Pioneer Group CSR Report 2009

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On the release of the Pioneer Group CSR Report 2009

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

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

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

Scope of the report

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

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

Date of issue:
December 2009

Related reports
- Pioneer provides financial information through a variety of regularly published financial reports, including its Annual Report, and within the “Investor Relations” section of its Web site.
- Detailed reports of the Company’s environmental initiatives are also presented on its Web site.
- Pioneer provides information concerning its technology development and R&D in the technology magazine Pioneer R&D, through presentations at conferences, and on its Web site.

Relevant guidelines
- Sustainability Reporting Guidelines (G3) published by the Global Reporting Initiative (GRI)

Corporate names in this report
- “Pioneer” or “the Company” indicates Pioneer Corporation, and “the Pioneer Group” or “the Group” indicates Pioneer Corporation and its consolidated subsidiaries.
Pioneer is committed to promoting its Group philosophy, “Move the Heart and Touch the Soul,” to as many people as possible around the world. Ever since its founding in 1938, Pioneer has brought to market numerous breakthrough electronics products.

Company is streamlining the business framework of the entire Pioneer Group and improving its financial position.

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

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

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

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

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

Improving the Company’s financial position

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

Streamlining the business framework of the entire Pioneer Group

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

Pioneer is working to generate cash mainly by reducing inventories and accelerating trade receivables collections, curtailing capital expenditures, cutting director/executive officer remuneration and employees’ salaries, and selling idle assets.

Medium-Term Business Plan

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

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

Overview of Business Activities

Company has signed a basic agreement with Shanghai Automotive Industry Corporation (Group) to establish a joint venture specializing in the development and sale of intelligent transport systems as well as the provision of related services, together with the development and sale of car navigation systems and car AV products.

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

In the OEM business, Pioneer will bolster ties with major clients Toyota Motor Corporation and Honda Motor Co., Ltd. By harnessing proposal capabilities honed in the consumer-market business, the Company will work to expand businesses with an emphasis on car navigation systems. Efforts will also be focused on newly emerging markets mainly in China, where Pioneer will launch a joint venture with Shanghai Automotive Industry Corporation (Group).

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Over the medium term, Pioneer aims to expand the Car Electronics business by focusing on products and markets that retain high growth potential. In the consumer-market business overseas, the Company is looking to introduce affordably priced models of car navigation systems and car AV products, and to actively develop business centered on car AV products in newly emerging economies. In Japan, Pioneer aims to stimulate new demand by establishing a telematics business, building on the development of the new Air Navi series. In the OEM business, Pioneer will bolster ties with major clients Toyota Motor Corporation and Honda Motor Co., Ltd. By harnessing proposal capabilities honed in the consumer-market business, the Company will work to expand businesses with an emphasis on car navigation systems. Efforts will also be focused on newly emerging markets mainly in China, where Pioneer will launch a joint venture with Shanghai Automotive Industry Corporation (Group).
Overview of Business Activities

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

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

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

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

In car electronics business, Pioneer commands a strong position in the in-car AV market. The Company continues to expand its business domains in existing business centered on home AV products, DJ equipment and cable TV set-top boxes.

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

In AV products, Pioneer is working to bolster its audio products—the field in which it started out as a company—while expanding sales and reducing fixed expenses to restore profitability. The Company is positioning AV receivers as core products with the intention of establishing Pioneer as a leading brand in the field, and to improve the Company's financial position. At the very end, centered on business portfolio realignment, Pioneer is determined to see drastic restructuring through to fiscal 2012, mainly based on projected restructuring benefits.

Pioneer recognizes that its social responsibilities include efforts to build a stable management and operating framework over the long term. To this end, the Company will engage in sound business practices, consistent with its Group philosophy, as it strives to meet the expectations of society and its stakeholders.

Pioneer Group philosophy, “Move the Heart and Touch the Soul,” as it strives to meet the expectations of society and its stakeholders.

