This report covers the philosophy and activities of Pioneer Corporation and the Pioneer Group. Every effort has been made to present the activities of the Pioneer Group in an easy-to-understand format.

Pioneer’s philosophy is to “Move the Heart and Touch the Soul.” Through its products and services that provide audio and visual information, Pioneer seeks communication, connection and cooperation with people both within and outside the Company. In this way, we hope to join hands with many people and share their experiences.

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

On the release of the Pioneer Group CSR Report 2008

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Message from Management

Having posted losses for four consecutive years since the fiscal year ended March 31, 2005, the Pioneer Group continues to face severe business conditions. During this time, we renewed our Group Vision and undertook management reorganization while continuously bearing in mind three core concepts: a customer-centered approach, professionalism, and the pursuit of innovation.

As part of the reorganization, we were compelled to make a number of difficult decisions. In the plasma display business, Pioneer will terminate production of plasma display panels at its plants by March 2009, encompassing the closure of these production centers and the implementation of a special retirement program for employees. In the Home Electronics business, we reduced fixed costs, including aspects of the sales structure, and made employment adjustments in the administrative and sales divisions with the aim of restoring profitability to the business as a whole.

At the same time, we undertook business restructuring to achieve long-term growth for the Pioneer Group by shifting personnel to areas where we expect business growth, such as the Car Electronics and professional sound and visual (Pro SV) businesses.

In line with the Pioneer Group’s philosophy, we believe it is our responsibility as a company to respond to the expectations of society by establishing a stable business foundation over the long term through sound corporate activities. Whatever business situation we find ourselves in, we will not lose sight of Pioneer’s philosophy while working together with the employees of the Group to “Move the Heart and Touch the Soul.”

In order to better fulfill its social responsibilities, the Pioneer Group has established three basic strategies for pursuing its business. The first is maintaining a customer-centered approach. We must shift our thinking towards an understanding of the true expectations of our customers while making this the paradigm for Pioneer’s business.

The second strategy is strengthening the Group’s creative and innovative capacities. To achieve this, it is necessary to heighten and sharpen our vision so that we can intuitively grasp the unseen future and the true nature of things. The third strategy is making the best use of our people. The greatest assets of the Pioneer Group are the intelligence, knowledge, and technical capabilities of its employees.

The responsibility for ensuring that the Pioneer Group continues as a company with sound and sustainable growth overall is an issue for management. We accept this task boldly, while undertaking careful provisions for potential risks. We accept these challenges with the steadfast determination to achieve our targets.

Your continued understanding and support will be vital for our success.

August 2008
Tamihiko Sudo
Group Vision Structure

Pioneer’s mission and raison d’etre within society is expressed in its Group philosophy, “Move the Heart and Touch the Soul.” With a view to realizing this philosophy and based on conditions affecting the Group, Pioneer established the Group Vision in April 2006 to provide an image for the Company to aim for over the next five to ten years. Pioneer will work to realize the Group Vision in order to achieve its final goal expressed by “Move the Heart and Touch the Soul.”

Group Philosophy

“Move the Heart and Touch the Soul”

Group Vision

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

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

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

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

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

The Foundation of Our Decisions and Actions

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

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

Pioneer Group Chapter for Corporate Operations

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

Pioneer Group Code of Conduct

• To Continue as a Company Trusted and Supported by Society
  Capital Market's Trust
  Customer Satisfaction: Our Top Priority
  Environmental Conservation
  Contributing to Society
  Public Disclosure
  Prohibition of Insider Trading
  Inappropriate Bestowing of Benefits to Shareholders or Investors

• To Win Our Customers' Satisfaction and Trust
  Safe and High-quality Products and Services
  Fair and Appropriate Information
  Customer Claims and Requests
  Protection of Customer's Personal Information

• To Establish Fair and Free Business Relations
  Fair Business Conducts
  Management of Information from Third Parties
  Business Conducts 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 Treatments

• 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
  Abolition of Formal Gift-giving
  Political and Religious Activities

• Acting in Accordance with this Code
  Business Ethics Hotline

The Pioneer Group Charter for Corporate Operations and the Pioneer Group Code of Conduct can be found at the following Web page:

http://pioneer.jp/vision/intro/index-e.html

http://pioneer.jp/corp/charter/index-e.html
Pioneer recognizes that strengthening corporate governance is of vital importance to increasing corporate value.

Under the Company Law of Japan, Pioneer has elected to structure its corporate governance system as a company with a board of corporate auditors, which has a statutory duty to monitor, review and report on the administration of the affairs as well as the accounts of Pioneer. The Board of Directors, which includes several outside directors, decides on fundamental issues such as management policies and supervises the execution of business activities, while the Board of Corporate Auditors audits the directors’ performance of their duties.

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

Establishment of the Group Executive Committee

The Group Executive Committee, which was formed to reinforce decision making, comprises directors and executive officers chosen by the Board of Directors and holds regular monthly meetings. Acting under the supervision of the Board of Directors, the Group Executive Committee thoroughly discusses issues such as priorities for advancing business activities, investment projects, group realignment, and group-wide management strategies, as well as medium- and long-term policies, and either approves these issues or, in cases where the Board of Directors is stipulated to have decision-making authority, reports on these issues to the Board of Directors.

Establishment of Three Advisory Committees

Pioneer has voluntarily established the following three advisory committees to the Board of Directors, each chaired by an outside director: the Nominating Committee, the Compensation Committee, and the Special Committee. Their goals are to enhance the supervision of the execution of business activities by outside directors, improve management transparency, and strengthen corporate governance. These committees report on the results of their deliberations to the Board of Directors, and make related recommendations.

The Board of Directors discusses these reports and their recommendations, giving due consideration to their content.

Corporate governance

To Continue as a Company Trusted and Supported by Society

Consolidation and reinforcement of the internal control system

The Pioneer Group regards its system of internal controls as a framework for preventing the risk of impediments to trustworthy management and as countermeasures in case of a crisis. In order to consolidate and reinforce this internal control system, the company established its Internal Control Committee in September 2006 with the Representative Director as chairman.

<table>
<thead>
<tr>
<th>Fiscal year ending March 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formulation and revision of Rules of the Pioneer Group for key risks</td>
</tr>
<tr>
<td>Establishment of a risk management system (2 divisions and 10 principal Group companies)</td>
</tr>
<tr>
<td>Establishment of measures in the internal control system for ensuring the accuracy of financial reporting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal year ending March 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmation of major risk items, and provision and reinforcement of countermeasures</td>
</tr>
<tr>
<td>Provisions for disasters (earthquakes, influenza epidemics, etc.)</td>
</tr>
<tr>
<td>Promotion of human rights and labor rights, environmental measures, and legal compliance throughout the supply chain</td>
</tr>
<tr>
<td>Provision and consolidation of measures in the internal control system for ensuring the accuracy of financial reporting</td>
</tr>
</tbody>
</table>

Risk management

In order to consolidate and reinforce the management system concerning the risks involved in the business activities of the Pioneer Group, the Internal Control Committee works to assess risks and establish preventive measures. Countermeasures against significant risks are defined in the Rules of the Pioneer Group, and management of such risks is carried out in a systematic manner. For example, decision-making concerning important items at Group companies is based on the Basic Rules For Authority of Group Companies. These rules clarify where rights and responsibilities reside and the means of seeking approvals, in order to prevent losses.

Consolidation and reinforcement of internal auditing

The Audit Division under the direct control of the CEO takes overall charge of implementing internal auditing throughout the Group as a whole, based on the Basic Rules For Consolidated Internal Audit, which are part of the Rules of the Pioneer Group. The Audit Division periodically holds meetings of all the internal audit managers from the Divisions and Group companies with the aim of consolidating the internal control system, auditing of risk management, corporate ethics, quality control, environmental protection and the like, as well as reinforcing the audit system.

