability. The car electronics industry is also entering a period of major transformation in terms of technology as well as customer value. Such examples include the integration of navigation functions and audio-video functions to enjoy music and video on information terminals in cars, and a move to open-platform operating systems resulting from the full-fledged entry of major IT companies into the automotive market.

As the developer and manufacturer of the world's first consumer-market car navigation system, Pioneer has been at the forefront of developing an information services business for cars, with map information services provided

by its map software subsidiaries, Smart Loop^{*1} to support comfortable driving by avoiding traffic jams, and the Mobile Telematics Center that is a cloud platform for cars. These strengths place us in a highly advantageous position for the coming age of autonomous driving.

Using these strengths, we aim to deliver an experience of comfort, excitement, and safety and reliability in vehicles. This includes integrating various information services that can be used by connecting cars to networks and information from vehicles, drivers, and passengers to generate optimal information for the drivers and passengers by using Pioneer's proprietary technologies, offering such information through an optimal interface inside the vehicle, combining peripheral devices and hardware.

Furthermore, by adding an element of Pioneer's unique strengths in entertainment, we aim to be a leading Comprehensive Infotainment^{*2} company that delivers new value in vehicles.

Experiencing comfort, excitement, safety and reliability in vehicles

Information services

Peripheral devices

Hardware

^{*1}: Smart Loop: Pioneer's proprietary information network service for hardware

^{*2}: Infotainment: Information + Entertainment; services that provide information in an enjoyable way

Toward Future Growth

Continually Providing New Value

Under a new business structure that focuses management resources on the Car Electronics business, Pioneer is putting forth a growth strategy where our key businesses are the consumer-market business, OEM business, and the

map and autonomous driving-related business, in our aim to be a leading comprehensive infotainment company that creates comfort, excitement, safety and reliability.

Multi-Drive Assist Unit

We will offer our own added value through our hardware featuring new advanced driving assist functions, which include warnings to the driver using Pioneer's proprietary image recognition technologies and probe information*. Multi-Drive Assist Unit, which we released within the Japanese consumer market in September 2016, works with CYBER NAVI car

navigation systems to prevent rear-end accidents using screen-displayed images and sound, and also features an event data recorder function and the ability to alert the driver by email when unusual activity is detected while the car is parked, supporting the overall car-driving experience from driving to parking.

*Probe information: Road traffic information generated mainly from vehicle's tracking data

"Front Car Proximity Alert" function through Multi-Drive Assist Unit



Through sophisticated image recognition using cameras, the unit constantly measures the distance to and speed of the car in front, and alerts the driver of possible risks of collisions through screen-displayed images and sounds.



Multi-Drive Assist Unit

Integrated cockpit

Based on the recognition that precise communication between the vehicle and driver will be essential in the coming age of autonomous driving, we are accelerating our R&D in autonomous driving and Human Machine Interface (HMI)* so we may be able to offer an "integrated cockpit," which we see as an area of future growth. We are also proactively offering

advanced and reliable proposals based on customer needs ascertained from the consumer market.

Through these initiatives, we aim to realize stable profitability, while at the same time to meet the expectations of, and grow together with automakers.

*Human Machine Interface (HMI): Equipment and software needed for the exchange of information between humans and machines

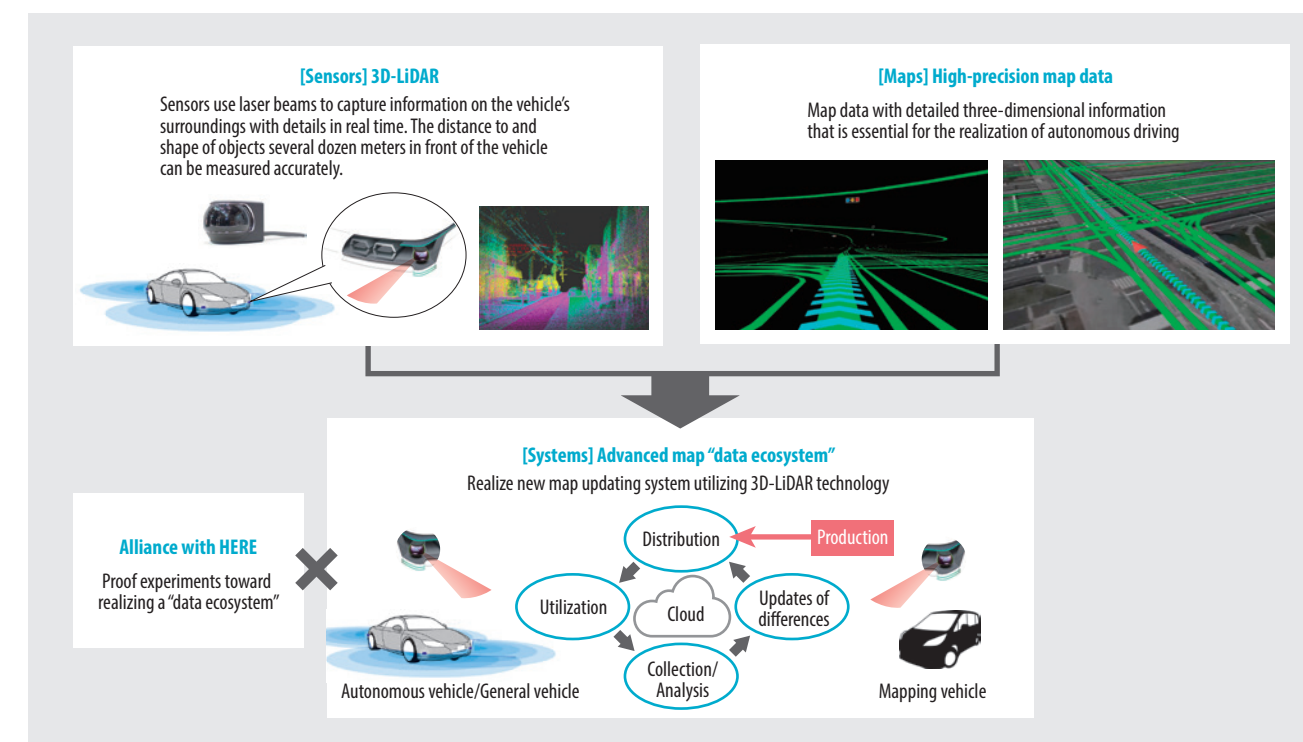
Integrated cockpit



3D-LiDAR Advanced Mapping Data Ecosystem

Pioneer is developing both 3D-LiDAR sensors and high-precision map data, both of which are essential to autonomous driving, using the optical technologies cultivated in our optical disc technologies, the highly precise vehicle location technologies developed in car navigation systems, and our probe information and a map software subsidiary. By combining our 3D-LiDAR sensors and high-precision map data, we will also build our "data ecosystem" for advanced maps, in which maps can be

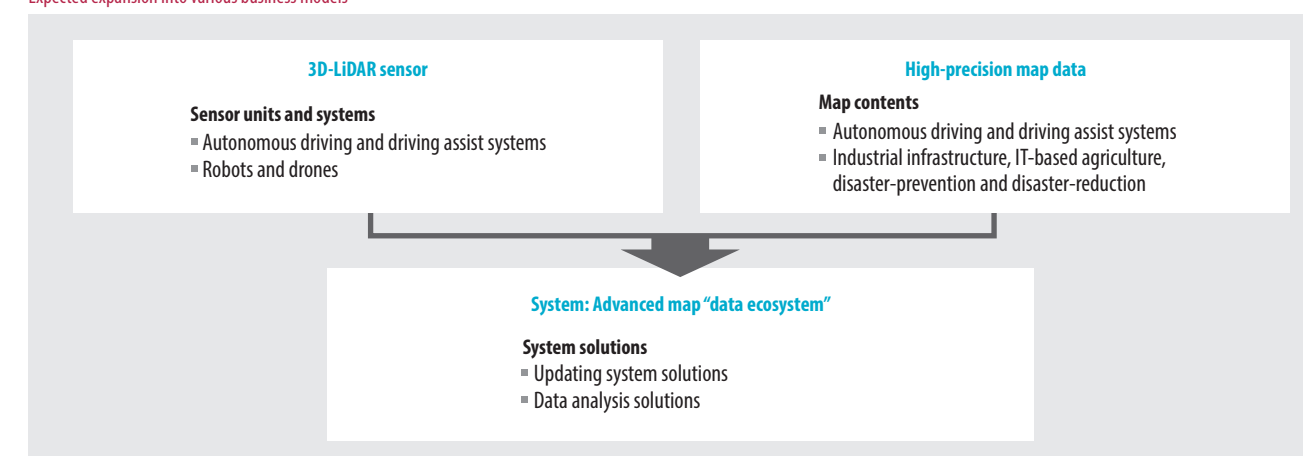
efficiently distributed, updated, and utilized in autonomous driving, through our alliances. We aim to develop highly efficient systems at low cost and establish a business that becomes a global standard through the creation of high-performance, compact and affordably-priced 3D-LiDAR sensors on a wide range of vehicles. We have reached an agreement with HERE, the location cloud company, to perform proof experiments toward building a "data ecosystem."



In terms of our business model going forward, we envision the use of 3D-LiDAR sensors in consumer products such as robots and drones, in addition to autonomous driving and advanced driving assist systems. We also see high-precision map data being used in areas including industrial infrastructure, agriculture, and

disaster-prevention and disaster-reduction, in addition to autonomous driving and advanced driving assist systems. Moreover, we see our "data ecosystem" for advanced maps expanding from cloud use to new businesses in a variety of fields, including modules, algorithms, applications, and data updates used in systems.

Expected expansion into various business models



To Continue as a Company Trusted and Supported by Society

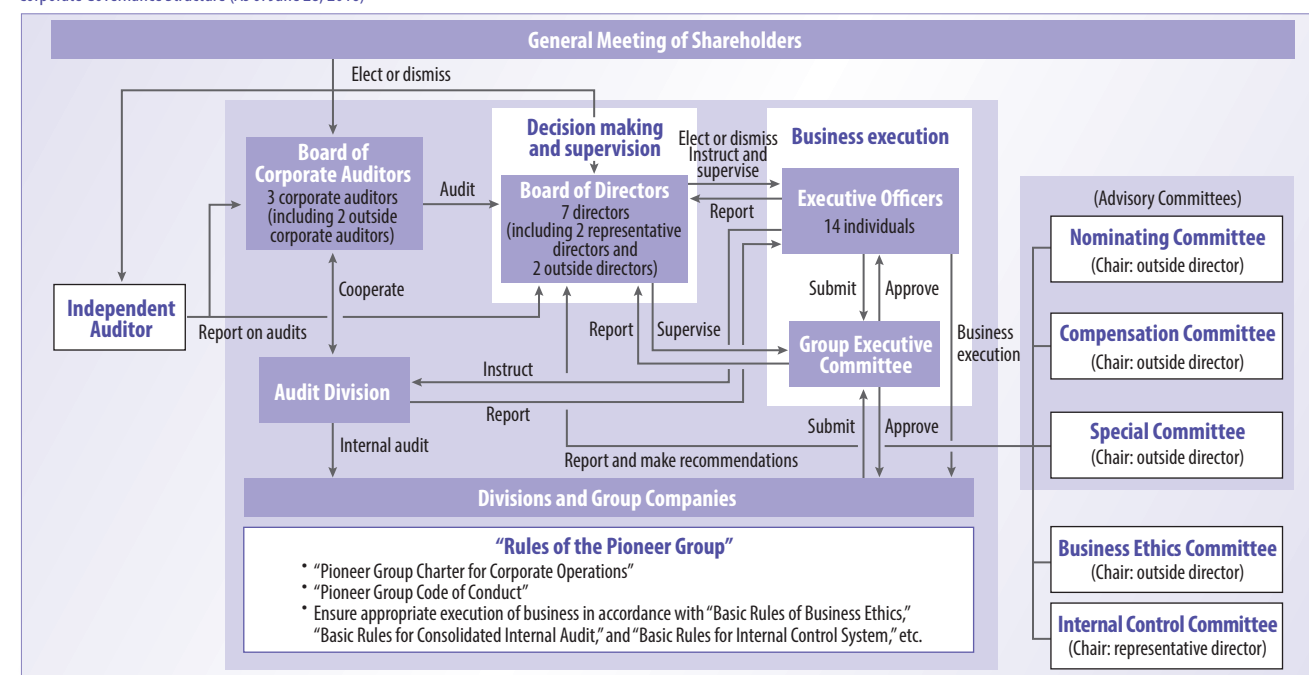
The Pioneer Group, which emphasizes a sincere relationship with our stakeholders in realizing the continued development of our company, has made the following efforts.