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

Products That Only Pioneer Can Create

Pioneer is determined to see drastic restructuring through to the very end, centered on business portfolio realignment, streamlining of the business framework of the entire Pioneer Group, and improving the Company’s financial position. At the same time, Pioneer will do its utmost to achieve the targets of its medium-term business plan, which is centered on the Company’s growth strategy for the Car Electronics business. Pioneer currently faces an extremely challenging business environment. It remains the Company’s mission and responsibility, however, to continue meeting market expectations by providing appealing products to customers. Going forward, the Company is committed to developing hallmark Pioneer products featuring innovative technologies and unique added value, especially car navigation systems, car audio products, home AV products, DJ equipment and cable TV set-top boxes.

Pioneer is committed to maintaining a strong position with a 30% share of the Japanese market. The Company intends to work steadily, mainly by encouraging new business domains, and by addressing demand created from digitalization, with the aim of maintaining stable earnings.

Steps will be taken to shrink the scale of the home electronics business in line with business portfolio realignment. However, Pioneer is targeting operating revenue of ¥73.0 billion and operating income of ¥1.0 billion in this business in fiscal 2012, mainly based on projected restructuring benefits and new business creation.

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Pioneer’s Philosophy and Vision

Group Vision Structure

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

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

Group Philosophy

“Move the Heart and Touch the Soul”

Group Vision

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

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

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

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

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

Foundation of Pioneer’s Decisions and Actions

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

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

Pioneer Group Charter for Corporate Operations

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

Pioneer Group Code of Conduct (Section Titles)

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

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/corp/charter/index-e.html
Corporate governance

In accordance with the Company Law of Japan, Pioneer has elected to structure its corporate governance system as a company with a board of corporate auditors. The Board of Directors, which includes several outside directors, decides on fundamental issues such as management policies and supervises the execution of business activities, while the Board of Corporate Auditors audits the directors’ performance of their duties. Based on this institutional structure, Pioneer has adopted an executive officer system to expedite the execution of business activities and clarify the responsibilities for each business. Meanwhile, aiming to enhance the transparency of decision making, Pioneer has established the Group Executive Committee and voluntary advisory committees to the Board of Directors.

Corporate Governance Structure (As of June 25, 2009)

- Corporate Governance Committee
- Representative Director
- Audit Division Group Executive Committee
- Business Division and Group Companies
  - Business Ethics Committee
    - Chair: outside director
  - Business Ethics Committee
    - Chair: outside director
  - Audit Division
    - Report and submit
    - Submit and deliberate
  - Audit Committee
    - Chair: outside director
  - Business Ethics Committee
    - Chair: outside director
- Rules of the Pioneer Group
  - Pioneer Group Charter for Corporate Operations
  - Pioneer Group Code of Conduct
  - Pioneer Group Charter for Corporate Operations
  - Business Ethics Code
  - Business Ethics Code
  - Business Ethics Code
- Corporate Governance Committee
  - Chair: outside director
  - Representative Director
  - Audit Division Group Executive Committee
  - Business Division and Group Companies
  - Business Ethics Committee
    - Chair: outside director
  - Audit Division
    - Report and submit
    - Submit and deliberate
  - Audit Committee
    - Chair: outside director
  - Business Ethics Committee
    - Chair: outside director

Consolidation and reinforcement of the internal control system

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

Risk management

Chaired by a representative director, Pioneer’s Internal Control Committee was established in accordance with the Basic Rules for Internal Control System. In addition to consolidating and reinforcing these management systems aimed at addressing risks inherent in the Group’s business activities, this Committee is working to gain a better understanding of the nature and scope of business risks and to formulate effective crisis management countermeasures. The Company manages important risks in a systematic manner in line with policies identified in the Rules of the Pioneer Group.