Crisis control measures

The Pioneer Group has established the Basic Rules for Crisis Controls as part of the Rules of the Pioneer Group to ensure an appropriate response should a crisis occur. In addition, the Company established an Emergency Management Committee (EM Committee) in October 2000 under the direct control of the CEO to manage emergencies. The EM Committee, with the Representative Director as Chairman, is a permanent committee of general managers of the main Head Office administrative divisions. Meetings are held monthly and as otherwise required. In addition, the Crisis Control Manual specifies the crisis management role of each organization in the Group, the response procedures for emergencies, and other relevant matters.
The Pioneer Group complies with all relevant laws and regulations and regards compliance with the requirements of social responsibility as an important aspect in creating an environment where its employees can work with peace of mind. The officers and employees of the Pioneer Group seek to ensure appropriate operations in line with the Rules of the Pioneer Group, which specify basic matters for compliance, with the Pioneer Group Charter for Corporate Operations and the Pioneer Group Code of Conduct at their apex as the basic principles for operational decisions and actions. To ensure that the Rules of the Pioneer Group are familiar and well understood, the Head Office division is responsible for the regulations issued by relevant information bulletins. Furthermore, to ensure the legal compliance of the Group’s officers and employees and compliance with the Pioneer Group Code of Conduct, the Business Ethics Committee, chaired by an outside director, meets periodically every half-year.

Exclusion of antisocial forces

In the spirit of undertaking fair corporate activities with respect for social norms as specified in the Pioneer Group Charter for Corporate Operations, the Pioneer Group applies firm, systematic measures as required by the Pioneer Group Code of Conduct to exclude antisocial forces that threaten the safety and orderliness of civil society. To achieve this, the Company has designated a department to take overall charge of responding to antisocial forces. The internal framework encompasses liaison with specialist external agencies, sharing information within the Pioneer Group, guidance in responding to issues, ensuring communication and other measures.

Security export control

As a global company that undertakes its operations within many communities around the world, the Pioneer Group hopes for the maintenance and expansion of international peace and security. Therefore, the Company regards as fundamental principles the international consensus in security export control and compliance with every country’s laws concerning the regulation of exports. Therefore, Pioneer has established voluntary control standards, and the Pioneer Export Control Committee works to achieve precise and efficient management of exports across the Group, including overseas group companies.

Protection of intellectual property and copyright

The Pioneer Group not only maintains and manages intellectual property acquired through technology development and other means, but also undertakes day-to-day measures to respect the intellectual assets of third parties as a matter of principle. The administrators of related departments and affiliated companies of Pioneer’s various business sites have established a copyright liaison meeting to ensure copyright protection technology compliance in all Pioneer products throughout the Company. In addition, to avoid betraying the trust of customers of the Pioneer brand, the operations divisions, Intellectual Property Division, Legal Affairs Division and other related departments work together to eliminate counterfeit goods from the marketplace, which threaten to damage Pioneer’s brand value and social status. In addition to establishing an Inquiry desk to answer employees’ questions, the Company has issued a Q&A booklet to employees of Group companies in Japan concerning protection of copyright in operational activities.

Full compliance

The Pioneer Group has established the Basic Rules For Information Security Management as the basic rules governing the framework for protection, use and management of information assets. In the fiscal year ended March 31, 2008, the Company worked to ensure thorough document management in line with the unified confidential information handling and document life cycle established throughout the Group. Pioneer has established the Rules For Protection of Personal Information as part of the Rules of the Pioneer Group, in addition to the publicly available Privacy Policy. Group companies handle all personal information in accordance with these regulations and stringently safeguard customers’ rights and interests. There have been no deliberate leaks of personal information, such as external infringements or unauthorized removal of data from the Company, although there was one case of data loss at a Group company in December 2005. No incidents occurred in the fiscal year ended March 31, 2008.

Information security and protection of personal information

The Pioneer Group Code of Conduct requires the Pioneer Group to deal fairly with suppliers on an equal footing, in accordance with relevant laws and agreements. In addition, it requires suppliers to act with awareness of their social responsibility, observing the laws of the countries and regions where they do business, and respecting international agreements of the United Nations, ILO, OECD and so on. In purchasing from material procurement suppliers, the Company is committed to be fair and equitable, protect the environment, fulfill its social responsibility, and clearly state its requirements with regard to suppliers. In March 2007, the Company prepared the Pioneer Group Supply Chain CSR Checklist covering the prohibition of child and forced labor, provision of a proper working environment and other issues. The Checklist was distributed to suppliers in Japan, and in the fiscal year ended March 31, 2008, Pioneer undertook communication with suppliers to assess the status of their CSR activities. In the fiscal year ending March 31, 2009, these activities will be extended to overseas business sites that have procurement departments, with the Procurement Division taking the lead in promoting CSR procurement throughout the entire supply chain.

Policy regarding material procurement suppliers

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

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

Supplier Policy

http://www6.ebc-pioneer.com/prc-e/policy_supplier-e.htm

Promotion of CSR procurement

http://www6.ebc-pioneer.com/prc-e/csr-e.htm

Internal whistleblower system

The Q&A booklet concerning copyright protection

Outline of Communication Flow of the Business Ethics Hotline

Reporting

- Communication and Feedback
- Information

Business Ethics Committee
Chairman, Outside Director
Members: Business Ethics Officer
General Managers of General Admin.,
Legal Affairs and Audit Division
Full-time Corporate Auditor

Business Ethics Hotline

Reporting System
- operated by both group-wide and
regional basis

Information

Based on anonymous reporting

Board of Corporate Auditors

Details of Corporate Auditors

Response

All individuals working for the Pioneer Group

Detailed confirmation; communication

Advisory Office

Corporate Counselors
Customer Satisfaction and Trust

Winning Customers’ Satisfaction and Trust

Quality Assurance Philosophy

Offering customers products and services that earn their satisfaction and confidence.

Quality policy for the fiscal year ending March 31, 2009

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

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

The Pioneer Group is further developing its advanced quality programs implemented across the organization based on the quality policy for the fiscal year ending March 31, 2009, and is working to ensure that this framework becomes firmly established. Within this framework, Pioneer identified product safety, official regulations, and product environment as key concepts, and intends that all staff involved in the development and production processes become familiar with them. Furthermore, in order to provide products that satisfy its customers, Pioneer believes that the “perceived quality” that customers expect from products is an essential factor, and the Company will reflect this understanding in its product evaluation.

Initiatives towards ensuring product safety

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

Quality Assurance Council

Pioneer Group Quality Assurance Council

- Product Safety Committee
- Official Regulations Committee
- Eco Products Committee

Quality Council (Operations divisions and affiliated companies)

ISO 9001:2000 quality management system
- ISO/TS 16949 quality management system for automotive-related products
- APQP and other activities

Main policies concerning product safety

Main policies implemented in the fiscal year ended March 31, 2009

- Review of safety awareness information for consumers
- Formulation and publication of guidelines for product safety
- Product safety assessment: 5 times (for 5 divisions)
- Product liability/safety training: 16 times (for 16 divisions)

Main activities planned for the fiscal year ending March 31, 2009

- Online version of safety awareness information for consumers
- Risk assessment training: 3 times
- Product safety assessment: 6 times
- Product liability/safety training: 11 times

Response to official regulations concerning products

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

Main official regulations concerning products

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

Main policies concerning official regulations for products

Main policies implemented in the fiscal year ended March 31, 2009

- Assessment of official regulations: 1 business site
- Official regulations training: 7 times (for 4 divisions)
- Establishment of an international test center concerning radio interference and radio regulations (EMC) (Kawagoe Plant EMC Center)

Main activities planned for the fiscal year ending March 31, 2009

- Assessment of official regulations (2 times) and self assessment (Chinese manufacturing plant among other facilities)
- Official regulations training: 7 times
- Consolidation of database of Chinese regulations

Preventive measures through component safety management

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

Product Safety Reader

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

Activities to raise customer awareness of safe usage

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

Product safety precautions (Japanese only)