Corporate Governance

Pioneer has elected to structure its corporate governance system with a Board of Corporate Auditors. The Board of 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, and Pioneer has adopted an executive officer system to expedite the execution of business activities.

Meanwhile, Pioneer has striven to construct an effective corporate governance structure by establishing voluntary advisory committees, which are attached to the Board of Directors, to further strengthen the supervisory function of the Board of Directors, as well as a Group Executive Committee to reinforce the decision-making function of the Board of Directors.

Corporate Governance Structure (As of June 28, 2016)



Group Executive Committee

Under the auspices of the Board of Directors, the Group Executive Committee, which makes decisions on priorities for advancing business activities, group-wide management strategies and other issues, as well as submits its findings to inquiries from the Board of Directors, was established. The Group Executive Committee has worked to accelerate and improve the efficiency of the execution of business activities by directors, as well as reinforce the Board of Directors' decision-making and supervisory functions. The Group Executive Committee is comprised of executive officers chosen by the Board of Directors and holds regular meetings semimonthly, in principle. In fiscal 2016, the Group Executive Committee held 19 meetings and deliberated approximately 30 issues.

Voluntary Advisory Committees

With the aim of realizing effective corporate governance, Pioneer has voluntarily established a Nominating Committee, a Compensation Committee, and a Special Committee, which are chaired by outside directors, to serve in an advisory capacity to enhance management transparency and strengthen the Board of Directors' supervisory functions. The Nominating Committee discusses matters concerning the election and dismissal of directors and executive officers, and the election of corporate auditors. The Compensation Committee discusses issues related to remuneration and other benefits for directors and executive officers. The Special Committee discusses matters that have a significant impact on corporate value, including mergers and acquisitions. The outside directors who chair these committees report the results of their deliberations and make related recommendations to the Board of Directors, and the Board of Directors gives full consideration to these reports and recommendations in the course of rendering its decisions on these matters.

Board of Directors, Board of Corporate Auditors and Executive Officers

Pioneer has adopted a Board of Corporate Auditors system of corporate governance. Under this system, the Company has established the Board of Directors as its decision-making body for matters of the highest importance, such as management policies, and the Board also acts as a supervisory body. The representative directors are responsible for business execution, while the Board of Corporate Auditors is responsible for auditing. Moreover, under the supervision of the Board of Directors, the Group Executive Committee, which makes decisions on priorities for advancing business activities, has been formed.

Several highly independent outside directors, who have no significant transactional relationships with the Pioneer Group, have been elected to strengthen the supervisory function of the Board of Directors as to business execution. In addition, Pioneer has shortened the term of office of directors to one year in order to further clarify their responsibilities and respond promptly to changes in the business environment by increasing opportunities for shareholders to elect directors. Pioneer's corporate governance is further strengthened by the fact that directors focus on their decision-making and supervisory functions from a Group-wide perspective, while executive officers enhance their business execution functions. The Board of Corporate Auditors, half or more of which consists of outside corporate auditors with a high degree of independence, audits the directors' performance of their duties. In fiscal 2016, the Board of Directors held 9 meetings, while the Board of Corporate Auditors held 14 meetings.

Business Ethics Committee

The Company has established a Business Ethics Committee, chaired by an outside director, to ensure legal compliance as well as thorough observance of the Pioneer Group Charter for Corporate Operations and the Pioneer Group Code of Conduct. In fiscal 2016, the Business Ethics Committee held 2 meetings.

In addition, a Business Ethics Hotline has been established as an internal whistleblowing system to quickly detect and appropriately address behavior in violation of the Pioneer Group Code of Conduct. The hotline is set up outside the Company to ensure the anonymity of persons making reports and to clarify the details of those reports. Matters received through the hotline are simultaneously referred to the Business Ethics Committee and the corporate auditors, making it possible to respond to such reports resolutely and in good faith.

Please see the Pioneer website for the Basic Policy for Pioneer Group Corporate Governance and the Corporate Governance Report.
<http://pioneer.jp/corp/info/governance/>

Internal Control System and Risk Management

The Pioneer Group continues to upgrade, expand, and bolster its internal control system in an effort to prevent risk and address crisis situations. In this manner, the Group is endeavoring to enhance the integrity of its management.

To ensure the adequacy and optimal efficiency of business activity execution throughout the entire Group, Pioneer has positioned the Pioneer Group Charter for Corporate Operations as its foremost component, under which have been established the Pioneer Group Code of Conduct as well as the Rules of the Pioneer Group, which consist of specific rules outlining the scope of responsibility and authority for each Group company along with guidelines relating to compliance and other areas, and all Pioneer Group employees are fully informed of these stipulations.

Chaired by a representative director, Pioneer's Internal Control Committee was established in accordance with the Basic Rules for Internal Control Systems, which are part of the Rules of the Pioneer Group, to consolidate and

reinforce those management systems aimed at addressing risks inherent in the Group's business activities. The Internal Control Committee conducts risk assessments to acquire a better understanding of risks, and works to address risks by formulating preventive measures and taking other proactive steps.

The Audit Division audits the business operations of the entire Group, and collaborates closely with internal audit managers from each Group company, the Board of Corporate Auditors and other related parties when auditing internal control systems and risk management as it endeavors to enhance the efficacy of internal audits related to corporate ethics, quality control and environmental protection.

Moreover, auditors ensure the effectiveness of their audits by meeting regularly with representative directors and expanding opportunities for periodic explanations and reports from the Audit Division and independent auditor.



To Continue as a Company Trusted and Supported by Society

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.

Of foremost importance is the Pioneer Group Charter for Corporate Operations, which aims to ensure that the

Group will remain trusted and respected by society as a good corporate citizen. In addition, the Pioneer Group Code of Conduct has been established to outline basic decision-making and behavioral standards for Group directors, officers, and employees.

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.

Pioneer Group's 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's 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 on Insider Trading
Prohibition of 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

Appropriate Disclosure of Corporate Information

The Pioneer Group has formulated the Basic Rules on Disclosure, which form a part of the Rules of the Pioneer Group, to timely and appropriately disclose corporate information to all stakeholders including shareholders, investors, customers, suppliers, mass media and local communities. Based on the Basic Rules on Disclosure, the Group actively and fairly discloses information required by laws and public regulations, as well as information that is considered useful for a better understanding of the Group and making decisions to invest in the Company's shares. By ensuring appropriate disclosure of corporate information, Pioneer will increase the transparency of the corporate activities with the aim of deepening the understanding and trust of shareholders, investors and society at large.

Disclosure Policies
<http://pioneer.jp/en/ir/disclosure/>

Furthermore, the Company continues to enhance the Group's internal control system to ensure the adequacy of financial reporting under the Financial Instruments and Exchange Act of Japan. The Company obtained an audit opinion from the Independent Auditor that the Group's internal control system regarding Pioneer's annual securities report of fiscal 2016, ended in March 31, 2016, is effective.

Under the Rules of the Pioneer Group, the Group has formulated the Basic Rules for Prevention of Insider Trading. To prevent insider trading, Pioneer is successively implementing various initiatives including the reinforcement of information management as well as regulations relating to the trade of the Company's shares and education on insider trading for the Group's directors, executive officers, corporate auditors and employees.

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 Group regards as fundamental management principles the international consensus in security export control and compliance with

every country's laws concerning the regulation of exports. In addition, Pioneer has formulated its Basic Rules on Security Export Controls under the Rules of the Pioneer Group and appointed one of its representative directors to oversee the appropriate management of export control.

Ensuring Fair Trade

To promote fair and free business practices, the Pioneer Group has established the Basic Rules on Fair Trade, which serve as the basic standard for the Pioneer Group, and subordinate rules are laid out, as necessary, in manuals to prevent acts which violate laws and regulations pertaining to competition laws, such as the unreasonable restraint of trade, unfair trading methods, and private monopolization.

In order to make these basic rules and manuals thoroughly well-known within the Pioneer Group, the Group's domestic and overseas legal departments have taken the lead in offering compliance training. These efforts have been reinforced with the holding of workshops on countering bribery and other matters as well as formulating and communicating guidelines.

Exclusion of Antisocial Forces

In the spirit of promoting fair corporate activities with respect for social norms as specified in the Pioneer Group Charter for Corporate Operations, the Pioneer Group has completely cut off all interaction with antisocial forces and groups as required by the Pioneer Group Code of Conduct in applying Pioneer Group policy on excluding antisocial forces that threaten the safety and orderliness of civil society.

In addition, we have also established the Basic Rules for Excluding Antisocial Forces, and have set up a department that presides over responses to antisocial forces, forms partnerships with external specialized agencies, shares information within the Pioneer Group, and provides thorough guidance on handling rules and communication when addressing such situations so that we respond in a lawful manner that is systematic and resolute.

To Continue as a Company Trusted and Supported by Society



Protection of Intellectual Property and Copyrights

As an important part of our strategy for expanding our business, the Pioneer Group endeavors daily to augment our intellectual property, the basis for which is appropriately maintaining and managing intellectual property acquired from research and development of technologies as well as respecting intellectual property held by others. Pioneer and its Group companies have established a copyright liaison meeting for their respective administrators of relevant departments to ensure Group-wide compliance of copyright protection technology in all Pioneer products. Furthermore, to avoid

betraying the trust that customers have in the Pioneer brand, the Company's business divisions and Intellectual Property Division work together with related departments at Group companies to eliminate counterfeit goods from the marketplace, since they threaten to damage Pioneer's brand value and confidence.

For the benefit of the Group's employees in Japan, the Company posted a Q&A page on its intranet bulletin board concerning the protection of copyright in operational activities. At the same time, Pioneer has set up an inquiry desk to answer employees' questions.

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 also 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. In addition, Pioneer has strived to strengthen its information security to defend against external infringements (cyber-attacks).

Full Compliance and the Internal Whistleblowing System

The Pioneer Group adheres to all relevant laws and regulations and regards compliance as the foundation for fulfilling its corporate social responsibilities and the basis for creating a workplace environment in which employees can carry out their duties with security and complete peace of mind.

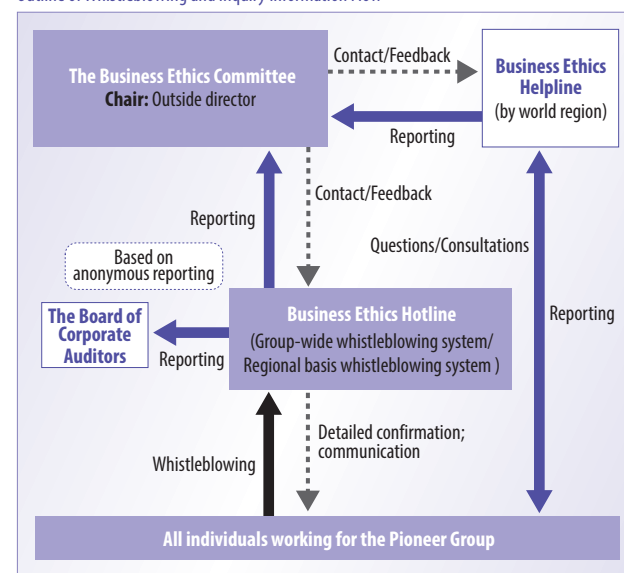
The Business Ethics Committee, chaired by an outside director, was established in accordance with the Basic Rules for Business Ethics, which forms a part of the Rules of the Pioneer Group. This Committee aims to ensure strict adherence to all relevant laws and regulations as well as the Pioneer Group Code of Conduct by all members of Group management and employees. 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. In addition, the Business Ethics Hotline has been established as an internal whistleblowing system for the entire Group to quickly detect and appropriately address behavior that is in violation of the Pioneer Group Code of Conduct.