Consolidation and reinforcement of internal auditing

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

Crisis control measures

Forming a part of the Rules of the Pioneer Group, the Basic Rules for Crisis Controls have been formulated to optimize the Group’s response in the event of a crisis. Chaired by a representative director, the Emergency Management Committee (EM Committee) has been established as a permanent organization pursuant to these rules. In addition to overseeing the education, training and notification processes as they relate to crisis management, the Committee assigns officers, who are responsible for addressing and resolving crisis events and issues, to each division of Pioneer or each Group Company throughout the Group. The Crisis Control Manual outlines the roles and responsibilities of each crisis management organization as well as crisis management response procedures and protocols.

In the event of a natural disaster

In the face of a global influenza pandemic and amid fears of a major earthquake rocking Japan in the near future, the Pioneer Group places the utmost emphasis on the sanctity of life, and therefore it prioritizes efforts to secure a swift resumption of business activities in the case of a pandemic or crisis event. In addition to formulating the Manual for Natural Disaster which outlines those measures and actions to be adopted in the event of a disaster or crisis, the Pioneer Group also takes steps to ensure that adequate reserves of emergency food, medical and other supplies are maintained. Placing considerable weight on ensuring appropriate modes of communication, every effort is made through training measures to confirm the efficacy of emergency functions. In response to the outbreak of a new influenza strain (subsequently diagnosed as exhibiting attenuated virulence) in April 2009, steps were taken to distribute supply stockpiles under instructions issued by the Emergency Management Committee and in accordance with the Guideline for Pandemic Influenza. Making the most of the experience gained, the Pioneer Group undertook a review of its Guideline as well as the adequacy of its existing supplies.
Integrity in Business Activities

Full compliance

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

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

Prevention of insider trading

In March 2009, Pioneer uncovered that a corporate auditor of the Company then in office engaged in an act of insider trading in April 2007. Despite the strongly held belief that the rules of the Pioneer Group, which at the time encompassed the Basic Rules for Prevention of Insider Trading, were functioning properly, the Company acknowledges that its established structure and systems in this area were inadequate. Upon uncovering the aforementioned infringement, in March 2009, Pioneer took immediate steps to organize the Committee for the Prevention of Recurrence. Chaired by an outside director, the Committee was charged with the responsibilities of identifying the causes for the subject behavior and to formulate appropriate prevention countermeasures. Based on the Committee’s findings, progressive initiatives have been implemented. These include overhauling the corporate auditor selection process, strengthening the Company’s information management structure and systems and reinforcing director/executive officer and employee education and training.

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

Appropriate disclosure of management information

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

In an effort to enhance the adequacy and efficacy of financial reporting in Japan, certain mandatory provisions were introduced under the Financial Instruments and Exchange Law in 2009. As a result, Pioneer took steps to bolster its internal control system. As a part of the audit process, the Company obtained confirmation from its independent auditor that its internal controls were indeed adequate and effective. This confirmation was linked together with the Company’s Securities Report in June 2009.

Ensuring fair trade

Pioneer has implemented a variety of measures to ensure strict adherence to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, as well as to related laws and regulations. In addition to establishing the Basic Rules on Fair Trade as a part of the Rules of the Pioneer Group, the Company has also issued its Monopoly Prohibition Compliance Manual for internal use. Led by its Legal Affairs Division, Pioneer continues to augment its fair trade compliance counseling and reporting structure and systems.

Exclusion of antisocial forces

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

Security export control

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

Protection of intellectual property and copyright

The Pioneer Group not only maintains and manages intellectual property acquired through technology development and other means, but also undertakes day-to-day measures to respect the intellectual assets of third parties as a matter of principle. The administrators of related departments and affiliated companies of Pioneer’s various business sites have established a copyright liaison meeting to ensure Company-wide compliance of copyright protection technology in all Pioneer products. Furthermore, to avoid breaching the trust of customers of the Pioneer brand, the business divisions, Intellectual Property Division, Legal Affairs Division and other related departments work together to eliminate counterfeit goods from the marketplace, which the Company regards as damaging Pioneer’s brand value and social status.