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

Important notice concerning product safety (Japanese only)

http://pioneer.jp/oshirase/

Product Announcements (April 1, 2007 – March 31, 2008)

- Major announcements concerning product safety: 0 cases

Outline of Information Flow from Customers

Emergency response involving product safety

Sales Office
Repair Desk
Customer Support Desk
Pioneer Web site

Quality control and technology divisions at factories / Relevant divisions of Pioneer Corporation

Quality Control Department, Pioneer Corporation

Special Representative Committee on Quality

Chancellor, President, Quality Control Officer, and other management of Pioneer Corporation

Reporting monthly and whenever necessary

Important information concerning product safety

Main announcements concerning product safety (April 1, 2007 – March 31, 2008)

- Assessment of official regulations (2 times) and self assessment (Chinese manufacturing plant among other facilities)
- Official regulations training: 7 times
- Consolidation of database of Chinese regulations

Pioneer Web site

http://pioneer.jp/
Winning Customers’ Satisfaction and Trust

Upstream initiatives towards quality assurance

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

APQP activities at Pioneer
The product development process consists of a complex interaction of numerous other processes. The initial (upstream) stage of product development starts with planning conception, which has a significant impact on product quality. The steps required for achieving quality targets are identified at this stage. Pioneer uses Advanced Product Quality Planning (APQP), an approach that cuts across various organizations to find and resolve issues quickly. The Company will continue to identify best practices in order to maintain and improve total quality across the Pioneer Group. In the fiscal year ending March 31, 2009, Pioneer will identify steps for achieving the quality targets from the initial stage of product development, and create systems to enable issues to be found and resolved quickly through team activities in all divisions.

<table>
<thead>
<tr>
<th>Approach to activities</th>
<th>In the fiscal year ending March 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>APQP</td>
<td>Increase the soundness of internal processes</td>
</tr>
<tr>
<td>Perceived quality</td>
<td>Environmentally friendly products</td>
</tr>
<tr>
<td>Training</td>
<td>Technological innovation</td>
</tr>
<tr>
<td>Establishment of concepts</td>
<td>Quality Maintenance</td>
</tr>
<tr>
<td>Establishment of process framework</td>
<td>Quality Enhancement</td>
</tr>
<tr>
<td>Market</td>
<td>Market After implementation</td>
</tr>
<tr>
<td>Perceived quality</td>
<td>Physical analysis</td>
</tr>
<tr>
<td>Training</td>
<td>Fractography</td>
</tr>
<tr>
<td>Product environment</td>
<td>Foreign matter analysis</td>
</tr>
<tr>
<td>Official regulations</td>
<td>Investigation of the causes of defects in electrical and electronic parts using structural analysis</td>
</tr>
<tr>
<td>Environmental</td>
<td>Identification of latent defects in structural analysis</td>
</tr>
<tr>
<td>Product safety analysis</td>
<td>Investigation of the causes of fractures in component parts through detailed observation of the fracture cross section</td>
</tr>
<tr>
<td>Analysis technology</td>
<td></td>
</tr>
<tr>
<td>Official regulations</td>
<td></td>
</tr>
<tr>
<td>Product safety analysis</td>
<td></td>
</tr>
<tr>
<td>Investigation of non-defective articles</td>
<td></td>
</tr>
</tbody>
</table>

In order to improve the usability, universal design, and perceived quality of Pioneer products, the Pioneer Group has established the Pioneer HCD (Human Centered Design) Promotion Committee to share information, formulate guidelines, and undertake other relevant activities. Pioneer aims to foster a consistent sense of quality based on the factors underlying perceived quality: vision (texture and sense of precision), touch (tactile sensation and operability), and hearing (operating noise, etc.). The Company is enhancing its product evaluation using sensitivity check surveys, with an emphasis on reflecting customer opinions.

Preventive measures using analysis evaluation
The Pioneer Group seeks to resolve quality problems in a timely manner, undertaking preventive measures and prompt and appropriate measures against the recurrence of problems. This is important for providing customers with products and services that win their confidence and satisfaction. Therefore, Pioneer aims to improve its analysis evaluation technologies for quality problems caused by materials and components, or due to work practices and the working environment at the site of the development and production processes. For example, the Analysis Evaluation Center of the Quality Management Division ascertains the cause of defects by employing advanced analysis evaluation technologies to analyze defective products from the marketplace, from domestic and overseas Pioneer Group companies and partner companies, and from the production processes of material suppliers. In addition, through analysis 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’s products.

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

Winning Customers’ Satisfaction and Trust

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

- Main customer support service policies

<table>
<thead>
<tr>
<th>Results of main policies for the fiscal year ended March 31, 2008</th>
<th>Main activities planned for the fiscal year ending March 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Issued standard service operational guidelines and improved efficiency</td>
<td>• Reinforce the world headquarters (WHQ) function of the service system</td>
</tr>
<tr>
<td>• Achieved service level improvement targets for commercial and OBM car products (15,000 cases/month car navigation repair system, 4% or higher rate of repairs completed within three days [internal])</td>
<td>• Promote the reuse of service parts and reduction of waste parts</td>
</tr>
<tr>
<td>• Increased PDP (KUMO) next-day repair rate: Target 90%—Result 88.1%</td>
<td>• Respond to environmental regulations (RoHS, Reach, VOC, etc.)</td>
</tr>
<tr>
<td>• Created Web version of PDP (KUMO) operation manual (animations and search function)</td>
<td>• Increases repair speed of commercial car products</td>
</tr>
<tr>
<td>• Established specialized repair shops for premium audio products (EXCLUSIVE, etc.)</td>
<td>• Provide training and support tools for customer service desk staff</td>
</tr>
<tr>
<td>• Reinforced the overseas ODM service system (China, Thailand, North America, Europe)</td>
<td>• Further enhance contents of online operation manuals (animations and search function)</td>
</tr>
<tr>
<td>• Blistened the system in emerging-markets (Including BRICs)</td>
<td>• Establish and reinforce the WHQ OEM/ODM (cooperation) product service system</td>
</tr>
<tr>
<td>• Set up operating contact centers in Russia and Panama, and reinforced the contact center in Brazil</td>
<td>• Further bolster the service system in emerging markets (including BRICs)</td>
</tr>
<tr>
<td>• Improved the overseas supply rate for service parts</td>
<td>• Reinforce the contact center function and assist with enhanced user support</td>
</tr>
</tbody>
</table>

- Results of the independent customer satisfaction survey for Japan

<table>
<thead>
<tr>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall satisfaction following repairs as reported by the survey</td>
<td>75%</td>
</tr>
<tr>
<td>Satisfaction with the Repair Desk</td>
<td>93%</td>
</tr>
<tr>
<td>CSC customer satisfaction</td>
<td>91%</td>
</tr>
<tr>
<td>Customer satisfaction with the Parts Ordering Center</td>
<td>4.5 points</td>
</tr>
</tbody>
</table>

Product repair service

Pioneer’s efforts to respond to the expectations and requirements of customers within Japan for improved speed of repairs have received praise from customers, as well as for the easy-to-understand inquiry desk, the courtesy of the response, and the adequacy of the repairs and explanations. In the fiscal year ending March 31, 2008, Pioneer reinforced its service system for car OEM products in North America, and strengthened and consolidated its service system in emerging markets such as the BRICs (Brazil, Russia, India and China), where customer requirements are expected to become more detailed.