The Hotline, operated by an external agency, is administered appropriately to ensure that informants are not treated unfavorably on account of having reported something to the hotline while maintaining their anonymity.

The information is also sent simultaneously to the Business Ethics Committee and the corporate auditors, enabling them to ensure a response in good faith.

The Committee Administrative Office provides information to employees about the Business Ethics Hotline such as with posts on the intranet bulletin board. This creates an environment that allows employees to report any wrongdoing they may encounter.

Outline of Whistleblowing and Inquiry Information Flow



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 that has the potential to seriously impact its business and operations. Chaired by the executive officer in charge of the General Administration Division, the Emergency Management 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 and each Group company. 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 face of such disasters as a highly virulent influenza epidemic or an earthquake of major proportions, the Pioneer Group places the utmost emphasis on ensuring the safety of human life. In this regard, and in order to ensure a swift resumption of business activities, the

Pioneer Group has created a disaster manual that outlines those measures and actions to be adopted in the event of a disaster or crisis.

Taking into account the experiences of major disasters that have previously occurred in Japan and elsewhere, a Business Continuity Plan (BCP) has been formulated to enable the prompt restoration of operations after the safety of human life has been secured when a major disaster occurs. Training based on the formulated BCP is periodically conducted to enhance its effectiveness.



BCP Disaster Response Headquarters Training

Policy Regarding Material Suppliers

The Pioneer Group Code of Conduct requires the 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, the International Labour Organization, the Organisation for Economic Cooperation and Development, and so on.

CSR procurement

Suppliers are provided with the Pioneer CSR Procurement Guidelines, which are grounded in the principles of equity, fairness, environmental conservation and social responsibility. They are asked to work with the Group to raise the level of CSR procurement.

Excluding antisocial forces

The Pioneer Group requires that its suppliers not associate with, utilize, or provide funds to antisocial forces.

Prohibition on bribery

We require all our employees to comply with regulations against bribery applicable in the countries where the Pioneer Group conducts business.

BCP promotion in the supply chain

As a manufacturer, the Group has a responsibility to recover quickly in the event of a disaster or unforeseen circumstances to ensure business continuity and continuation of supply. Therefore, it requires each supplier to clarify its supply chain, while establishing and continually improving its BCP.

Addressing environmental laws and regulations

The Pioneer Group requests that our partners make the following efforts and enhancements based on our Philosophy of Environmental Preservation whereby we hold that "maintaining, improving, and handing over the global environment to the next generation is our corporate mission."

1. Construct an environment management system
2. Reduce greenhouse gases
3. Promote resource recycling
4. Manage chemical substances

Response to conflict minerals

It is the Pioneer Group's policy not to procure any components or products that use raw materials from mineral resources mined in the Democratic Republic of the Congo (DRC) and nine adjacent countries that have led to human rights violations, environmental destruction and been a source of financing for armed groups in the course of mining such raw materials. If we discover that minerals are used which serve as a source of financing for armed groups, we will take action to resolve the situation.

To Work Energetically with Mutual Respect for Each Other

Realizing the Group Vision

Pioneer Group employees endeavor to infuse their work with passion and enthusiasm. Their personal and professional growth is an essential contribution to the growth of the Group. Employees make difficult decisions with conviction and professionalism, and they welcome challenges to achieve higher goals. Pioneer encourages its diverse employees around the globe to foster creativity and communicate openly. Through these means, the Group is striving to realize its overarching vision: "Spread

the smiles. Feel the vibes. Share the passion. Pioneer engages you anytime, anywhere."

Pioneer places 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 every employee to go about his or her duties with energy and vitality, the Group also places considerable emphasis on fair treatment with regard to both recruitment procedures and actual working conditions. Based on a sense of mutual trust and respect,

the Pioneer Group is endeavoring to build and develop a highly transparent organizational framework, based on the following principles:

- 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

From the Basic Rules for the Management of Personnel of the Rules of the Pioneer Group

Workplace Diversity

In an effort to realize our Group Vision, Pioneer will work to create an environment where a diverse group of employees, who maintain their professionalism, are able to work to their fullest and create new value, irrespective of their age, gender or nationality. To this end, career development for women and middle-aged seniors is a key issue that is addressed in our corporate strategy.

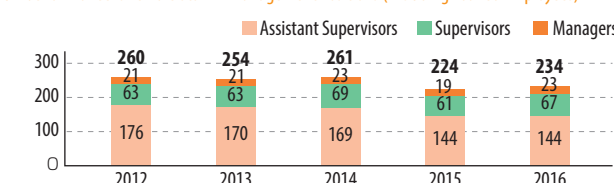
Initiatives to Support Work-life Balance

Pioneer actively promotes initiatives to help employees balance childcare and work. The Company renewed, for the third year in a row, its Next Generation Certification "Kurumin" mark issued by Japan's Ministry of Health, Labour and Welfare. Currently, it is continuing its initiatives under its fifth action plan based on the twin themes of supporting the work and family life balance, and fostering a corporate culture of solidarity.

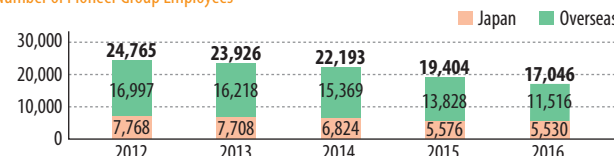
Pioneer will also be pursuing initiatives to reinforce support for balancing work with providing nursing care.



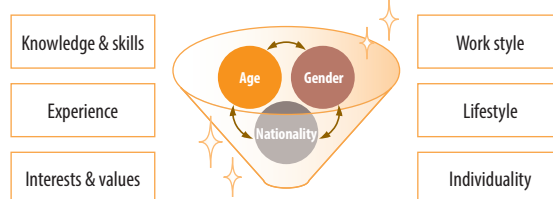
Number of Pioneer's Female Staff in Management Positions (Including Loaned Employees)



Number of Pioneer Group Employees



Be Diverse!



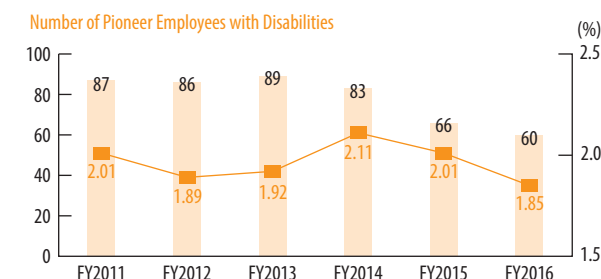
Pioneer's diverse group of employees, who maintain their professionalism, work to their fullest and create new value!

The 3 Cs are Key

Positive Challenge, Productive Chemistry, Open Door Communication

Promoting the 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. Pioneer will continue to take active steps in this direction, expanding the range of occupations available to people with disabilities throughout the Group as a whole.



Personnel Development

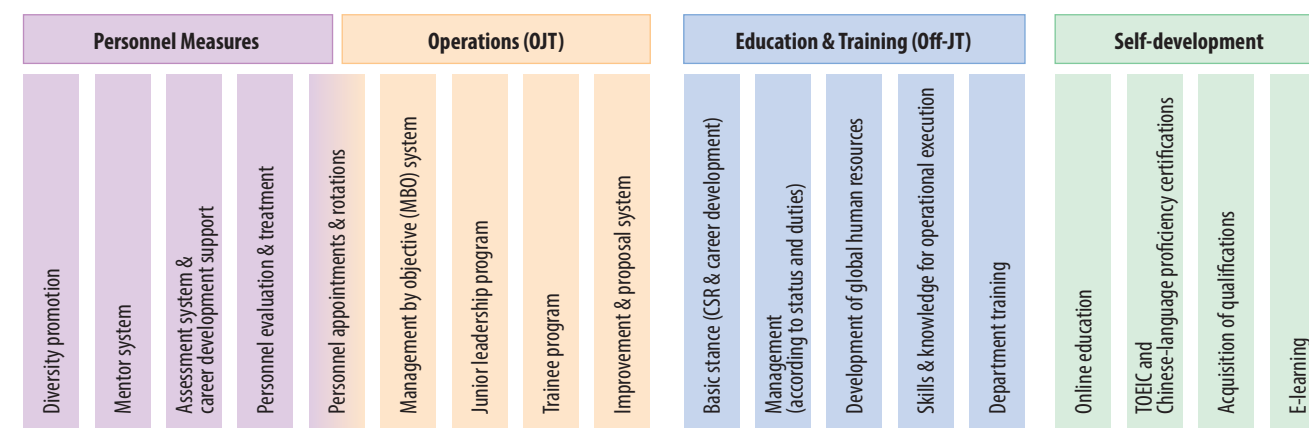
Pioneer has set forth its personnel training policy and implemented measures that assist employees in developing a career mindset and growing through out personnel policies, on-the-job training, off-the-job training and personal development.

In addition, Pioneer offers programs at various levels which are created around the core components of basic attitude, management, global personnel development, as well as knowledge and skills for executing operations.

Personnel Development System

Personnel Development Policy

- Develop the abilities that each and every employee needs to flourish
- Develop personnel who will take up challenges and decisively complete them to realize the Company's growth strategy
- Develop managers who will increase corporate value and lead their organizations



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

Prevent mental health disorders and intervene at an early stage

Preventing Work-related Accidents

In preventing 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. Pioneer is also working to strengthen cooperation among business sites through the activities of the Health and Safety Committees.

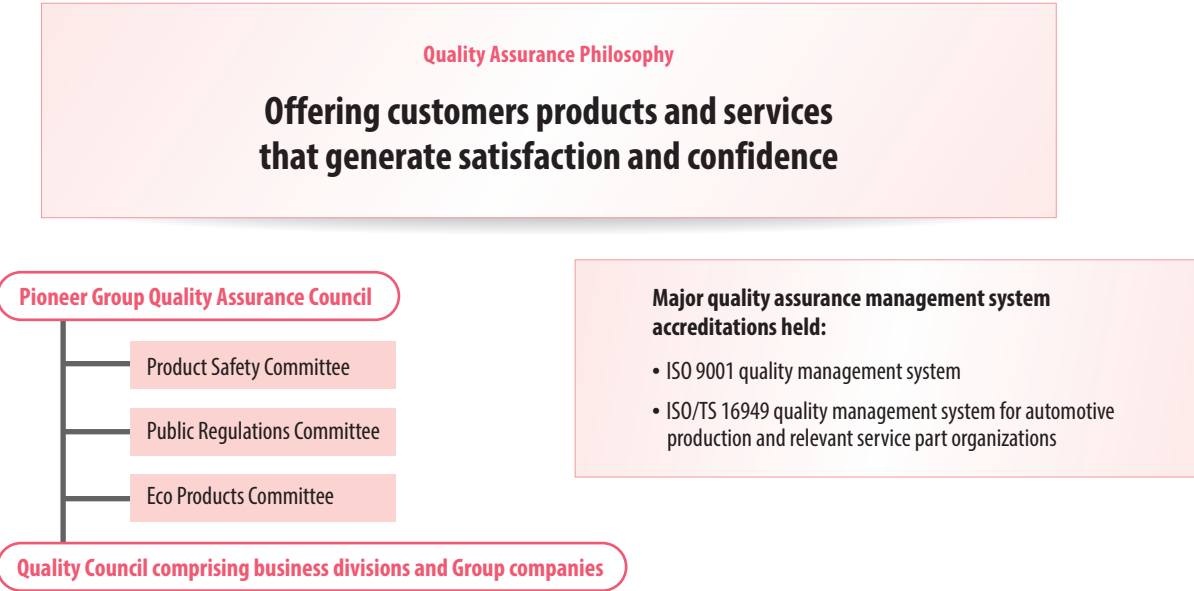
To Win Customers' Satisfaction and Trust



Quality Assurance Philosophy

The Pioneer Group regards ensuring quality as the most fundamental issue in its pursuit of customer satisfaction. Therefore, the Group has formulated its Quality Assurance Philosophy. With the aim of realizing this philosophy, the Group 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. Based on its Quality Assurance Philosophy, the Pioneer Group establishes a Pioneer Group Quality Policy for each

fiscal year. The policy outlines specific targets for important management items, including product quality, product safety, government regulations, and product environment. Understanding of the policy is promoted among all relevant employees, from development and production to sales and service. Moreover, the Pioneer Group believes that efforts to further boost the promotion of human-centered design, which customers expect from the Group's products, is an essential factor in providing products that fully satisfy customers. In this regard, every effort will be made to reflect this recognition in the Group's product evaluation.