Information security and protection of personal information

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

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

Policy regarding material procurement suppliers

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

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

Internal whistleblower system

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

The Committee Administrative Office promotes the Business Ethics Hotline with posters 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.
Quality Assurance Philosophy

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

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

Preventive measures through component safety management

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

Product Safety Reader

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

Activities to raise customer awareness of safe usage

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

Outline of Information Flow from Customers

Quick response providing product safety.

Quality control and engineering divisions at factories/ Relevant divisions of Pioneer Corporation.

Reporting monthly and whenever necessary.

Main announcements: (April 1, 2008–March 31, 2009)

Main policies concerning public regulations for products

Main policies implemented in the fiscal year ended March 31, 2010

- Online version of safety awareness information for consumers
- Risk assessment training: 3 times
- Product safety assessment: 3 times
- Product liability/safety training: 10 times

Main policies concerning public regulations for products

Main policies implemented in the fiscal year ended March 31, 2010

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

Main public regulations concerning products

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

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

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

In addition, Pioneer uses Advanced Product Quality Planning (APQP), an approach that cuts across various organizations to find and resolve issues quickly. The Company will continue to identify best practices in order to maintain and improve total quality across the Pioneer Group. In the fiscal year ending March 31, 2010, Pioneer is identifying steps for achieving the quality targets from the initial stage of product development, and creating systems to enable issues to be found and resolved quickly through team activities in all divisions.

The four key points of APQP

1) Permit no defects
2) Reflect customer feedback
3) DR (Design Review): An opportunity to identify problems early on and correct them
4) Effective communication

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

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

Rapid acquisition of market quality information and enhanced responses to issues

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

APQP activities at Pioneer

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

The four key points of APQP

1) Permit no defects
2) Reflect customer feedback
3) DR (Design Review): An opportunity to identify problems early on and correct them
4) Effective communication

Preventive measures using analysis evaluation

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

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

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

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

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Customer support services

The Pioneer Group is working to establish high-quality support services everywhere around the world. Every year the Company conducts 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. To ensure that more employees have the opportunity to develop their own insights and listen to customers directly at the Customer Support Center, the Center worked to improve the quality of customer service, including the inquiries and complaints received by customer support departments in the country with approximately 400,000 before- and after-purchase inquiries by telephone and e-mail. The Center does not simply respond to inquiries, but also provides product information from the customer’s standpoint, and offers value-added proposals in order to provide a higher level of customer satisfaction. In addition, improved information from customers including the inquiries and complaints received by customer support departments in Japan and overseas is accurately communicated to relevant divisions for use in sales support and quality improvements.

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

Inquiry information monitoring experience system

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

Responding to customer queries

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

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Environmental Management Philosophy and Initiatives

Environmental Preservation

Framework for environmental preservation activities

The Pioneer Group will make efforts to always contribute to maintaining and realizing a rich and safe global environment through its corporate activities, based on the principle that it is one of its corporate missions to maintain, improve, and lead 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 requirements in connection with environmental protection, and when necessary, establish voluntary control standards to reduce the negative impact of its activities on the environment.

2. Preservation of Environment

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

3. Development of Environment-Friendly Products

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

4. Management by Goals

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

5. System for Promoting Environmental Protection

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

6. Training

The Pioneer Group will conduct regular training and educational programs to educate its employees with regard to environmental protection, including notification of policies of environmental protection. In addition, specialized training will be given to employees whenever necessary.

7. Continuous Improvement

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

8. Disclosure and Communications

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

Environmental Management System

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. Accordingly, Pioneer seeks to reduce the impact of its business activities on the environment at every stage of the product lifecycle, from research and development through to design, production, sales, use, service, and finally disposal.
- Reducing environmental impact is an essential element of manufacturing, entailing the improvement of environmental quality along with product quality. In working toward realizing a sustainable society, Pioneer will apply 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.