- Worldwide service system

- Inquiries and response rate for the Japan Customer Response Center in Japan

<table>
<thead>
<tr>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of inquiries</td>
<td>422,628</td>
<td>552,183</td>
</tr>
<tr>
<td>Response rate</td>
<td>86.4%</td>
<td>72.3%</td>
</tr>
</tbody>
</table>

http://pioneer.jp/support/

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

- Inquiries and repair requests (in Japan)

- Number of repairs

<table>
<thead>
<tr>
<th>2008</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>414</td>
<td>409</td>
</tr>
<tr>
<td>Overseas</td>
<td>—</td>
<td>276</td>
</tr>
</tbody>
</table>

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

Customer Support Center

- Telephone
- Fax
- Letter
- E-mail
- Web site

- Voice of the Customer
- To improve products
- To improve improvement activities
- To design, quality and manual departments
- To Pioneer directors, Panel Group company

- Repair Desk
- Customer Technical Center
- Service Center

- World headquarters (WHQ)
- Zone headquarters (ZHQ)
- Country headquarters (CHQ)
Environmental Preservation

Corporate Philosophy and Policies for Environmental Preservation

**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.

**Basic Policies of Environmental Preservation**

1. **Compliance with Laws and Regulations, etc.**
   - The Pioneer Group will comply with all applicable laws and regulations, and agreed requirement items in connection with environmental protection, and establishes voluntary control standards to reduce the negative impact of its activities on the environment.

2. **Preservation of Environment**
   - The Pioneer Group will cause the use of adopt substitute substances for, or restrain the discharge of substances that are harmful to the environment such as those which contribute to the depletion of the ozone layer or global warming and other toxic chemicals, and while taking into account of the effect on the ecological system, thereby reduce the negative impact of its activities on the environment and prevent contamination on the environment at the same time.

3. **Development of Environment-Friendly Products**
   - The Pioneer Group will examine the negative impact on the environment of the process from the procurement of materials and parts of the products to the ultimate disposal thereof, and conduct “Product Assessment” in the course of its research and development activities, and will progressively reduce the substances contained in the products that are harmful to the environment and will develop new environment-friendly technologies to reduce the negative impact of such products and technologies on the environment.

4. **Management by Goals**
   - The Pioneer Group will establish goals in order to reduce the negative impact of its activities on the environment, such as natural resource saving, energy saving, recycling, reduction of waste material etc., and will make efforts to achieve those goals.

5. **System Promoting Environmental Protection**
   - An All-Pioneer system that contributes to the promotion of environmental protection will be established under the leadership of the officer in charge of the Environmental Management Group of Pioneer Group headquarters. For such purpose, each division will establish corresponding organizations and optimize the environmental management system.

6. **Training**
   - The Pioneer Group will educate all its employees with regard to environmental protection, including notification of policies of the Pioneer Group. In this way, the two committees serve as horizontal and vertical axes overseeing all relevant activities.

Framework for environmental preservation activities

In July 1991, Pioneer inaugurated the Pioneer Environmental Preservation Committee to serve as the group-wide organization that discusses and makes decisions on environmental issues. In 2003, Pioneer established its Eco-Product Division to enhance the Group’s efforts to manage the EHS issue, and in 2006, the Company inaugurated the Pioneer Eco-Product Committee as part of a major reorganization, establishing a two-committee structure: The Pioneer Environmental Conservation Committee, managing all environmental protection activities related to business activities at business sites, while the Pioneer Eco-Product Committee manages environmental protection activities related to products across the entire Group. In this way, the two committees serve as horizontal and vertical axes overseeing all relevant activities.

**Environmental Preservation Activities**

- **Research and Development**
  - Development of environment-friendly products
- **Procurement**
  - Material-saving and energy-saving procurement
- **Production**
  - Production and recycling
- **Disposal**
  - Product disposal

**Environmental Communication**

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

Recognizing environmental preservation as a key management issue, the Pioneer Group regards environmental preservation activities as its business mission. We seek to reduce the impact of business activities on the environment at every stage of the product lifecycle, from research and development, planning, design, and production to sales and service and finally disposal. Reducing environmental impact is an essential element of manufacturing, entailing the improvement of environmental quality along with product quality. In working toward realizing a sustainable society, Pioneer instills each operational process with this concept of environmental quality while actively promoting the complete integration of corporate activities and environmental preservation activities. Pioneer believes that recovering the irreplaceable natural wealth of the Earth will truly “Move the Heart and Touch the Soul” of many people.

**Environmental Vision**:

“The complete integration of corporate activities and environmental preservation activities”

The lifecycle of Pioneer products includes planning, design, and manufacture before delivery to customers as finished products, as well as final disposal or recycling after their service life has ended. It is inevitable that the environment will be impacted in various ways at each stage of the process. Pioneer continues to devote full attention to reducing this impact as much as possible.
Environmental Preservation

Environmental Management Philosophy and Initiatives

Pioneer is building an environmental management system based on ISO 14001 international standards. At Pioneer Group companies worldwide, this system has been used effectively to implement, maintain, and improve environmental preservation activities. Through the system, Pioneer has obtained ISO 14001 certification for 19 business sites and 31 companies in Japan, and 36 out of 37 business sites (companies) overseas. In the fiscal year ended March 31, 2008, a periodic survey of the business sites in Japan, conducted by an external examining authority, found that the Company’s environmental measures began to gain momentum in the course of normal business operations, and the details of these measures showed continuous improvements. However, two new minor issues were identified (insufficient external communication and compliance evaluation procedures), and 51 observations were made. As the respective business sites work to correct these matters, the Pioneer Environmental Conservation Promotion Committee is sharing the information to ensure that the environmental management system at each business site is upgraded accordingly.

Reinforced environmental governance

As the Pioneer Group increases the importance of measures against global warming in its environmental preservation activities, it works to raise the effectiveness of these activities through strong and efficient environmental management. As the first step in reinforcing environmental governance, all business sites (Headquarters, Kawagoe Plant, Kawasaki Plant, and Corporate Research and Development Laboratories) have been subject to the ISO 14001 Environmental Management system. Integration under this standard enables the business sites and all Group companies to rigorously carry out Plan, Do, Check and Act (PDCA) activities, and ensures that the entire Group works together towards more ambitious targets. Looking to the future, Pioneer will expand integration under the ISO 14001 Environmental Management system to more of domestic and overseas Group companies in order to raise the level of its environmental preservation activities.

Environmental risk management

If an accident at a business site were to cause environmental pollution in the surrounding area, it could result in material losses while posing an inconvenience to local residents and other parties, as well as call for considerable cleanup time and expense. In order to guard against such risk, the Pioneer Group has established voluntary control standards that are more stringent than the standards mandated by law. Pioneer carries out business site audits for those with fuel tanks to practice its response to potential scenarios that would have a significant impact on the environment in the unlikely event that an incident occurs. By taking prompt measures to minimize these impacts, the Company has established a system for quickly reporting to local governments of areas where the business sites are located.

Response of Group companies in Japan to emergencies and complaints (during the fiscal year ended March 31, 2008)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2008 result</th>
<th>FY2009 result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global warming</td>
<td>A reduction in greenhouse gas emissions was achieved.</td>
<td>A reduction in greenhouse gas emissions was achieved.</td>
</tr>
<tr>
<td>Environmental preservation</td>
<td>A reduction in resources was achieved.</td>
<td>A reduction in resources was achieved.</td>
</tr>
<tr>
<td>Global risk</td>
<td>A reduction in accidents was achieved.</td>
<td>A reduction in accidents was achieved.</td>
</tr>
</tbody>
</table>

Pioneer’s environmental accounting

Pioneer established its Environmental Accounting Committee in October 1999, and since then, it has published environmental accounts in accordance with the guidelines of the Ministry of the Environment. In the fiscal year ended March 31, 2008, Pioneer recorded environmental investment of ¥43.0 billion, environmental expenses of ¥5.2 billion, and economic effects of ¥15.1 billion. On a consolidated basis, the proportion of environmental investment accounted for 0.7% of total capital investment (¥42.0 billion), and environmental research and development expenses accounted for 2.4% of total research and development expenses (¥5.4 billion).

Environmental expenses declined by almost ¥0.4 billion compared with the previous fiscal year owing to lower unit sales of audio visual products and reduced environmental research and development expenses. In terms of economic effects, gains on the disposal of valuable resources remained largely the same as the previous fiscal year, while energy savings declined ¥0.7 billion, reflecting lower efficiency of plasma panel production resulting from reduced production volume.