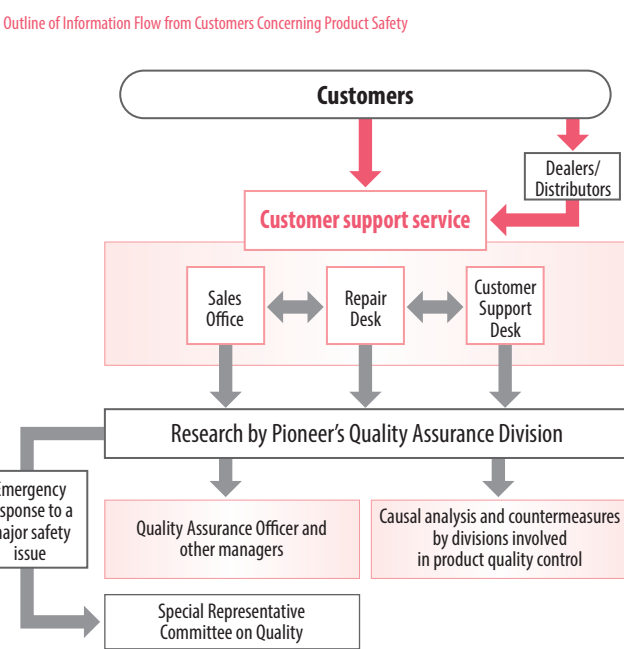
Response to Public Regulations Concerning Products

The Pioneer Group collects regulatory information from the countries, regions and industries within which it conducts business, along with standardization information from international organizations. This information is disseminated by the Public Regulations Committee, which is organized on a Group-wide basis, and is incorporated in the development and manufacture of products. The Group also ensures through its sales divisions that products comply with national and regional regulations before release. Through these means, the Pioneer Group strives to ensure compliance with public requirements for products and promotional materials.



Initiatives to Ensure Product Safety

The Pioneer Group has identified basic issues for ensuring the safety of its products, promotional materials, installation work and repairs, and it strives to prevent injury to people 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 Group works on a routine basis to prevent incidents and to respond promptly should they occur. In this context of product safety, information is actively collected from customers, dealers and distributors and collated by the Company's Quality Assurance Division. Reports are then promptly submitted to upper management, and relevant information is fed back to customers, dealers and distributors.



Ensuring Product Safety

The Pioneer Group maintains a structure and system for ensuring product safety during the early stages of new product development. Taking into consideration a broad spectrum of factors, including the needs of users as well as the wide-ranging environments in which products will be used, the Group undertakes risk assessment relating to product safety. In implementing measures aimed at addressing individual risks, the Group is working diligently to prevent the chance of an incident occurring from product shipment through to final disposal.

Raising Customer Awareness of Safe Usage

The Pioneer website 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 Standards and the Product Safety Manual

As a part of the overall product development process, the Pioneer Group has formulated a set of proprietary product safety standards that encompasses not only statutory information but also past experience. In adhering strictly to these standards, the Group is endeavoring to deliver enhanced product safety. In addition, the Group has published the *Product Safety Manual* for product designers and engineers, explaining various vital aspects of product safety as well as other basic concepts. Drawing from resources both within and outside the Group, the manual includes a number of product safety examples. Written in a clearly presented manner, it is used internally as a product safety education and training tool.

- Action Guide of Product Safety
http://pioneer.jp/en/society/csr/customer/customer_pu.php
- Product Safety Precautions (Japanese only)
<http://pioneer.jp/support/oshirase/safe/>
- Important Notices concerning Product Safety (Japanese only)
<http://pioneer.jp/support/oshirase/>

To Win Customers' Satisfaction and Trust



Upstream Initiatives for 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 all relevant staff. In addition, the center provides information that can be used for product planning in periodic meetings with business divisions. Similar activities are undertaken at the Group's overseas subsidiaries.

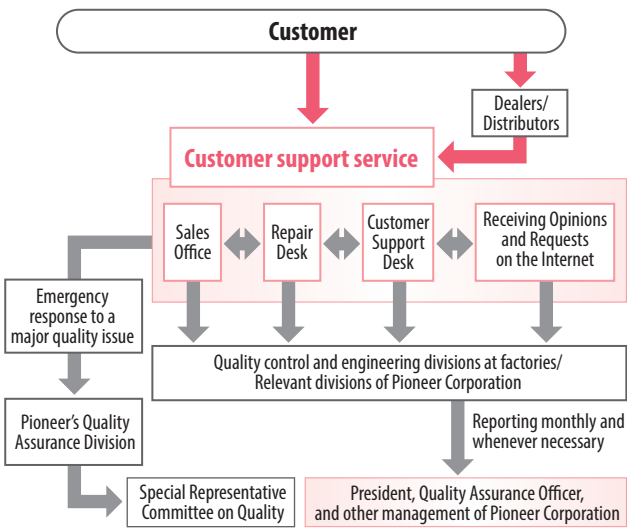
In addition to consolidating this sort of regular monthly information exchange, the Group will reinforce its response to issues arising in the marketplace. Information about these issues is conveyed via inquiries to the consultation service, along with repair and service information, analysis of returned products, feedback from Internet surveys, and so on. The Group 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 Pioneer Group will continue to identify best practices in order to maintain and improve total quality across the Group.

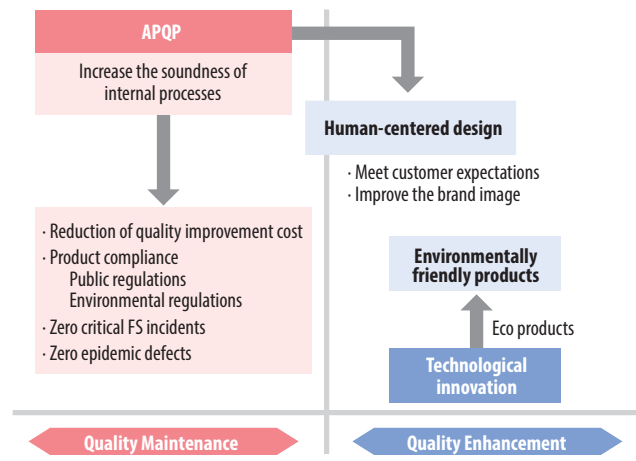
Outline of Information Flow from Customers Concerning Quality



The Four Key Points of APQP

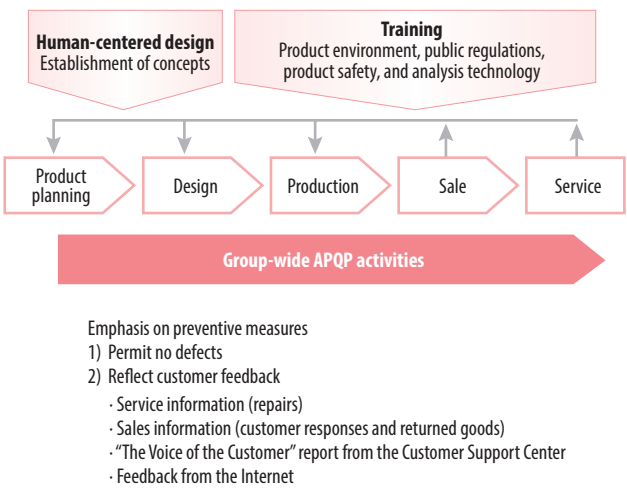
- 1) Predict and prevent problems rather than responding after the fact
- 2) Team activities
- 3) Information on current circumstances is constantly shared
- 4) Effective communication

Approach to Quality Assurance Activities



Critical FS incidents: Fires and serious injury/illness accidents due to product factors
Epidemic defects: Market defects of products that occur frequently due to specific factors

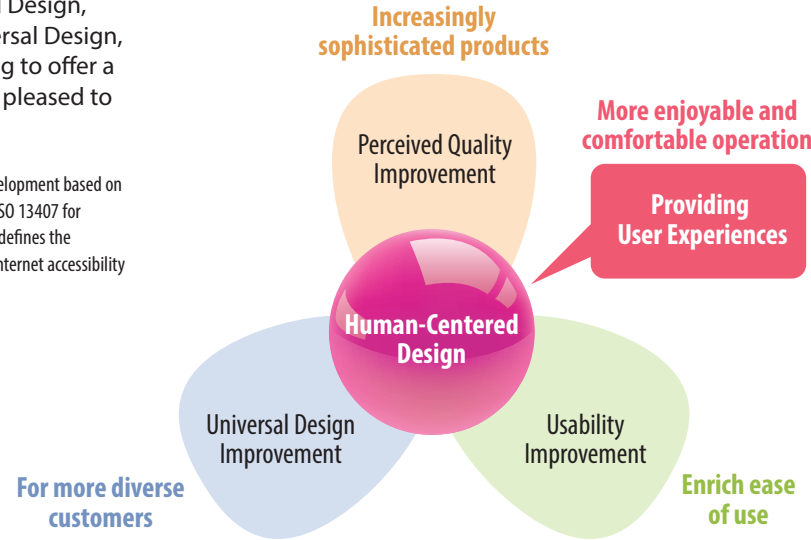
Establishment of a Process Framework Required for High-quality Product Development



Promoting Human-Centered Design

The Pioneer Group promotes Human-Centered Design, which is supported by Perceived Quality, Universal Design, and Ease of Use. The Group is constantly striving to offer a User Experience for customers to enjoy and be pleased to use our products with excitement.

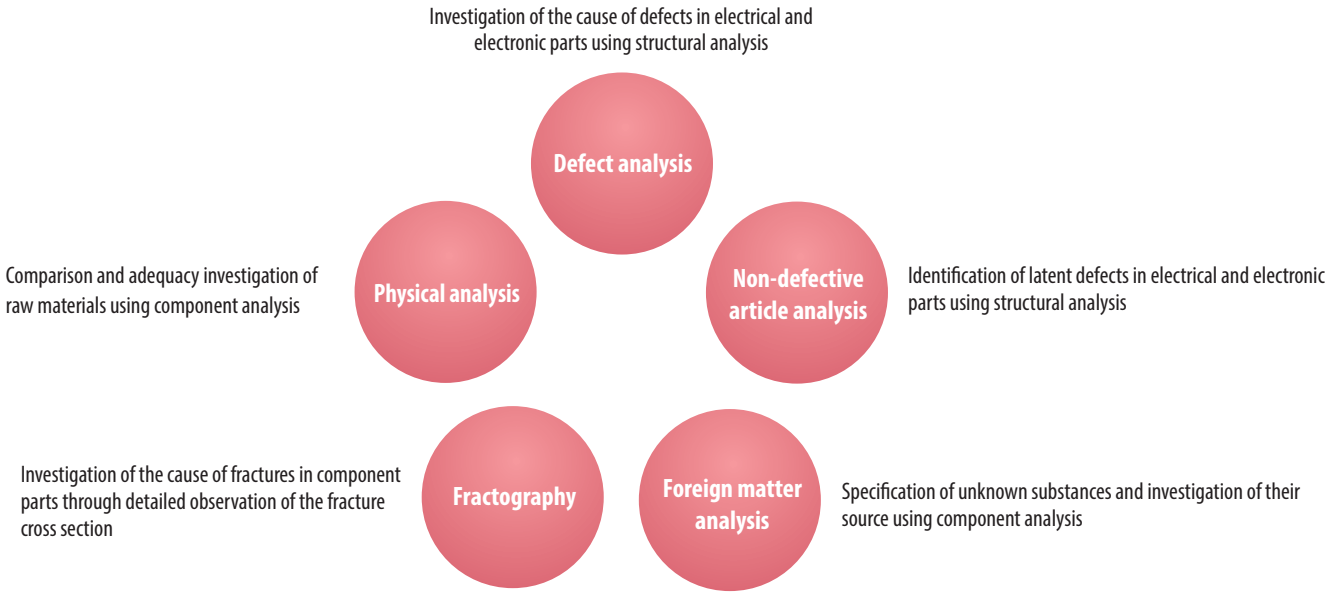
Note: Typically human-centered design is a process concept for product development based on the user's perspective, and it conforms to the international standard ISO 13407 for human-centered design processes for interactive systems. ISO 13407 defines the concept, for which there are specific standards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