Continuous improvements through the environmental management system

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

Integration of environmental management systems

As the importance of measures against global warming in its environmental preservation activities increases, the Pioneer Group works to raise the effectiveness of these activities through strong and efficient environmental management. As the first step in reinforcing environmental governance, all Pioneer Corporation’s business sites (Headquarters, Kawasaki Plant, Kawagoe Plant, and Corporate Research and Development Laboratory) have been subject to the ISO 14001 Environmental Management System. Integration under this standard enables the business sites and all Group companies to rigorously carry out Plan, Do, Check and Act (PDCA) activities, and ensures that the entire Group works together toward more ambitious targets. Moreover, the scope of environmental management systems was extended to domestic Group companies in fiscal 2009. Looking ahead, Pioneer will further expand this scope to overseas Group companies. Through these measures, every effort is being made to raise the efficacy of the Pioneer Group’s environmental preservation activities worldwide.
Environmental Preservation

Environmental risk management

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

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

- Legal violations by business sites
- Environmental-related complaints and requests submitted to business sites
- Emergencies and irregular situations at business sites

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

Pioneer’s environmental accounting

Pioneer established its Environmental Accounting Committee in October 1999, and since then, has published environmental accounts in accordance with the guidelines of the Ministry of the Environment. In the fiscal year ended March 31, 2009, Pioneer recorded environmental investment of ¥0.74 billion, environmental expenses of ¥4.5 billion, and economic effects of ¥1.1 billion. On a consolidated basis, the proportion of environmental investment accounted for 1.6% of total capital investment, which amounted to ¥45.8 billion, and environmental research and development expenses were 1.3% of total research and development expenses of ¥14.8 billion.

Environmental expenditures declined ¥1.2 billion compared with the previous fiscal year while economic effects decreased ¥0.4 billion on year.


The Pioneer Environmental Contribution Award

The Pioneer Group has established the Pioneer Environmental Contribution Award to honor business sites, groups, and individuals that have made contributions through their environmental preservation activities. Similarly, the Environmental Patent Award is given for patents deemed to have made a particular contribution to environmental preservation. Of the 40 applicants for the Pioneer environmental accounting, 10 were recognized.

Main environmental targets and results

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

http://pioneer.jp/environment-e/communication/
Reducing CO2 emissions

The Pioneer Group is a willing participant in the Nippon Keibatsu (Japan Business Federation)’s voluntary action plan on the Environment. As such, the Group engages in activities aimed at exceeding the voluntary reduction target for CO2 emissions (per unit of actual production)2 averaged over the commitment period of the Kyoto Protocol (fiscal 2008 to fiscal 2012) set at 36% or more by the electrical and electronic equipment industry. While at 20%, Pioneer failed to achieve its single fiscal year reduction target in the fiscal year ended March 31, 2009, the Company remains on track to achieve its reduction target for the fiscal 2008–2012 period. Pioneer also manages greenhouse gases used in production processes.

- **Trends in greenhouse gas emissions**
  - CO2 emissions
  - Petrochemicals, HFC, other

Reducing environmentally hazardous substances in production processes

Pioneer has set a target for reducing environmentally hazardous substances used in production processes, Pioneer has set internal targets and is making efforts to reduce emissions. In line with the industry’s voluntary action plan, Pioneer has identified specific reduction targets with respect to volatile organic compounds (VOCs). Against this identified target, Pioneer is striving to achieve the same result throughout its overseas network.

- **Resource recycling (3Rs)**
  - Percentage of waste recycled as of March 31, 2009

Energy saving in distribution

Pioneer has for some time placed considerable emphasis on nothing a modal shift in its means of transport from trucks to the use of rail and ships. In the fiscal year ended March 31, 2009, the amount of products transported by rail and ships totaled 3,360,000 tonne-kilometers1. This represents a 29% decline compared with the previous fiscal year, reflecting the overall drop in sales. On this basis, the amount of rail and ship transportation as a proportion of total transportation edged down 0.1 of a percentage point year on year to 21.8%. Nevertheless, as a result of efforts to reduce the amount of office paper purchased, the Company achieved a year-on-year decrease in the office paper purchases.