The Pioneer Environmental Contribution Award

The Pioneer Group has established the Pioneer Environmental Contribution Award to honor business sites, groups, and individuals that have made contributions through their environmental preservation activities. Similarly, the Environmental Patent Award is given for patents deemed to have made a particular contribution to environmental preservation. In the fiscal year ended March 31, 2008, 35 nominees were selected for the Pioneer Environmental Contribution Award, and 15 groups and individuals were given the award. The company published an environmental performance index for each business site category, which includes offices and factories. Pioneer’s Award for Excellence was given in recognition of the installation of a new solar power generation system. In addition, a patent filed in the fiscal year ended March 31, 2007, was selected for the Environmental Patent Award.

Environmental communication

Pioneer’s Group companies in Japan invite their employees to volunteer for clean-up activities or on their commuting routes as part of the ongoing Zero Garbage Campaign. Moreover, many volunteers from the Pioneer Group business sites around the world carry out cleanup activities at local parks, tourist facilities, and other locations. These cleanup activities help to raise the environmental awareness of individual employees while contributing to environmental communication with local people. As a means of maintaining close communication with local communities, employees from business sites in Japan visit local schools and sports events to explain Pioneer’s environmental preservation initiatives. In the fiscal year ended March 31, 2008, 207 inquiries concerning environmental preservation activities were submitted to business sites in Japan.

Main environmental targets and results

<table>
<thead>
<tr>
<th>Term</th>
<th>FY2008 target</th>
<th>FY2009 target</th>
<th>FY2010 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global warming</td>
<td>A 10% reduction compared with previous fiscal year</td>
<td>A 10% reduction compared with previous fiscal year</td>
<td>A 10% reduction compared with previous fiscal year</td>
</tr>
<tr>
<td>Environmental preservation</td>
<td>A reduction in resources was achieved.</td>
<td>A reduction in resources was achieved.</td>
<td>A reduction in resources was achieved.</td>
</tr>
<tr>
<td>Global risk</td>
<td>A reduction in accidents was achieved.</td>
<td>A reduction in accidents was achieved.</td>
<td>A reduction in accidents was achieved.</td>
</tr>
</tbody>
</table>

Notes: “Self Evaluation” standard: Significantly exceeded the target / Achieved the target / Failed to meet the target

* Emissions per unit of actual production: CO2 emissions = Real output (calculated by dividing the production output for each fiscal year by the Bank of Japan Domestic Corporate Goods Price Index for electronic products, with fiscal 1990 as the base year). The figure for fiscal 2007 was 0.457.
* Emissions per unit of sales: CO2 emissions = Sales (calculated by dividing the sales for each fiscal year by the Bank of Japan Domestic Corporate Goods Price Index for electronic products, with fiscal 2006 as the base year). The figure for fiscal 2007 was 0.363.

For more information, please visit the following websites:


http://pioneer.jp/environment-e/managementmanagement.html

Certified business sites


Environmental Preservation

Environmental Management Philosophy and Initiatives

Reducing CO₂ emissions

The Pioneer Group is participating in the Japan Business Federation Voluntary Action Plan on the Environment. The Company has worked toward the goal for the electrical and electronics industry of a 35% reduction in CO₂ emissions (per unit of actual production) averaged over the commitment period of the Kyoto Protocol (fiscal 2008 to 2012), with fiscal 1990 as the base year, and achieved this in fiscal 2007. Pioneer also manages greenhouse gases used in production processes other than CO₂ such as PFC and HFC, on the basis of conversion to CO₂ emissions. With measures such as installing scrubbers on manufacturing lines, Pioneer is focusing significant efforts on achieving overall reductions in emissions.

- The field-test project for new photovoltaic technologies is a joint research project about 30,000 kWh. scheduled to install solar panels with a generating capacity of 151,000 kWh annually, resulting in a reduction of CO₂ emissions equivalent to the CO₂ absorption of approximately 16 hectares of forest. In February 2009, the Kawagoe Plant is scheduled to install solar panels with a generating capacity of about 30,000 kWh.

Using natural energy

Solar power generation system

As part of a field-test project for new photovoltaic technologies, Pioneer Micro Technology Corporation (MTC), based in Yamanashi Prefecture, began generating power using a solar power generation system from March 14, 2007. MTC expects that this system will produce electricity at a rate of 151,000 kWh annually, resulting in a reduction of CO₂ emissions equivalent to the CO₂ absorption of approximately 16 hectares of forest. In the fiscal year ended March 31, 2008, the amount of products transported by rail and ship totaled 4,750,000 ton-kilometers, equivalent to the previous fiscal year. However, the proportion of total transportation ton-kilometers using these means increased 2.7% to 21.9%. In addition, Pioneer has increased the efficiency of transportation from a number of component manufacturers by using a “milk run” system to shorten the transport distance. In the fiscal year ended March 31, 2008, the Company successfully reduced the cumulative travel distance transport of products by rail and ship, which increased to 13,700 liters of fuel, equivalent to a reduction of 35.8 tons of CO₂ emissions.

Energy saving in distribution

Pioneer is working to achieve a modal shift in its means of transport from truck to rail and ship. In the fiscal year ended March 31, 2008, the amount of products transported by road and rail was 6,000,000 ton-kilometers, equivalent to the previous fiscal year. However, the proportion of total transportation ton-kilometers using these means increased 2.7% to 21.9%. In addition, Pioneer has increased the efficiency of transportation from a number of component manufacturers by using a “milk run” system to shorten the transport distance. In the fiscal year ended March 31, 2008, the Company successfully reduced the cumulative travel distance from 12 supplier companies by 63,800 kilometers. This resulted in a reduction of 3,700 liters of fuel, equivalent to a reduction of 35.8 tons of CO₂ emissions.

- Ten-kilometers represent the volume of transported goods, with 1 ton-kilometer equal to 1 ton of goods transported for 1 kilometer.

Conceptual diagram of the milk run

Green purchasing

The basic concept behind green purchasing is to avoid wasteful buying and to purchase only necessary items that also meet environmentally friendly standards. Pioneer has set a 100% green purchasing target for certain items. In the fiscal year ended March 31, 2008, Pioneer achieved this target for 11 of 12 items, which included the newly added item of multifunction printers. The target was not achieved for the item of company uniforms due to failure to meet antistatic standards. Pioneer excluded office paper from 100% green purchasing items as a result of fraudulent labeling practices uncovered in Japan, in which the recycled pulp content of paper was exaggerated. Based on the policy of purchasing only necessary items, the Company aims to reduce purchases of paper below that of the previous fiscal year. In addition, approximately one-third of company vehicles, which are also targeted as green purchasing items, were given four stars under the “emission reduced vehicle certification system.”

- Emission reduced vehicle certification system: Use emission vehicles are certified in Japan under a system that specifies levels of reductions of harmful substances from exhaust fumes, based on the base year of 2005. Four stars are awarded for the achievement of reductions of 75% or more.

Initiatives toward zero emission of waste

The Pioneer Group’s business sites recycle more than 99% of their waste. Pioneer has defined “zero emission of waste” as landfill disposal of almost zero. All of the Group’s production-related business sites in Japan achieved this target by fiscal 2006, and Pioneer is now working to ensure that Group companies overseas also reach the target.

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Reducing environmentally hazardous substances in production processes

In order to reduce the impact on the environment from environmentally hazardous substances used in production processes, Pioneer has set internal targets and is making efforts to reduce emissions. Furthermore, the Company is working to reduce volatile organic compounds (VOCs) in accordance with the industry’s voluntary action plan. Pioneer fully phased out ozone-depleting specified CFCs in 1992, and eliminated the use of hydrochlorofluorocarbons (HCFCs) in 1996, well in advance of the total ban from 2020 as stipulated in international regulations.