Preventive Measures Using Analysis and Evaluation

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

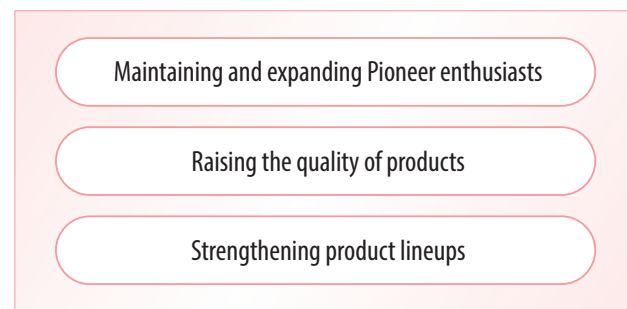
Utilizing sophisticated analysis evaluation technologies, the Analysis and Evaluation Center pinpoints the underlying issues and problems that cause defective products by examining market, domestic and overseas Group company, affiliated company and material supplier manufacturing processes. Through an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



To Win Customers' Satisfaction and Trust

Customer Support and Service

The Pioneer Group is working to build a framework of the highest quality support and services throughout the world. Each year, the Group conducts a customer satisfaction survey concerning its support and services. The results of each survey are channeled directly toward further improvements in customer satisfaction. In this manner, the Group is endeavoring to expand the circle of Pioneer enthusiasts. The Group consistently makes decisions from the customer's viewpoint, building relationships of trust by providing service that appeals to customers and meeting their expectations around the world.



Results of the Independent Customer Satisfaction Survey for Japan (2016)

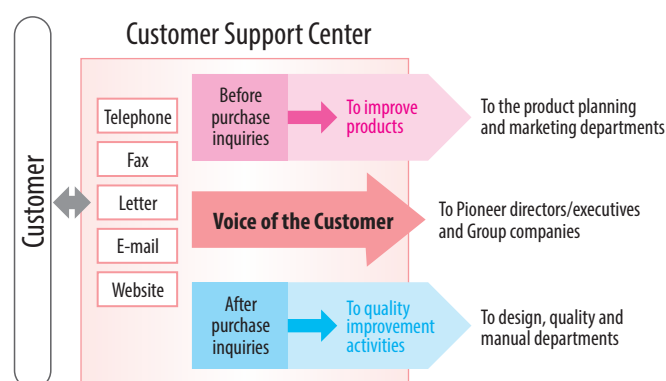
Overall satisfaction following repairs as reported by the survey	77.0%	Customer satisfaction with the Customer Support Center	86.7%
Satisfaction with the Repair Desk	89.0%	Customer satisfaction with the Parts Ordering Center	82.8%

Responding to Customer Inquiries

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 370,000 before- and after-purchase inquiries by telephone and e-mail. The center does not simply respond to inquiries—it 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 2016, the Customer Support Center again drew on an evaluation by an external agency to improve the quality of the responses of personnel, including their overall manner, first impressions and friendliness.

Responding to Customer Inquiries



Monitoring System to Enable Employees to Listen to Customers Directly

Pioneer offers its employees training opportunities to experience operations at the Customer Support Center. Listening to customers directly at the center enables employees to develop their own insight and more effectively act based on the customer's point of view.

Response Rate for the Customer Support Center in Japan (2016)

Response rate	90.2%
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Support
http://pioneer.jp/en/product_support/support/

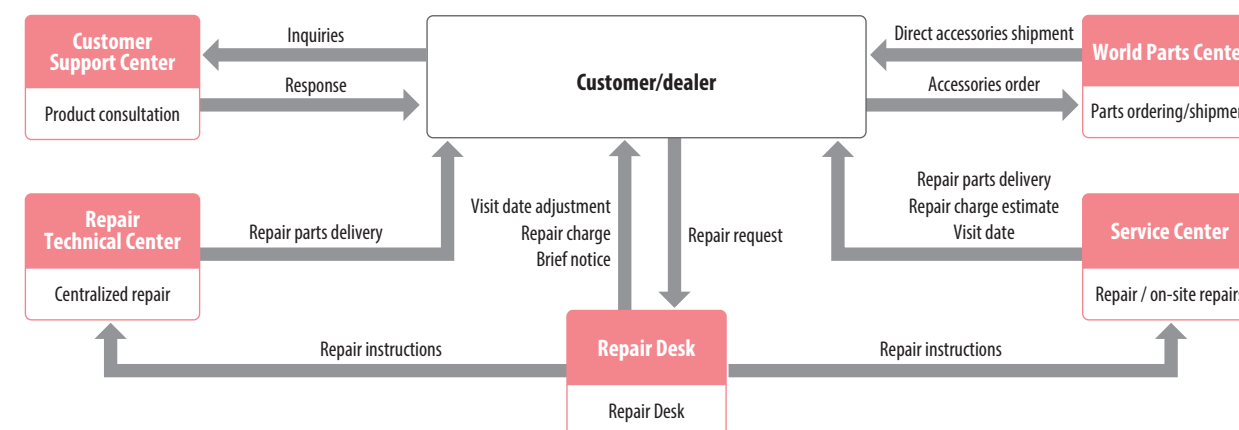
Product Repair Service

Pioneer handles approximately 165,000 repairs annually in an effort to reassure and satisfy our customers.

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 Repair Desk, the courtesy of responses, and the adequacy of repairs and explanations.

Response to Inquiries and Repair Requests in Japan

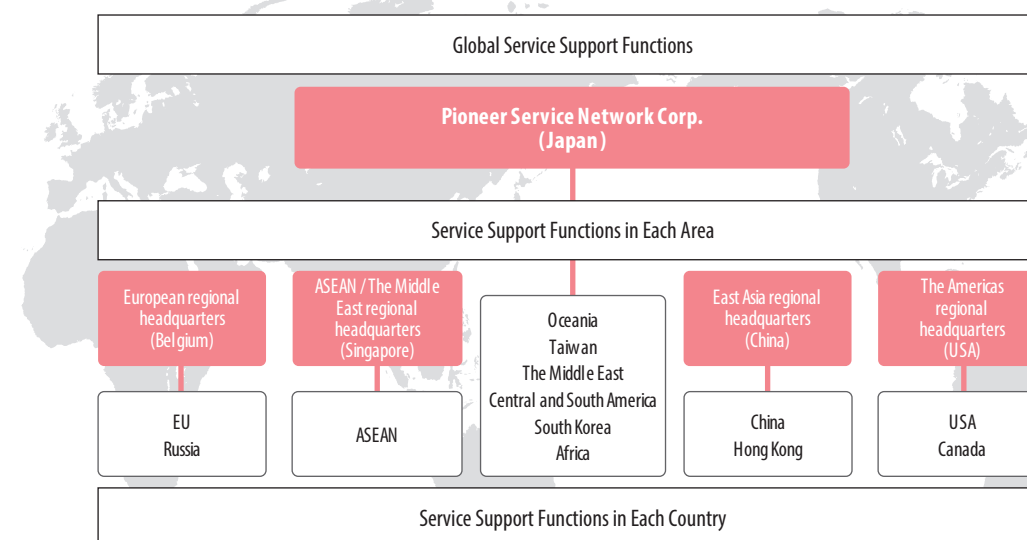


Global Service Support

In fiscal 2016, 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 newly emerging growth markets.

Worldwide Service System



Environmental Activities of Pioneer



Basic Concept of Environmental Activities

Philosophy of Environmental Preservation

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

The Pioneer Group aims to uphold and share its philosophy, "Move the Heart and Touch the Soul," through its business activities. Based on our global philosophy of sustainable development, Pioneer is voluntarily pressing forward to prevent environmental pollution, conserve resources and save energy, and we believe it is our mission also to provide a high standard of living and deliver inspiration based on a new ecological standard. In addition, Pioneer is actively supporting and cooperating with world-wide efforts to protect the natural environment, maintain the earth's environment, and pass it on to the next generation.

Basic Policies of Environmental Preservation

Key environmental issues

1. Prevention of Global Warming
2. Conservation of Resources, and Recycling
3. Management of Chemical Substances
4. Preservation of Biodiversity

Basic actions

5. Compliance to Laws and Regulations
6. Disclosure of Information, and Communication
7. Environmental Education
8. Social Contribution

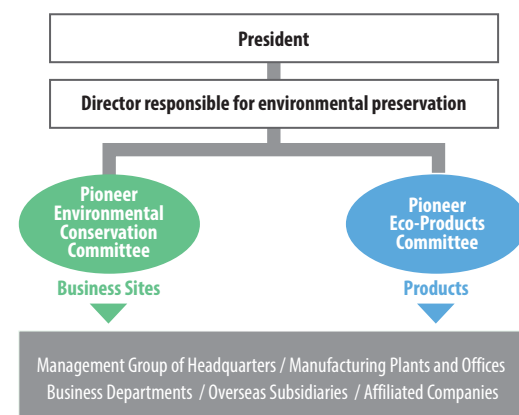
Environmental Vision 2020

To create an eco-friendly and enriched life, and contribute to society with high-quality "technology" and "activities" for the realization of a sustainable society.

Organization of Pioneer Environmental Preservation Activities

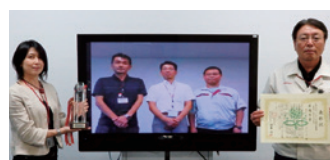
Pioneer launched the "Pioneer Environmental Conservation Committee" to control environmental preservation activities in 1991. In 2004, the "Pioneer Eco-Products Committee" which cross divisionally controls environmental preservation activities related to products was inaugurated. These current two committees structure serves to promote overall activities of Pioneer's environmental preservation system to cover both facilities and products.

In the future, transparency of CO₂ impact across all business activities will be promoted in addition to activities for manufacturing plants, offices, and products. A system for environmental contribution by planning, development, production, and use of products will be organized to reduce greenhouse gases for each stage of the lifecycle.



Internal Award System

The Pioneer Group has been internally been awarding offices, plants, groups, or individuals around the world that have contributed to environmental protection activities with the Pioneer Environmental Contribution Award and has been awarding patents judged to be contributions to environmental protection with the Environmental Patent Award.



Award for Particular Excellence
Tohoku Pioneer Group



Award for Activity Excellence
Pioneer do Brasil Ltda.
Pioneer Yorkey do Brasil Ltda.

Initiatives in Product Development

Solutions to Environmental Issues by Technological Products

Pioneer considers its environmental contribution to be the delivery of products that offer an "ecological and enriched life." We are engaged in product development to address and solve the issues related to the "Prevention of Global Warming," "Resource Recycling," and "Management of Chemical Substances Contained in Products" with our environmental technologies.