- **Trends in recycling rates**
  - Average recycling rates
  - Office paper purchases (A4 equivalent)

Promoting the use of photovoltaic power

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

- **Pioneer green system**
  - Installed at the Kawagoe Plant
  - Mill run concept

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

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

- **Efficient use of paper**
  - Items targeted for 100% green purchasing
  - Office paper purchases (A4 equivalent)

- **Green purchasing**
  - Items targeted for 100% green purchasing
  - Office paper purchases (A4 equivalent)

In order to reduce the impact on the environment from environmentally hazardous substances used in production processes, Pioneer has set internal targets and is making efforts to reduce emissions. In line with the industry’s voluntary action plan, Pioneer has identified specific reduction targets with respect to volatile organic compounds (VOCs). Against this identified target, Pioneer is striving to achieve the same result throughout its overseas network.

- **Trends in waste generated**
  - Amount of waste generated in Japan
  - Amount of waste overseas

The basic concept behind green purchasing is to avoid wasteful buying and to purchase only necessary items which also meet environmentally friendly standards. The Pioneer Group has set a green purchasing target of 100% for each category of items. As a part of Pioneer’s green purchasing activities, approximately 60% of Company cars are now low-emission vehicles1. Of this number, more than half are ultra-low-emission vehicles1.

- **Trends in recycling rates**
  - Percentage of waste recycled as of March 31, 2009

1. Low-emission vehicle (three stars): A reduction in emission levels of 50% or more compared with the vehicle’s predecessor
2. Low-emission vehicle (four stars): A reduction in emission levels of 75% or more compared with the vehicle’s predecessor
3. The figures below represent the CO2 emission factor for electric power in Japan: 0.453 t - CO2/MWh (Actual value for fiscal 2007 issued by the Ministry of Economy, Trade and Industry).
4. The data presented in this section is as of March 31, 2009. Pioneer maintains a recycling rate of 99% or more, except for office paper which is 96.7%, and improvement compared with the previous fiscal year.

1. Low-emission vehicle certification system: a system that specifies reductions of harmful substances from exhaust fumes from the standard levels
2. The term “modal shift” refers to a change in the means of transport (rail, ship, or road) used to transport products over a given distance.
3. Office paper: a paper product used in the production process (excluding construction paper, etc.)
Pioneer recognizes that the development and sale of environmentally friendly products is a core component of its corporate mission. Taking into consideration such critical environmental issues as the prevention of global warming, the increased application of resource recycling and the reduction of environmentally hazardous substances, the Company is proactively promoting the design of environment-friendly products in its efforts to reduce environmental load. Working toward a total lineup comprised of environment-friendly products As a part of its ongoing efforts to enhance the environment-friendliness of its products, Pioneer conducts environmental impact as well as product evaluations using life cycle assessment (LCA). Furthermore, the Company is promoting the development of environment-friendly products by assessing conformity with in-house environmental standards. 

Environment-Friendly Products

Environment-friendly product creation initiatives

In countries all over the world, social structures that have historically focussed on mass production, mass consumption and mass disposal are increasingly encountering considerable scrutiny and systematic review. This in turn has triggered the progressive shift toward recycling-oriented activities and the 3R principle, a concept that encourages societies to Reduce waste, Reuse and Recycle resources. For its part, Pioneer actively promotes the 3R principle and is placing considerable weight on the recycling of materials.

Recycling of used whiskey barrels

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

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

Environment-Friendly Products

Evaluation system for environment-friendly products

Products that have undergone product assessment and that comply with environmental standards.

Super Advanced Eco-Model

Products that exhibit industry leading environmental performance

Advanced Eco-Model

Products that exhibit environmental performance significantly above that of conventional products

Eco-Model

Products that exhibit baseline environmental performance

Super Advanced Eco-Model certified products

Utilizing the Pioneer Smart Loop, Pioneer car navigation systems help select the optimal route to their destination. These systems contribute to a reduction in wasteful fuel consumption as well as the prevention of global warming. In addition, Pioneer’s in-dash service “Smart Loop Drive Report” supports eco-friendly driving by providing drivers with feedback on how to realize a “soft acceleration.”