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Environmental Considerations Over the Product Life Cycle

Pioneer regards concern for the environment as a key policy for product development and this is applied throughout the Group as a whole. In particular, the Company is working to reduce emissions of the global warming gas CO₂ over the entire life cycle of its products. This involves saving energy in the production and use of products, reducing resources and product weight, improving efficiency in transportation through a modal shift in distribution, along with other measures. By conducting environmental impact assessments and product assessments using life cycle assessment (LCA) at the design and development stages, the Company takes efficient and appropriate environmental measures. In addition, Pioneer is evoking the development of environmentally conscious products by assessing its products for their conformity with in-house environmental standards and by certifying products with superior environment-friendly characteristics.

Environmental considerations over the product life cycle

**Environmantly conscious product design**

Pioneer introduces its own conformity assessment system for environmentally friendly products, which is based on exceeding a set standard for environmental compatibility.

**Creation of the Super Advanced Eco Model**

In order to improve the environmental friendliness of its products on a consistent basis, for newly developed products, Pioneer has introduced its own conformity assessment system for environmentally friendly products, which is based on exceeding a set standard for environmental compatibility.

**Evaluation system for eco products**

Pioneer regards concern for the environment as a key policy for product development and this is applied throughout the Group as a whole. In particular, the Company is working to reduce emissions of the global warming gas CO₂ over the entire life cycle of its products. This involves saving energy in the production and use of products, reducing resources and product weight, improving efficiency in transportation through a modal shift in distribution, along with other measures. By conducting environmental impact assessments and product assessments using life cycle assessment (LCA) at the design and development stages, the Company takes efficient and appropriate environmental measures. In addition, Pioneer is evoking the development of environmentally conscious products by assessing its products for their conformity with in-house environmental standards and by certifying products with superior environment-friendly characteristics.

**Environmental impact assessments using LCA**

Industrial products consume resources and energy while emitting CO₂ and waste throughout their lifetime. The product life cycle extends from the mining and manufacture of materials and parts, to assembly, transportation, product use (operation and standby), to disposal. LCA is a process in which products are fully analyzed and assessed for their influence on the environment over the course of their life cycle in order to effectively reduce environmental impact.

Information obtained through LCA enables numerical weighting of the environmental effects at the different stages of a product’s life cycle, enabling the development and design of more eco-friendly products.

**Examples of the main optional items**

- **Standby power consumption** is 0.1 W or less, and cordless telephones use 1 W or less.
- **Main components** are recycled materials or recycled parts.
- **Components and materials** are halogen-free.
- **VOCs (Volatile Organic Compounds)** must meet voluntary industry standards.
- **Eco Label Type 1 and Type III certification** (Based on ISO Eco Label standards).
- **Use of plant-based plastics and coatings**

**Reducing environmentally hazardous substances in products**

The Pioneer Group is working to reduce environmentally hazardous substances (EHS) to provide customers with products that can be used with peace of mind, as well as to ensure that the products do not emit chemicals that may pollute the environment after disposal. To promote green procurement of parts and materials, Pioneer issued its EHS Management Standards in December 2002 and its Green Procurement Standards in February 2004. Pioneer’s robust management system minimizes the risk of products containing EHS through such activities as measurement of actual products and supplier audits. RoHS regulations* for controlling specific chemical substances are being established in numerous countries and regions outside Europe including China. The Pioneer Group has already ensured that all new products launched since 2005 comply with the RoHS directive.

* RoHS is a directive prohibiting the use of specific hazardous materials in electrical or electronic equipment. All electrical or electronic equipment sold in the EU from July 2006 are prohibited from containing the following six substances: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB), and polybrominated diphenyl ether (PBDE).

**Supporting suppliers with EHS analysis**

In April 2003, Pioneer installed an X-ray fluorescence spectrometer for analyzing environmentally hazardous substances (EHS) contained in components and other items at its open house established at the Kawagoe Plant. Pioneer provides this analysis facility and know-how to small- and medium-sized suppliers free of charge, thereby significantly mitigating the burden on its suppliers. In this way, the Group and its partner companies are working as one to conduct EHS analysis and reduce and eliminate EHS in products.

**Reducing volatile organic compounds (VOCs)**

In September 2005, the Kawagoe Plant in Japan began utilizing equipment that analyzes the minute radiation of VOCs from car electronics products. The facility was established to respond to the voluntary VOC control scheme of the Japan Automobile Manufacturing Association, which took effect in April 2007 for new model passenger cars. In 2006, Tohoku Pioneer Corporation also introduced the use of such analysis equipment. Conducting in-house analysis of VOC radiation enables quicker response to problems and the improved development of ways to reduce VOCs in all processes, from planning to development and production.

Pioneer will use the expertise gained through these activities for further improvements by applying it to home electronics products and providing follow-up information to component suppliers.

**Reducing volatile organic compounds (VOCs)**

- **VOCs** are organic chemical substances that easily evaporate in the air at room temperature and under ordinary pressure. They include formaldehyde, acetaldehyde, toluene, and ethyl benzene, all of which are widely used in industry. VOCs can cause sick-house syndrome and physiological strain.

**Recovering and recycling replaced parts**

As part of its environmental protection efforts, Pioneer is dedicated to the 3Rs of reducing, reusing, and recycling its service parts. In Japan, Pioneer recovers parts that can be recycled, and with the understanding of customers, reuses them as replacement parts when servicing products. The Company also collects large circuit boards and mechanical units that customers find difficult to dispose of, and disposes of them appropriately.
Respect for Employees

Towards a company where each individual can work with satisfaction

Realizing the Group Vision

The Pioneer Group formulated the Group Vision to “To become a company that encourages all its members to work as a team, with everyone customer-focused, integrating each one’s professionalism in pursuing innovations one after another.” To achieve this, Pioneer works to reinforce its personnel and organizational capabilities.

Respect for human rights

With the aim of achieving a safe and comfortable working environment for its employees, the Pioneer Group Charter for Corporate Operations declares, “We aim to pursue corporate activities with the utmost respect for humanity.” Furthermore, we value fair treatment with respect to both recruitment procedures and actual working conditions. Our basic philosophy calls for developing a highly transparent organization, and we seek to respond appropriately when issues arise while making continuous improvements.

Workplace diversity

As a company that pursues innovation in accordance with its Group Vision, Pioneer seeks to create a culture in which diverse personnel can exercise their capabilities, irrespective of their gender and other differences, working enthusiastically to fulfill the mission of their respective workplaces. In order to achieve this, Pioneer has formulated a domestic corporate strategy to fully support its female employees, and launched its initiatives under direct oversight of the CEO in 2004. Furthermore, in May 2007, the Personnel Division established the Women’s Career Development Support Center to strengthen the advances made under the G Project and the initiatives undertaken in personnel policy. Pioneer is expanding these efforts to cover all Group companies in Japan.

Initiatives of the Women’s Career Development Support Center

Through a practical action plan, the Women’s Career Development Support Center aims to create a culture in which female employees and all their colleagues can play active and vital roles. The Center conducts attitude surveys concerning women’s career support, and assesses the impact of its initiatives while adjusting them as required.

Initiatives

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Plan for the fiscal year ending March 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>• External communications</td>
<td>• Intranet site, dedicated database</td>
</tr>
<tr>
<td>• Satellite work (teleworking)</td>
<td>• Timeliness directed towards systematic implementation</td>
</tr>
<tr>
<td>• Mentor system</td>
<td>• Mentoring of female managers by executives</td>
</tr>
<tr>
<td>• Link staff* activities</td>
<td>• Mentoring of new female employees by female group leader</td>
</tr>
<tr>
<td>• Consultation service</td>
<td>• Identification of issues at each business site and discussion of solutions (including various events)</td>
</tr>
</tbody>
</table>

*“Link staff” report on actual workplace conditions and opinions of employees to the Personnel Division as well as promote diversity in the workplace

Initiatives to support harmonization of work and family life

With cooperation between labor and management, Pioneer undertook an action plan from April 2005 to March 2007 to support the effective maintenance of both the work and family life of employees. These activities were recognized with the Next Generation Certification “Kurumin” mark by the Ministry of Health, Labour and Welfare in May 2007. In order to further develop this initiative, Pioneer established a 2nd stage action plan in April 2007, based on the three themes of supporting women’s careers, promoting understanding in the workplace and raising the awareness of individual women, and creating an environment where both men and women can easily participate in childcare. In this way, Pioneer is working to ensure that balance between work and home life is possible. As an example, the Company has introduced a more flexible shortened working hour system and extended the period when it can be used.