Prevention of Global Warming

- Reduction of power consumption
- Improvement of fuel consumption of automobiles
- Energy saving during transport

Resource Recycling

- Reduction of material quantities and number of parts
- Reduction of packaging
- Easily degrading properties

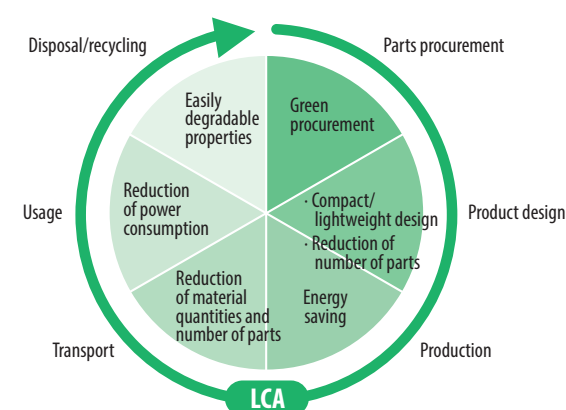
Management of Chemical Substances Contained in Product

- Minimization of environmental impacts
- Promotion of green procurement
- Management of chemical substance information

Product Lifecycle Point of View

We perform Life Cycle Assessments (LCA) in order to reduce the environmental impact on the lifecycles of products from mining of raw materials to production/distribution of products, and use/disposal by customers. Influence on product lifecycles at each stage is visualized to promote improvements in the environmental performance of products, and the analyzed data that is disclosed on our website.

Flow of Product Assessment from the Lifecycle Viewpoint



Improve Environmental Performance

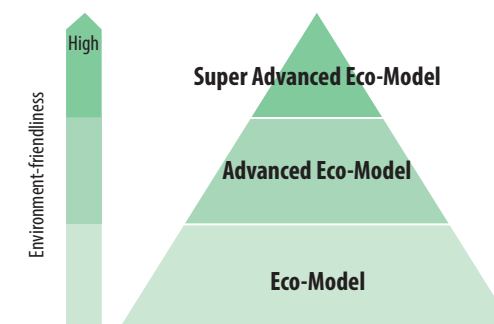
Materials composing of parts, amounts used, and electronic parts are selected at the product design stage. In addition, electrical performance such as power consumption is determined at this stage. We conduct product assessments at this important stage to determine the environment performance to realize effective environmental consideration/care, and to ensure compliance with environmental laws and regulations around the world.

Evaluation for Environmental Consideration of Products

Achievement status is confirmed based on the evaluation system for environmental consideration of products at the completion of design. Products are certified as Super Advanced Eco-Model, Advanced Eco-Model or Eco-Model at the time of release.

An award is given to the Development Department of the certified model, and this system is also fully used for the purpose of promoting communication such as publication within the company and application for environmental awards.

Evaluation System for Environmental Consideration of Products



Super Advanced Eco-Model

Products with outstanding environmental performance
Products with industry-leading environmental performance or products incorporating Pioneer's original environmental technologies

Advanced Eco-Model

Products with superior environmental performance
Products with environmental performance of a certain level, such as products exceeding in environmental performance over previous products, or products surpassing the environmental performance of competitor products.

Eco-Model

Products that exhibit basic environmental performance

Environmental Activities of Pioneer



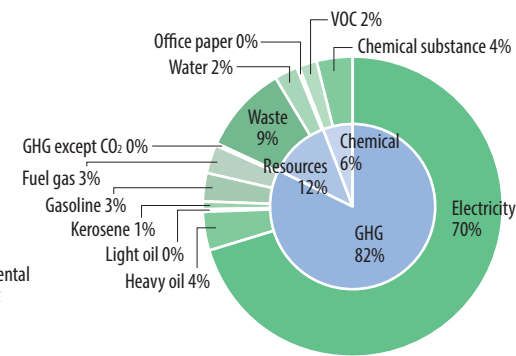
Initiatives in Business Activities

A consistent concept of developing environmentally-friendly products in energy-saving offices and manufacturing products in eco-factories is shared not only in Japan, but also globally. We also promote improvement activities utilizing the ISO 14001 Environmental Management System. In addition, the Environmental Management Systems in each plant and office and domestic group companies are integrated, and activities of the entire organization are developed toward more ambitious targets.

Data of 18 companies in Japan and 18 companies overseas is collected and feedback is reflected in the activities in the following year. The “Environmental Activities Report” summarizing the results is proactively disclosed on our website.

Environmental Impact Assessment

Pioneer conducts global environmental impact assessments to determine environmental management items for offices and plants. In our business structure, the impact on global warming through use of energy (greenhouse gas emissions) is large, which occupies 82% of the total. Secondly, impact from recycling resources generated through development and production activities at business sites is 12%. In order to reliably achieve targets for these two upper level items, target results to target values in each office and plant are collected and assessed on a quarterly basis.



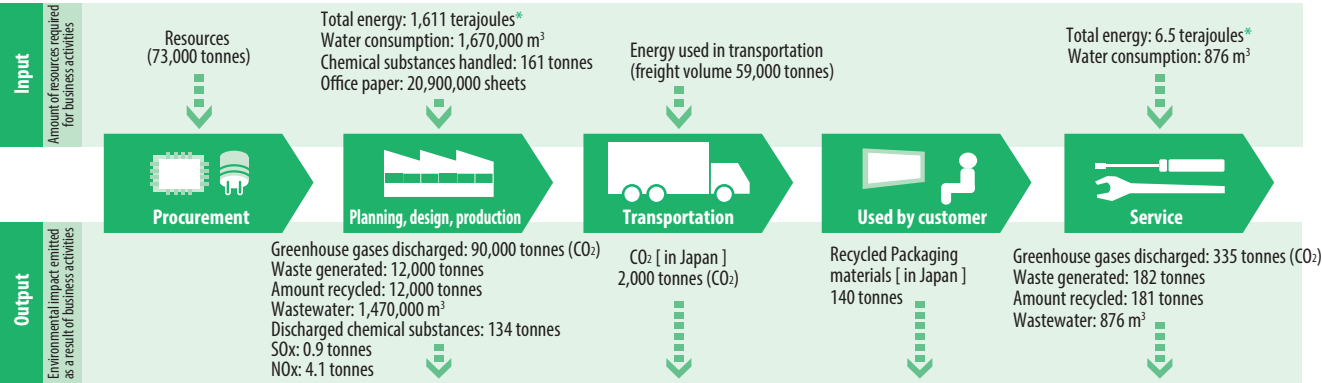
Environmental impact assessment method
Environmental aspects = Obtained by multiplying coefficient calculated by Environmental elements (for example, annual electric usage) and LIME (Lifecycle Impact Assessment Method based on Endpoint Modeling, developed)

Main Target and Results in FY2016

Category	Issue	FY2016		
		Target	Results	Self assessment
Targets	Prevention of Global Warming	CO ₂ equivalent greenhouse gas emissions in Japan: 12% reduction from FY2010 to FY2020 (Gross emission)	Achieved 22% reduction	◎
		CO ₂ equivalent greenhouse gas emissions in Japan and Overseas: 10% reduction from FY2010 to FY2020 (Emissions per unit of sales amount)	Achieved 28% reduction	◎
	Conservation of Resources, and Recycling	Reducing valuable resources/waste material in Japan and Overseas: 3% reduction from FY2011 level on a per unit of sales amount.	Achieved 20% reduction	◎

Note: Self-evaluation standards (broad estimates)
◎ Significantly exceeds the target: 110% or more / ○ Achieved the target: 100% to less than 110% / △ Fell slightly short of the target: 95% to less than 100% / × Failed to meet the target: less than 95%

Pioneer’s Environmental Impact

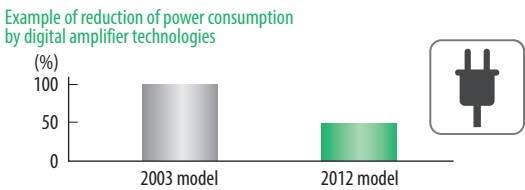


Figures in parentheses are approximate, based upon estimates *Tera is defined as 10¹²

Initiatives for Prevention of Global Warming

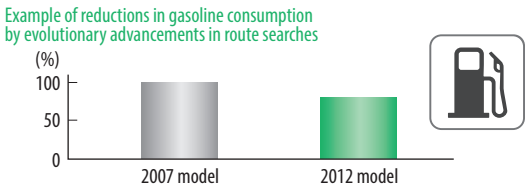
Reduction of Power Consumption by Digital Technology

Since 2012, we have applied our original digital technology to amplifiers, which are the core component of an audio system, and reduced the amount of power consumed by half.



Searching for Routes Enabling Good Fuel Consumption with Car Navigation Products

Since 2009, Pioneer has equipped our navigation systems with our proprietary “Smart Loop” function. This function searches for the route of lowest consumption of gasoline to support eco-driving.

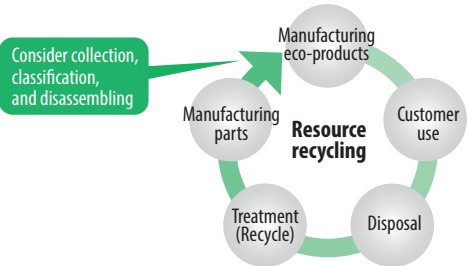


Prevention of Global Warming from Products
<http://pioneer.jp/en/environment/product/prevention/>

Initiatives on Resource Recycling

Select Easily Recyclable Materials

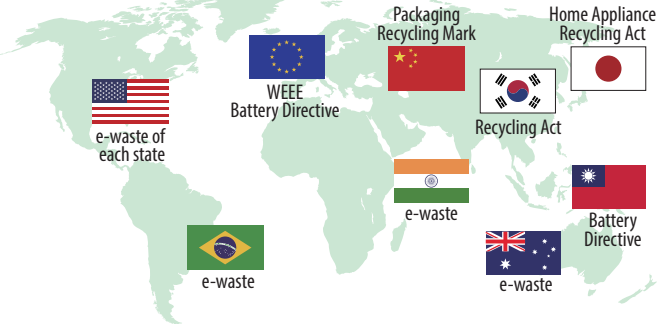
At the parts purchasing stage, we select materials that enable reducing the number of types of plastic materials used, not adhering to different types of plastic materials, not attaching resin film to packaging boxes, and promoting use of recycled materials. Materials that are easily collected, classified and disassembled are selected.



Resource Recycling of Products
<http://pioneer.jp/en/environment/product/circulation/>

Response to Recycling Scheme at Consumption Point

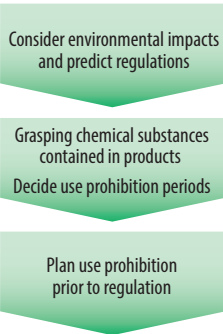
We have prepared a law and ordinance monitoring system globally to enable appropriate treatment in accordance with recycling laws at the respective points of consumption. We promote recycling-awareness designs to contribute to effective utilization of resources, prevention of environmental pollution, etc.



Management of Chemical Substances Contained in Products

Minimizing Environmental Impacts

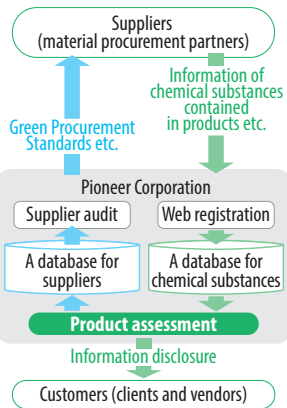
We have constructed a structure to enable appropriate determinations of the environmental impact of new restricted substances based on a variety of data and reliable implementation of measures to prohibit such use in advance of regulation. This is how Pioneer is continuously engaged in minimizing the environmental impact of chemical used in our products.



Management of Chemical Substances Contained in Products
<http://pioneer.jp/en/environment/product/chemicals/>

Management of Chemical Substance Information

To understand operations related to chemical substances contained in products, Pioneer is engaged in improving the efficiency of information collection throughout its supply chain. The collected chemical substance information is managed in an environment database and an information transmission system is constructed to enable efficient reception and delivery of information from suppliers to customers.

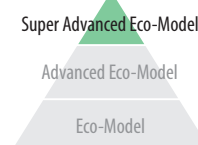


Eco-Friendliness in Products

Super Advanced Eco-Model



Evaluation system for environment-friendly products



*Cf. page 24



OLE-B01 OLED lighting for makeup application (model developed exclusively for Shiseido Co., Ltd.)