Pure Malt Speaker S-A451/P.M

Awarded the Minister of the Environment’s Award for Circular Resource Techniques and Systems for 2005, Clean Japan Center

CYBER NAVI AV/C-VH1000

• "The 5th Eco Products Award"
• "Audio Components Award" (Eco Products Category)

The Pioneer Group strives to prevent global warming by promoting the development of environment-friendly products, Pioneer conducts environmental impact as well as product evaluations using life cycle assessment (LCA). Furthermore, the Company is promoting the development of environment-friendly products by assessing conformity with in-house environmental standards.

Super Advanced Eco-Model

Products that exhibit industry leading environmental performance

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Eco-Model

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Global warming prevention

Utilizing digital amplification technology to produce more compact, lighter weight car audio amplifiers Pioneer achieved significant reductions in size and weight for the PSS-6060 4-Channel and PSS-60605 5-Channel. Through this and other products, Pioneer is playing an active role in improving the fuel efficiency of vehicles and reducing exhaust gas emissions.


data

Environmental data

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

Alleviating environmental impact across the entire product life cycle

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

Resource recycling (3Rs)

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

Reduction of environmentally hazardous substances

The 5th Eco Products Award, Eco Products

2005, Clean Japan Center


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

http://pioneer.jp/environment-e/ecoproducts/simulation.html

http://pioneer.jp/environment-e/ecoproducts/simulation.html

http://pioneer.jp/environment-e/ecoproducts/3 products.html
Respect for human rights

As a company that pursues innovation in accordance with its Group Vision, Pioneer seeks to create a culture in which diverse personnel can exercise their capabilities, irrespective of their gender and other differences, working enthusiastically and energetically to fulfill the mission of their respective workplaces. Under the direct supervision of the president, and positioned as a key management strategy and issue, Pioneer launched its Gender Project in 2004 in Japan as a three-year initiative aimed at fully supporting its female employees. Pioneer’s Human Resources Division established the Women’s Career Development Support Center in May 2007 to strengthen the advances made under the Gender Project, on a sense of mutual trust and respect, the Pioneer Group is at the same time endeavoring to build and develop a highly transparent organizational framework.

Initiatives of the Women’s Career Development Support Center

Through a three-pronged action plan, the Women’s Career Development Support Center aims to create a workplace in which female employees and all their colleagues can play an active and vital role in the Group’s ongoing development and success. Underpinned by cooperation between labor and management, Pioneer has continued to implement a variety of initiatives since April 2005 aimed at promoting workplace harmony and work-life balance. In recognition of these ongoing activities, the Company received the Next Generation Certification “Kurumin” mark from Japan’s Ministry of Health, Labour and Welfare in May 2007. In order to further develop these initiatives, Pioneer formulated a second stage action plan in April 2007 based on the three themes of supporting women’s careers, promoting understanding in the workplace while raising the awareness of individual women, and creating an environment where both men and women can easily participate in childcare.

Workplace diversity

To Foster a Natural and Comfortable Workplace Environment where Both Men and Women Can Work on an Equal Footing

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

To Work Energetically with Mutual Respect for Each Other

PLANNING: Strengthening the Group’s Human Resource Development/ Maintaining a Human Resource Development Environment

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Respect for Employees

Promoting employment of people with disabilities

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

Mental health care

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

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.

Employee attitude surveys

Since 2001, Pioneer has carried out employee attitude surveys as part of its activities to improve the quality of the Company’s management. Regarded as health checks for the organization, these attitude surveys for all employees in the Company’s management. Regarded as health checks for 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.