Promoting employment of people with disabilities

In order to fulfill its corporate social responsibility and to employ a diverse workforce, Pioneer has consistently undertaken initiatives to employ people with disabilities. In 2005, the Japan Organization for Employment of the Elderly and Persons with Disabilities presented Pioneer with the Good Employer of Persons with Disabilities award, in recognition of the Company’s program to exceed the statutory ratio of disabled employees (2.07%) and efforts to establish suitable workplaces. Pioneer will continue to take active steps to employ people with disabilities, expanding the range of occupations available throughout the Group as a whole.
Respect for Employees

Towards a company where each individual can work with satisfaction

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, the Company 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 structure. In addition, Pioneer has developed a program for helping employees who have experienced mental health issues to return to the workplace.

Preventing work-related accidents

With respect to the prevention of work-related accidents, Pioneer believes that maintaining and improving a workplace environment that takes into account the safety and health, both mental and physical, of employees is important to ensure that they can carry out their work with peace of mind. At each business site, the Health and Safety Committee develops and implements accident prevention and safety improvement measures that are relevant to each workplace.

Personnel development

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

Employee attitude surveys

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

Conducted from November to December 2007

Response rates: 95.1% (in Japan), 82.0% (Pioneer Corporation)
Number of employees surveyed: 13,275
Number of employees responding: 12,621

Pioneer Group President’s Awards

Every year in May, the Group Executive Committee of the Pioneer Group presents an award to divisions, companies and individuals that have undertaken outstanding initiatives or achieved notable success in implementing the Group Vision during the relevant fiscal year. Entrants may nominate themselves or be nominated by others, and entries are judged on the themes of customer-centered approach, the pursuit of innovation, and professionalism. For activities in the fiscal year ended March 31, 2008, the President’s Awards went to Towada Pioneer, project members at Pioneer Automotive Technologies Inc. (PAT), and Intellectual Property Project Team. The President’s Special Awards were presented to the PWPII secretariat (PW Standardization Promotion Center), and to the Round Robin Test team.

Pioneer Worldwide Process Innovation Assembly

The Pioneer Worldwide Process Innovation Assembly is held in May every year. Teams selected from the worldwide Pioneer Group present the results of their innovations and improvement activities as a means of contesting and sharing their achievements. Last year, only production centers took part, but from this year, the Assembly has become a venue for presenting achievements in innovations across the entire Group, including the sales and service, distribution and other divisions.

Pioneer Worldwide Process Innovation Assembly 2008: Award-winning teams

- **Innovation Grand Prix**: Tohoku Pioneer (Thailand): Production-line innovation activities
- **Best Effort Award**: Pioneer Plasma Display: Module quality improvements
- **Teamwork Award**: PTW Group Monotech Malaysia, China and Japan: Efforts to win OEM orders
- **Technology Award**: Tohoku Pioneer Yonezawa: Innovation project involving all divisions
- **Pioneer Spirit Award**: Pioneer Manufacturing (Thailand): Productivity improvements
- **Best Performance Award**: Towada Pioneer: Production innovation “Full Visualization Plant” matrix

Expert Awards

The Pioneer Group honors employees who advance manufacturing by applying their outstanding knowledge, know-how and skills developed through experience in various manufacturing fields. These employees are given the title “Expert” along with the Expert Awards. Experts are categorized into three classes: Gold Class (top level in the Group, and accepted as an expert in the industry), Silver Class (top level in the Group), and Bronze Class (top level at a business site).

As of May 30, 2008

- Gold Class experts: 4
- Silver Class experts: 4
- Bronze Class experts: 29

Off-site meetings

As the name suggests, off-site meetings are a venue for relaxed but serious discussion in a pleasant environment away from the daily workplace. These meetings enable staff to openly speak their minds and listen to others, thereby facilitating the discovery of new values, improved motivation, and enhanced teamwork. Off-site meetings are held by each Pioneer business site and Group company in Japan to promote a lively workplace atmosphere and encourage innovation, with the view that deepening awareness of employees can result in changes at the company level.
As a Responsible Corporate Citizen

Social Action Programs

The Pioneer Group aims to promote a spiritually rich and sustainable society. To this end, Pioneer undertakes social action programs focused on audio and visual, environment and education themes using the technical abilities and know-how of each individual employee acquired through the Company’s business activities.

Audio and visual

“Listen through the Body” concerts

With the hope of sharing enjoyable times with more people, Pioneer has held “Listen through the Body” concerts for people with hearing difficulties, using a system that changes sound into vibrations that can be felt by the body. The Company holds more than 30 concerts annually around Japan.

The concerts, which started in 1992, are organized on a volunteer basis by employees and their families. Concerts held in the lobby of Pioneer’s headquarters are held monthly with a richly varied program that features volunteer performers in a variety of musical genres.

In recent years, the venues for these concerts have been extended from the suburbs of Tokyo to various regions of Japan, as well as overseas offices of the Pioneer Group such as Shanghai and Los Angeles, further spreading the pleasure of music to more people.

The ongoing “Listen through the Body” concerts won the “Mecenat Award for Physical Acoustics” in Category A of the 2007 Japan Mecenat Awards of the Association for Corporate Support of the Arts, and won the popular vote for the “Readers’ choice for Mecenat Award.”

With the additional support of the awards, Pioneer will offer even better concerts.

Environmental conservation

Pioneer Forest

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

In addition, Pioneer carries out environmental conservation activities such as cleanup of commuting routes around its business units in Japan and overseas, as well as maintaining nearby parks, coasts, and rivers.

Hands-on Craft Workshops

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

Supporting education

Pioneer also holds science classes for children and a Science Camp for high school students at the Corporate Research and Development Laboratories, as well as environmental lectures and meetings for explaining company activities to students and teachers. In the science supplementary reader for first graders, Kawasaki Science World, distributed to middle schools in Kawasaki from April 2008, Pioneer engineers present technologies on the theme of “Old Systems and Surround Sound.”
As a Responsible Corporate Citizen

The Pioneer Group collects charitable donations from its employees and contributes an equivalent sum in a matching gift system introduced in 2006. Many employees actively contribute donations.

<table>
<thead>
<tr>
<th>Donations for Pioneer</th>
<th>Cardinals in Education</th>
<th>Total charitable funds contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>545 donations</td>
<td>¥9 million</td>
<td></td>
</tr>
<tr>
<td>600 donations</td>
<td>¥2 million</td>
<td></td>
</tr>
</tbody>
</table>

Pioneer’s affiliated companies in China also contributed donations for Sichuan earthquake relief, and the Pioneer Group donated a total of one million yuan (about ¥15 million).

**Overseas social action programs**

**Malaysia**

Pioneer Technology (Malaysia) Sdn. Bhd. has jointly held the ‘Pioneer Mathematics Contest’ with local education authorities every year since 1995, with the goal of showing high school students the importance of mathematics, which represents the cornerstone of electronics. In the contest held in September 2007, 943 students took part from 33 schools, and a total of 15,633 students have participated to date. The certificate of participation in the contest has come to be regarded as an important admission criterion for higher education, and the contest is widely viewed as a valuable initiative.

In addition, Pioneer North America Inc. and Pioneer Electronics Service Inc. have held the Pioneer Academy educational support program since 1994 for local high school students, among other wide-ranging initiatives.

**China**

Pioneer China Holdings Co., Ltd. held a “Listen through the Body,” concert in March 2008 with the Shanghai No.1 School for the Deaf and Hard of Hearing in the school auditorium, featuring performances of traditional Chinese instruments, traditional dances, and a drum performance.