The OLE-B01 is slender in design, has low power consumption, and contains no hazardous mercury. It does not produce ultraviolet light, illuminates surfaces with a gentle light, and is safe with little heat generated. This model has reduced CO₂ emissions by 11.6 kg/unit across its entire life cycle compared to existing products*¹.

*¹: Pioneer assumes an incandescent light or equivalent product.

GM-D1400 car power amp

Size and weight were greatly reduced by installing high-performance Class D amplifier circuits and our quest for the optimal pattern design. Thanks to a reduced consumption current achieved by maximizing signal processing efficiency, CO₂ emissions have been reduced by 125 kg/unit across its entire life cycle compared to existing products*².

*²: The Pioneer GM-D6400.

Eco-Friendliness in Cars: Eco-Friendly Features of carrozzeria

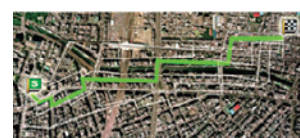
Pioneer creates products that realize "Eco-Friendliness, Economy, and Enjoyment" and enhance your car-driving experience. In car navigation systems, carrozzeria's original Smart Loop function searches for an eco-friendly route that avoids traffic congestion to reduce fuel consumption and shorten the driving time to your destination. With car AV products, we have downsized each product and reduced power consumption to reduce the load on a car in which the product is installed and contribute to fuel consumption improvements. Products of smaller size and lighter weight also contribute to a reduction in transportation fuel for delivery of products to customers.



Eco-Friendliness in Cars
<http://pioneer.jp/en/environment/product/car/>

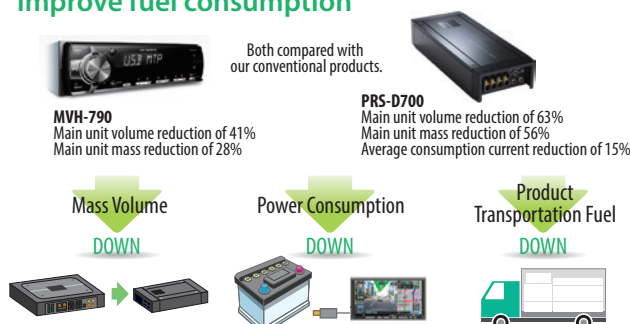
Driving ecologically with Smart Loop

Smart Loop is used in CYBER NAVI, RAKU NAVI, in APPLI UNIT, and NAVI CRADLE.



Gasoline
Consumption
DOWN

Small size, light weight, and power saving contribute to lessen the load on the car and improve fuel consumption



Eco-Friendliness in Homes and Towns: Superior Eco-Friendliness for Fun and Work

Eco-friendly travel with a bike navigation system

Traveling by bike is eco-friendly since you don't use fuel. The navigation unit is equipped with a reusable lithium ion battery and also has an "energy-saving mode."



Ride with
navigation units
for bicycles
SGX-CN710-W

Making day-to-day living comfortably eco-friendly

Pioneer has been working to reduce the size, weight, and power consumption of BD/DVD/CD writers for personal computers.



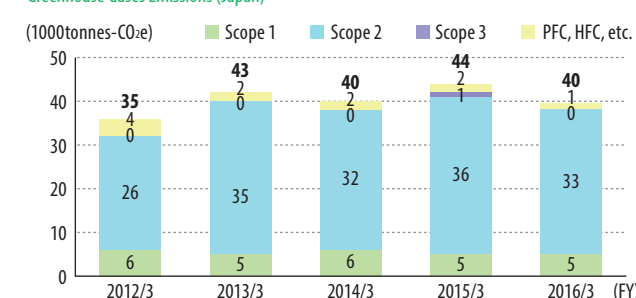
BD/DVD/CD WRITER
BDR-S091-X

Initiatives in Offices and Plants

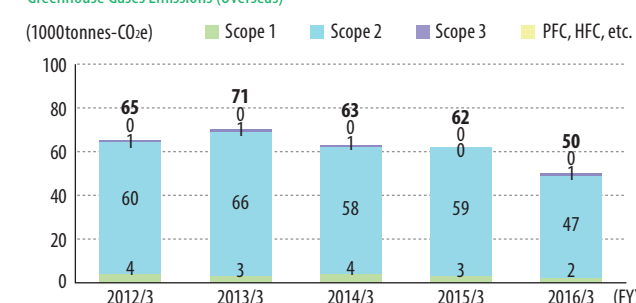
Prevention of Global Warming

The total volume of greenhouse gas emissions at Pioneer Group offices and plants for FY ending March 2016 decreased by approximately 15% year on year. Fluctuations in the number of basic CO₂ exhaust units for electrical energy had greater effects both in Japan and abroad compared to fluctuations in the amount of energy used.

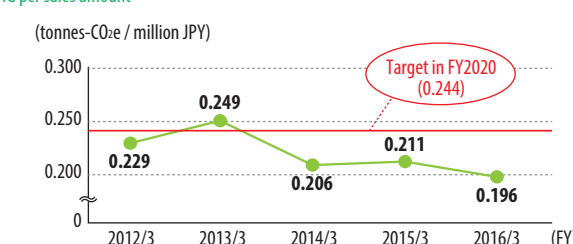
Greenhouse Gases Emissions (Japan)



Greenhouse Gases Emissions (Overseas)



GHG per sales amount



Example of Activity for Global Warming Prevention

Pioneer Micro Technology Corporation has introduced inverters for the drive systems on wastewater recycling high pressure pumps and compressors, thereby saving 72,700 kW annually.



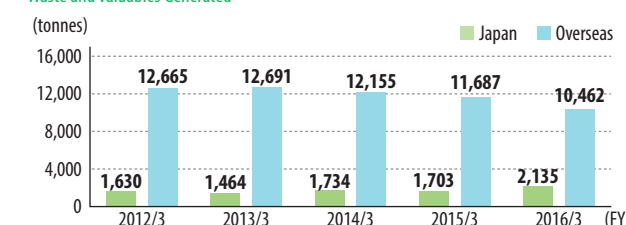
Inverted equipment

Reduction of Waste and Valuables

In order to reduce the generation of waste and valuables, constant improvements are made to avoid the use of materials not required in production processes, including recyclable valuable resources.

Moreover, Pioneer implements activities to recycle waste from offices and plants to reduce landfill disposal down close to zero. In the year ending March 2016, we recycled 99.9% of our waste in Japan and 99.3% globally.

Waste and Valuables Generated



Example of Activity for Efficient Use of Resources (Kawagoe Plant)

Previously, the Kawagoe Plant disposed of spent isopropyl alcohol (IPA), which had been used for cleaning manufacturing machinery, after use. The plant looked to see if a recycled product could be purchased from a discharge source, so that waste liquid would be able to be taken away at the time of delivery, thereby offering benefit in terms of transportation. After six months of trial and error, the plant succeeded in obtaining delivery of a recycled product, which would offer the same performance as a new product, from a discharge source.

Recycling Isopropyl Alcohol (IPA)



Kawagoe Plant

Spent IPA is discharged
Recycled IPA is delivered

Disposal & recycle company

Social Contribution Activities

Basic Concept of Social Contribution Activities

The Pioneer Group makes use of our technology, experience and knowhow to actively contribute to society with a particular focus on audio and visual, environmental conservation, and education support activities. We are also actively supporting welfare activities, disaster relief (in the form of matching gifts) and many other enterprises that

take into account the support requested by communities.

The Pioneer Group will continue to engage in social contribution activities, in which each and every employee enthusiastically participates, so that we may continue to have a prosperous society based on our founding spirit of "Move the Heart and Touch the Soul."

Audio and Visual

"Listen through the Body" Concerts

"Listen through the Body" concerts are one example of Pioneer's societal contribution and volunteer activities. Since 1992, we have used a system for changing sound into vibrations, which was invented by Pioneer founder Nozomu Matsumoto, to regularly hold concerts that enable people with hearing difficulties to enjoy the pleasures of music.

History

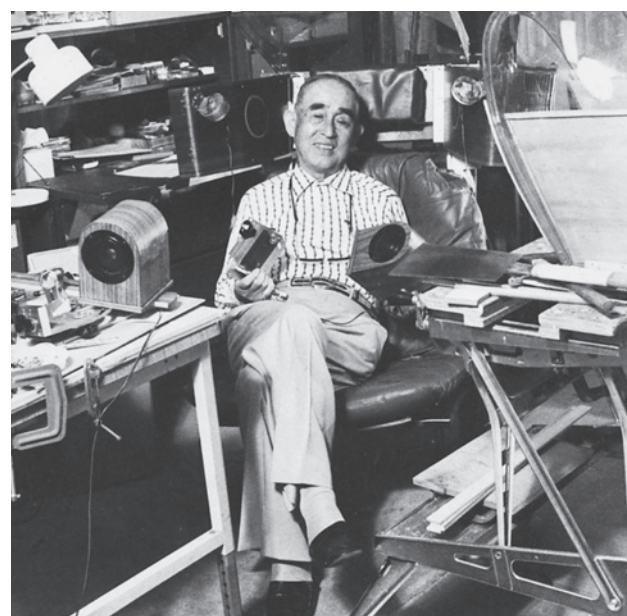
Taking a hint from a suggestion by the famous rocket engineer Hideo Itokawa during a speech at Pioneer that "Music is not heard just with the ears, but is felt with the entire body. We listen to music through two components: the soundwaves that we hear through auditory perception and through bone conduction. In other words, music is not something just for the ears, but is felt by the entire body. The bone conduction effect is very intense in that people listening to music are overcome with genuine ecstasy, and audio equipment is essential for conveying the energy in bone conduction," Nozomu Matsumoto set to work in 1972 on researching and developing the sound vibration system in his workshop at home.

Around 1983 and 1984 when the first system was created, then Chairman Nozomu Matsumoto hoped that even people with hearing difficulties would be able to enjoy music and rhythm by using this system, and he conducted a variety of studies in cooperation of organizations and other groups associated with the hearing-impaired.

Employees, who were deeply touched by the joy and excitement that people with hearing difficulties showed, suggested using the system in the company's volunteer activities, which led to the first "Listen through the Body" concert being held in 1992.

Sound Vibration System

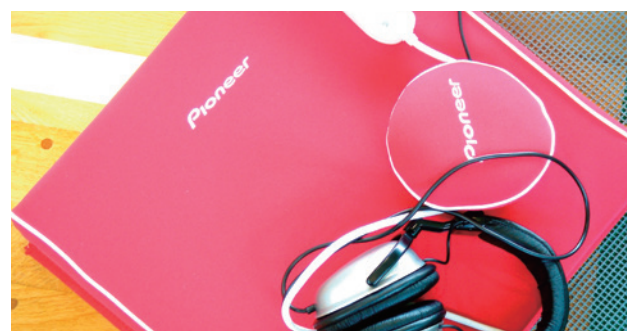
The system is comprised of a square floor cushion and pouch with a built-in vibration device. When the system is used, realistic low-frequency vibrations are directly transmitted to the body from the vibration unit even at low volume so that people who have hearing difficulties (people who use hearing aids as well as those who have lost their hearing) are also able to enjoy music.



Pioneer founder Nozomu Matsumoto in his workshop (photo provided by the Denpa Shimbunsha)



Sound vibration system (first generation cushion chair)



Sound vibration system (pouch and square floor cushion)

225th "Listen through the Body" Concert Matsumoto Memorial Music Guest House (June 2015)

Participants enjoyed a concert given by members of the Japan Philharmonic Orchestra at the Matsumoto Memorial Music Guest House, which used to be Nozomu Matsumoto's residence. In the gentle sunlight during a break in the rainy season as rays flowed through the stained glass windows, the audience was enveloped in the soft and rich harmony of the oboe and pipe organ. After the performance, a tour was given of the museum, allowing guests to view the garden, tea room and even the workshop where Nozomu Matsumoto researched and developed the sound vibration system.