As a Responsible Corporate Citizen

Social contribution activities

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

Audio and visual

“Listen through the Body” concerts

Pioneer has continued to hold “Listen through the Body” concerts for people with hearing difficulties since 1992, using a system that changes sound into vibrations that can be felt by the body. In recent years, monthly concerts at the Company’s head office have been organized on a volunteer basis by employees and their families. With the help of volunteers, concert venues have today been extended from the suburbs of Tokyo to various regions throughout Japan, as well as overseas offices of the Pioneer Group. In an effort to spread the pleasure of music to as many people as possible, concerts are held in such regions in Japan as Sendai, Shizuoka, Tottori, Hiroshima and Fukuoka, at venues including regional halls, schools for the disabled and Pioneer business site conference rooms. Overseas, a Listen through the Body concert was first held at a school for the hearing impaired in Shanghai, China, in March 2008. In June of the same year, a second U.S. concert was held in Los Angeles featuring music by saxophonist Sadao Watanabe. Pioneer installed 20 body sensory system seats for the enjoyment of local students and the elderly. Closer to home, an in-house produced film was shown in one of the conference rooms of Pioneer’s Singapore subsidiary for the benefit of local students and the elderly. Through these and other means, the Pioneer Group is proactively engaging in social contribution activities throughout the world.

Listen through the Body concerts received the “Mecenat Award for Physical Acoustics” and the “Readers’ choice for Mecenat Award” in the September 2007 Japan Mecenat Awards of the Association for Corporate Support of the Arts. These awards recognized the volunteer endeavors of Pioneer employees and their families, the quality and expertise of the Company’s proprietary audio technologies, as well as Pioneer’s ongoing efforts to contribute to society. The Listen through the Body concerts bring pleasure and enjoyment to all concerned from the audience to the participating employee volunteers and performers. Looking ahead, Pioneer plans to further spread the pleasure of music to an increasing number of people through periodically held concerts across a wide variety of regions.

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

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

In Harmony with Society

As a Responsible Corporate Citizen

Social contribution activities

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In Harmony with Society

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 Satama Prefecture through an agreement with the Satama Prefectural Forestry Public Corporation, executed in 2005. The forest has been designated as the “Pioneer Forest,” and management work is carried out twice per year in spring and fall. Employees and their families volunteer to prune and thin trees. What was originally a dark forest that blocked out sunlight has been reborn as a bright and leafy forest. Pioneer will continue with these management activities and develop further activities using its “Forest for nature exploration classes” for children, among other initiatives.

Environmental conservation activities at business sites
Both in Japan and overseas, Pioneer Group employees regularly volunteer to participate in cleanup activities particularly in the areas surrounding each business site, as well as local parks, coastal areas and streams. Moreover, employees place considerable emphasis on interaction with local schools and residents participating in regional environmental events. Through these means, every effort is made to increase overall environmental awareness in the region.

Supporting education

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

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

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

Social action programs of the Pioneer Group

Both at home and overseas, the Pioneer Group is committed to efforts that contribute to society. Taking into consideration the needs of each local community, the Group is active in a wide range of fields, implementing programs in the fields of audio and visual, environmental conservation, education support, sport and entertainment, social welfare and disaster relief. Extending well beyond gifts and donations, the Pioneer Group harnesses its business-related know-how and technological capabilities to promote employee participation-based voluntary activities.

Please visit the Corporate Citizenship Web site for more information on the Pioneer Group’s various social action programs, which include art and culture, social education, and international cooperation and exchange.

http://pioneer.jp/citizen/index-e.html

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The “Fun Science Lab,” a lasting memory of the summer holidays.

The supplementary science reader distributed to first and second graders.

A "Science Camp" tent for high school students.

The "Fun Science Lab," a shadow of the latest technology.

The "Science Camp," a memory of the school holidays.

The "Forest for nature exploration class," a memory of the school holidays.
Communication with Society

Shareholders, investors and society

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

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

Customers

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

Dealers

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

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 conference with the unions every six months and as required, as well as meetings on personnel issues. In addition, Pioneer works with the unions to boost employee morale and promote social programs.

Suppliers and material procurement

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

The Pioneer Group’s Globally Expanding Network

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

Corporate Profile

As of March 31, 2009

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<th>Company</th>
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Organizational Overview

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