**Social action programs of the Pioneer Group**

The Pioneer Group aims to achieve a spiritually rich and sustainable society. To this end, Pioneer undertakes social action programs focused on audio and visual, environment and education themes using the technical abilities and know-how of each individual employee acquired through the Company’s business activities.

**Disclosure Policy**

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

Communication with Society

**Shareholders, investors and communities**

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

**Suppliers (material procurement)**

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

**Vendors**

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

**Customers**

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

**Local communities**

As a responsible corporate citizen, the Pioneer Group seeks to engage with local communities. Based in Tsunagashima in Japan, the Pioneer Corporate Research and Development Laboratories invite local school children and their parents to participate in its “Fun science lab” classes. At the same time, the Company’s regionally integrated social contribution activities are well received by the local community.

**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 central labor-management consultation with the unions every six months and as required, as well as consultative 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 nine affiliated companies. These unions combine to form the Federation of Pioneer Group Workers Unions, which is associated with the Japanese Electrical Electronics & Information Unions.
Organizational Overview

Recognition of Pioneer’s CSR activities

Recognition of Pioneer’s Environmental Protection Activities

- June 2007: The EHS Management Section of Materials Divisional Pioneer Technology (Shanghai) Co., Ltd. (PSG) was selected as one of 20 companies (of which two were Japanese affiliates) with outstanding small group quality control activities at the 27th Nationwide Electronics and IT Business Small Group Quality Control Conference. This selection recognized the section’s cost reductions through its measurement of environmentally harmful substances in mass-produced components.
- November 2007: Pioneer System Technologies Corporation, (Saitama, Miyagi Prefecture, Japan) and Eco Bomb WG (an environmental and social working group) were awarded the Miyagi Prefecture Green Purchasing Grand Prix in the practical application category for their green purchasing of office supplies.
- March 2008: Towada Pioneer Corporation, which carries out a variety of environmental initiatives, won the top prize in Aomori Prefecture’s Environmental Activity Partnership Award for fiscal 2007.

Recognition of Pioneer’s Consumer Support

- June 2007: For three years running, Pioneer Service Network Corporation achieved 1st Place for Satisfaction in the flat-screen television category of the Nikkei Business After Service Satisfaction Survey.
- November 2007: At the 47th Advertisements Beneficial to Consumers Contest held by the Japan Advertisers Association Inc. (JAA), Pioneer Marketing Corporation won the JAA Award for its advertisement “Pure Matt Speaker and Amplifier” in the magazine advertisement category, and Pioneer won the Silver Award for its advertisement “Let’s Create the Next Excitement” in the newspaper advertisement category.

Recognition of Pioneer’s Employee Support

- May 2007: Pioneer obtained the “Kurumin” certification mark based on the Law for Measures to Support the Development of the Next Generation for implementing its action plan established during the period from April 2005 to March 2007.

Recognition of Pioneer’s Management Reorganization

- April 2008: Towada Pioneer Corporation renewed its corporate culture through the Visual Management (VM) activities promoted by the Central Japan Industries Association, winning praise for its achievements in reducing defects and costs while increasing profits. The company was awarded the VM Award, presented for the most outstanding achievements.

Recognition of Pioneer’s Information Disclosure

- October 2007: Pioneer’s Web site was ranked ninth in terms of usability among 500 major Japanese companies in the Nikkei Personal Computing magazine’s 2007 Corporate Site Ranking.
- April 2008: Pioneer has been selected for eight consecutive years by Daiwa Investor Relations Co., Ltd. as a company with an excellent IR (investor relations) Web site.

Recognition of Pioneer’s Social Contributions

- October 2007: Pioneer’s “Listen through the Body” concerts won the Mecenat Award for Physical Acoustics in Category A of the 2007 Japan Mecenat Awards, presented by the Association for Corporate Support of the Arts, Japan. In addition, Pioneer Corporation won the popular vote for the ‘Readers’ Choice for Mecenat Award’ from among the six activities awarded at the Japan Mecenat Awards.

Recognition from SRI (Socially Responsible Investment) Evaluation Bodies

- Pioneer was selected as one of the companies in the Morningstar Socially Responsible Investment Index (MS-SRI) by Morningstar Japan.

Recognition of Pioneer’s Corporate Governance

- Pioneer was selected for the Corporate Governance Fund by the Pension Fund Association, which seeks to contribute to improving corporate governance within Japanese corporations as a whole.

Consolidated financial results (fiscal years ended March 31)

- Operating revenue
  - Japan: 2006 $196,746, 2007 $211,043, 2008 $227,150
  - Europe: 2006 $8,788, 2007 $9,049, 2008 $9,400
  - Other regions: 2006 $17,992, 2007 $18,134, 2008 $18,679

- Net income (loss)
  - Japan: 2006 $23,058, 2007 $4,945, 2008 $(1,786)
  - North America: 2006 $5,000, 2007 $5,000, 2008 $5,000
  - Europe: 2006 $2,000, 2007 $2,000, 2008 $2,000
  - Other regions: 2006 $1,792, 2007 $1,800, 2008 $1,800

- Operating revenue by region
  - Japan: 2006 $196,746, 2007 $211,043, 2008 $227,150
  - Europe: 2006 $8,788, 2007 $9,049, 2008 $9,400
  - Other regions: 2006 $17,992, 2007 $18,134, 2008 $18,679

Principal businesses of the Pioneer Group

Car Electronics
- Pioneer is working to expand the frontier of in-car entertainment by fusing audio-visual entertainment and car navigation systems using the latest technological innovations. These efforts are guided by the principle of always proposing new value to customers. Pioneer also supplies various car electronics products to major automakers worldwide. Pioneer’s technological strengths in these areas are highly valued around the globe.
  - Car Navigation Systems
  - Car Audio/visual Systems
  - Car Speakers

Home Electronics
- As customer needs continue to diversify, Pioneer offers an innovative, extensive product lineup to deliver home entertainment tailored to customer lifestyles.
  - Plasma Displays
  - DVD Recorders
  - DVD Players
  - Blu-ray Disc Drives
  - Audio Systems
  - Audio Components
  - Professional DJ Equipment
  - Equipment for Cable TV Systems

Others
- Focusing on research into commercializing organic LEDs (OLEDs) at the earliest stages, Pioneer was the first company worldwide to mass-produce OLED displays. It has continued to expand the market for this display technology in mobile phones and car sternes. Future applications will include in-car panels, medical devices, measuring instruments, OA equipment, and a broad range of electrical products. Pioneer’s speaker technologies are also used in various product fields ranging from mobile phones and PDAs to TVs and audio-visual products of other manufacturers. Pioneer’s OLED display, speaker devices, factory automation systems, and other device technologies have also earned a strong reputation from customer for adding value to their brands.
  - Organic Light-Emitting Diode (OLED) Displays
  - Factory Automation Systems
  - Speaker Devices
  - Electronics Devices and Parts
  - Telephones
  - Business-use Audio-visual Systems

Patent Licensing
- Pioneer holds numerous patents related to DVD recorders, plasma display panels, car navigation systems, and other products developed ahead of other industry players. The licensing of these patents serves as a strong foundation for Pioneer’s core businesses.
  - Licensing of Patents Related to Optical Disc Technologies

Corporate profile

As of March 31, 2008
- Company: Pioneer Corporation
- Headquarters: 4-1, Meguro 1-chome, Meguro-ku, Tokyo 153-8564, Japan
- Founded: January 1, 1936
- Established: May 6, 1947
- Capital: ¥69,823 million
- Number of employees: 5,152 (non-consolidated), 42,775 (consolidated)
- Affiliated companies: Consolidated subsidiaries: 120 (Japan: 43, Overseas: 77)
Address for opinions and inquiries about this report:

PIONEER CORPORATION
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Tel: +81-3-3494-1111

Opinions and inquiries can also be sent via the Pioneer Web site.
https://www3.pioneer.co.jp/support/contact/csr.html

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