At Matsumoto Memorial Music Guest House

228th "Listen through the Body" Concert Meguro Persimmon Hall (December 2015)

At the end of the year, Pioneer employees held a Christmas concert attended by around 200 guests. The concert theme was "songs supporting 70 years of postwar recovery." A sign language chorus provided the lyrics to numerous hits that have been both encouraging and motivating. It was also the performers' first attempt at a sign language play and breakdancing. The audience was overwhelmed with joy with some even saying "It was the first time I was able to enjoy dancing and a play" and "The performers were amazing."



Pioneer employees providing a sign language chorus at Meguro Persimmon Hall

"Listen through the Body" concerts given in 2015 (number of performances and attendees)

■ 8 regularly-scheduled concerts with 539 attendees ■ 8 outdoor concerts attended by 167 people ■ Equipment lent for 10 experience events attended by 196 people

"Feel through the Body" Film Screenings

"Feel through the Body" film screenings utilize the sound vibration system and narration providing commentary on the film so that people who have hearing difficulties and those who do not are able to enjoy a film at the same time and in the same space. This was the 14th screening since 2011, thanks to the cooperation of NexTidEvolution*.

*NexTidEvolution: A social project whose objective is to use the power of fashion and design to create a society that takes down the barriers between the hearts of people with and without disabilities so everyone can enjoy themselves together.



People using the sound vibration system and narration

"Feel through the Body" Film Screening Vol. 13 Pioneer Plaza Ginza (December 2015)

On this day, 34 people had the opportunity to experience this event. The joy of the participants was expressed in comments such as "I got a deeper feeling for the movie, and had a really good experience," "I was excited because the experience made it feel like I could see the movie thanks to the narration and sound vibration systems," and "Thank you for giving everyone the opportunity to enjoy the program without any barriers getting in the way."



Inside Pioneer Plaza Ginza

Social Contribution Activities

Environmental Conservation

As a company that manufactures speakers made with wooden materials, Pioneer Group undertakes activities to protect forests in an expression of gratitude to the trees. These environmental conservation activities are an

Pioneer Forest

In 2005, Pioneer concluded an agreement with the Saitama Prefectural Forestry Public Corporation to take over regular management of 2.4 hectares of cypress forest near Kamakita Lake, which we have named the "Pioneer Forest." The forest, which had originally been a dark forest that blocked out sunlight, has grown bright and leafy thanks to the work of Pioneer employees and their families volunteering regularly to prune and thin trees. In February 2016, Saitama Prefecture also became involved, and all three parties entered into the new Saitama Prefecture Forest Development Agreement. The agreement will enhance future activities for forest use including workshops for children to experience nature.



President Kotani (left), Saitama Governor Ueda (middle) and Prefectural Forestry Public Corporation Chairman Maeda (right)

Oirase Mountain Stream Cleanup Campaign

Since 2003, Towada Pioneer Corporation has been engaged in the Oirase Mountain Stream Cleanup Campaign to keep trails clean along mountain streams in Oirase, Aomori Prefecture. The cleanup campaign in 2015, which marked the 12th session, was joined by 21 employees and their family members who collected 3.7 kg of combustible refuse and 4.2 kg of incombustible material for a total haul of 7.9 kg.



Along a footpath at Lake Towada

opportunity to educate our employees because, in addition to helping to absorb CO₂, these tree protection activities ensure water resources and protect the ecosystem.

Yamagata Kizuna Forest

Since 2003, Tohoku Pioneer has participated in the Yamagata Kizuna Forest Project, an activity to preserve 13.7 hectares of forest on the Konesakasan Public Corporation plantation in Tendo City, Yamagata Prefecture. In 2015, 14 employees worked to trim branches and thin out the forest. The timber from the forest thinning was used to cultivate mushrooms, as well as make benches and planters, which were donated to Tendo City.



Pioneer employees participating in the Kizuna - Forest

Pioneer Technology (Malaysia) Sdn. Bhd. MPT's (Malaysia) Zero Trash Day

At MPT, employees are enlisted every year for Zero Trash Day. In 2015, employees worked to clean up a park along the Muar River near the plant. Fifty-eight employees participated in the cleanup activity and collected 82 kg of trash.



Cleaning up trash along the Muar River

Education Support

Hands-on Craft Workshop

Pioneer is active in providing activities for children and others to experience the fun of making things. Thirteen workshops were held in 2015, which were attended by 201 people. At the Papercraft Speaker Workshop, children learned about the principles of sound and the structure of speakers, after which they attempted to make an actual speaker using paper. We at Pioneer would like to convey the excitement felt when a child hears sound come out of a speaker that he/she made himself/herself.



A hands-on craft workshop held at the Pioneer headquarters

Volleyball Workshop

In cooperation with the Kawagoe City Sports Promotion Division, the Kawagoe Plant volleyball team holds workshops for elementary and middle school volleyball players in the community as part of the plant's activities to support education. Four schools comprising roughly 60 players participated in the 2015 workshop.



Lesson during the volleyball workshop

Social Welfare and Interaction with Local Community

Pioneer Headquarters

In Tokyo's Bunkyo City where the headquarters is located, Pioneer provides support for welfare institutions to sell products at the company so that people with disabilities are able to work and participate in society. At the headquarters as well, with the cooperation of the Bunkyo City Welfare Division for Persons with Disabilities, the Company assisted social welfare services Yamadori-no-Kai and Kobo Wakagiri in selling handmade bread and leather crafts. The event was a great success with over 200 employees turning out.



The sales event at Pioneer's headquarters

Pioneer North America, Inc. PNA (United States)

In 2015, some 25 PNA employees volunteered to help with the Fall Games of Special Olympics* Southern California where they enjoyed participating in sports with athletes with intellectual disabilities.

*Special Olympics: international sports organization that sponsors sports programs and competitions so that people with intellectual disabilities may be independent and participate in society.



Participating athletes and volunteer employees

Pioneer Technology (Shanghai) Co., Ltd. PSG (China)

At the Shanghai Huimin School for children with intellectual disabilities, PSG employees played games with students to develop intellectual capabilities, and taught the art of Chinese paper cutting. These activities began in 2011. This was the sixth session at which 25 PSG employees and 180 people with disabilities participated.



Children playing a game with Pioneer employees

Toward Communication with Society

Shareholders, Investors and Society

Pioneer regularly conducts briefings on its financial results and company affairs for the benefit of investors and the mass media. Moreover, every effort is made to disclose information in a timely and appropriate manner on the Company's website. With the goal of improving its overall corporate conduct, each Pioneer division addresses the wide range of inquiries it receives from customers and external parties by e-mail. The Company's website features a page for these users to submit their inquiries, opinions, and comments on an anonymous basis.



Financial Results Briefing

Customers

The 2016 carrozzeria Experience was held, which was an event where people could experience new carrozzeria products before they went on sale. Open to the public, this event allows ordinary customers to take their time looking at, listening to and touching actual products so that they have a better understanding of the carrozzeria brand and product appeal. Pioneer attaches great importance to dialoguing with the public, and reflects comments voiced by customers in its future products.



Carrozzeria Experience

Material Suppliers

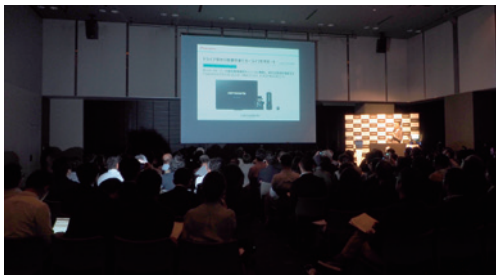
Pioneer's materials procurement division regularly holds business policy meetings for the benefit of suppliers. In addition to explaining the Company's business plans and fostering deeper understanding, the Company works diligently to gain the cooperation of suppliers in fulfilling a broad spectrum of corporate social responsibilities across the entire supply chain.



Business policy meeting

Dealers

Through the Group sales companies, Pioneer holds management policy briefings and new product presentations for its dealers across Japan to strengthen partnerships with them by explaining the Company's management policies, market trends, product strategies, and marketing plans.



New product launch for carrozzeria

Local Communities

The Pioneer Group seeks to engage with local communities as a responsible corporate citizen. Group companies and offices hold briefing sessions on the environment with local residents and events for students of local schools to learn outside of the classroom. We also cooperate with community events, sales of bread and other products hand made at vocational facilities for people with disabilities to our employees, and participate in other local activities.

Labor Unions

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

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

The Pioneer Group's Globally Expanding Network

With operations worldwide, Pioneer is working to strengthen cooperation across the globe and strives to provide products and services that meet the unique needs of each region. By displaying the full potential of the Pioneer Group, the Company aims to spread the smiles and share the passion, anytime, anywhere.

Japan

Tohoku Pioneer Corporation
Tohoku Pioneer EG Corporation
Mogami Denki Corporation
Pio Tec, Inc.
TPS Corporation
Towada Pioneer Corporation
Pioneer Micro Technology Corporation

Increment P Corporation
Global Survey Corporation
Pioneer Service Network Corporation
Pioneer FA Corporation
Pioneer Digital Design and Manufacturing Corporation
Pioneer Sales & Marketing Corporation
Technical Audio Devices Laboratories Inc.

MC Pioneer OLED Lighting Corporation
Pioneer System Technologies Corporation
Pioneer Welfare Services Co., Ltd.
Tech Experts Inc.
Pioneer Finetech Corporation
Fukuin Corporation

The Americas

United States

Pioneer North America, Inc.
Pioneer Electronics (USA) Inc.
Pioneer Automotive Technologies, Inc.
Discovision Associates
Pioneer International (Miami) Inc.

Canada

Pioneer Electronics of Canada, Inc.

Panama

Pioneer International Latin America, S.A.

Mexico

Pioneer Electronics de Mexico S.A. de C.V.
Pioneer Automotive de Mexico S.A. de C.V.

Brazil

Pioneer do Brasil Ltda.
Pioneer Yorkey do Brasil Ltda.

Europe

Belgium

Pioneer Europe NV

Russia

Pioneer RUS Limited Liability Company

Middle East and Africa

United Arab Emirates

Pioneer Gulf, Fze.

Asia and Oceania

China

Pioneer China Holding Co., Ltd.
Pioneer Technology (Dongguan) Co., Ltd.
Pioneer Technology (Shanghai) Co., Ltd.
Pioneer (HK) Ltd.
Pioneer Industrial Components (Hong Kong) Co., Ltd.
Dongguan Monetech Electronic Co., Ltd.
Shanghai Pioneer Speakers Co., Ltd.
Mogami HongKong Co., Ltd.
Mogami Dongguan Electronics Co., Ltd.
Pioneer Suntec (Shanghai) Electronic Technology Co., Ltd.
INCREMENT P Shanghai Co., Ltd.
Pioneer Trading (Shenzhen) Co. Ltd.

Singapore

Pioneer Electronics Asiacentre Pte. Ltd.

Vietnam

Tohoku Pioneer (Vietnam) Co., Ltd.
MOGAMI VIETNAM Co., Ltd.

Taiwan

Pioneer High Fidelity Taiwan Co., Ltd.

Indonesia

PT. Pioneer Electronics Indonesia

Malaysia

Pioneer Technology (Malaysia) Sdn. Bhd.

India

Pioneer India Electronics Private Ltd.

Thailand

Pioneer Electronics (Thailand) Co., Ltd.
Pioneer Manufacturing (Thailand) Co., Ltd.
Tohoku Pioneer (Thailand) Co., Ltd.
INCREMENT P ASIA Co., Ltd.

Australia

Pioneer Electronics Australia Pty. Ltd.

(List of principal consolidated subsidiaries)

Corporate Profile

Company	Pioneer Corporation	Number of employees	2,985 (non-consolidated) 17,046 (consolidated)
Headquarters	Bunkyo Green Court, 28-8, Honkomagome 2-chome, Bunkyo-ku, Tokyo 113-0021, Japan	Affiliated companies	Consolidated subsidiaries: 71 Japan: 23 Overseas: 48
Founded	January 1, 1938		
Established	May 8, 1947		
Capital	¥91,731 million		(As of March 31, 2016)