On the Release of the Pioneer Group
CSR Report 2010

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 fiscal 2010, the fiscal year ended March 31, 2010, as well as earlier initiatives and more recent activities.

Organizations covered:
Pioneer Corporation and the 103 consolidated subsidiaries of the Pioneer Group (as of March 31, 2010)

Date of issue:
November 2010

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 website.
- Detailed reports of the Company’s environmental initiatives are also presented on its website.
- Pioneer provides information concerning its technology development and R&D through presentations at conferences and on its website.

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.

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Group Philosophy and Vision

Pioneer’s mission and raison d’être within society is expressed in its Group Philosophy: Move the Heart and Touch the Soul. With a view to realizing this philosophy, Pioneer established the 2015 Vision in April 2010 after taking business conditions into consideration. This vision provides an image of the type of corporate group that Pioneer seeks to evolve into and shines a light toward achieving the ultimate goal espoused in the Group Philosophy.

Group Philosophy

“Move the Heart and Touch the Soul”

A New Pioneer Begins with You

2015 Vision

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

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

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

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

We would like to spread and share these wishes among ourselves thoroughly, and actualize our 2015 Vision. In addition, we would also like to be a helpful partner for customers, business partners and our society to spread smiles, feel the vibes and share the passion.
Integrity in Business Activities

To Continue as a Company Trusted and Supported by Society

Corporate Governance

Under the Companies Act of Japan, Pioneer has elected to structure its corporate governance system 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.

Board of Directors and Board of Corporate Auditors

Pioneer has adopted a corporate auditor system of corporate governance. Under this system, the Company has established the Board of Directors as a decision-making body for matters of the highest importance such as management policies, and as a supervisory body. The representative directors are responsible for business execution, while the Board of Corporate Auditors is responsible for auditing. In fiscal 2010, the fiscal year ended March 31, 2010, the Board of Directors held 10 meetings, while the Board of Corporate Auditors held 16 meetings.

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

Group Executive Committee

The Group Executive Committee, which was formed to reinforce decision making, is comprised of directors and executive officers chosen by the Board of Directors, and holds regular meetings once per week, in principle. The Group Executive Committee, under the supervision of the Board of Directors, 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 approves these issues, or in cases where the Board of Directors has decision-making authority, the Group Executive Committee reports on these issues to the Board of Directors. In fiscal 2010, the Group Executive Committee held 35 meetings and deliberated on approximately 150 issues, functioning effectively as part of the management decision-making process in support of the Board of Directors.

Voluntary Advisory Committees

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

Pioneer Group Decision and Actions

The Pioneer Group will consistently take note of changes in society as it continues to provide products and services. To fulfill its social responsibilities, the Group intends to gain an understanding of society’s expectations through dialog with various stakeholders including shareholders, consumers and customers, local communities, business partners, and employees. In accordance with the Pioneer Group Charter for Corporate Operations, Pioneer has defined the basic principles for operational decisions and actions in the Pioneer Group Code of Conduct, which applies to directors of the Pioneer Group and to all employees who work for the Company. Each Group company ensures that every officer and employee follows this code while observing the laws and social conventions of their respective countries and regions. In addition, both documents have been translated into 11 languages and distributed throughout the Group.

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
    - To Conclude Our Business Activities Properly and Effectively
    - To Conclude Our Business Activities Properly and Effectively
  - Customer Satisfaction: Our Top Priority
    - Customer Claims and Requests
  - Compliance as a Multinational Company
    - Protection of Customers’ Personal Information
  - Environmental Conservation
    - Protection of Customers’ Personal Information
  - Contributing to Society
    - Protection of Customers’ Personal Information
  - Strict Measures Against Individuals Endangering Civil Society
    - Protection of Customers’ Personal Information
  - Public Disclosure
    - Protection of Customers’ Personal Information
  - Prohibition of Insider Trading
    - Protection of Customers’ Personal Information
  - Inappropriate Bestowing of Benefits to Shareholders or Investors
    - Protection of Customers’ Personal Information

- To Win Our Customers’ Satisfaction and Trust
  - Customer Claims and Requests
  - Protection of Customers’ Personal Information
  - Proper Accounting Treatment
  - Protection of Customers’ Personal Information

- To Properly Manage and Use Company Assets
  - Management of Information from Third Parties
  - Protection of Customers’ Personal Information
  - Intellectual Property
  - Protection of Customers’ Personal Information

- To Properly Manage and Use Company Assets
  - Proper Management and Use of Company Assets
  - Protection of Customers’ Personal Information
  - Intellectual Property
  - Protection of Customers’ Personal Information

- To Work Energetically with Mutual Respect for Each Other
  - Workplace Diversity
  - Respect for Privacy
  - Freedom from Harassment
  - Respect for Privacy
  - Healthy and Safe Working Environment

- To Foster Respect for Human Rights
  - Workplace Information Sharing
  - Respect for Privacy
  - Abolition of Formal Gift-Giving
  - Respect for Privacy

- To Act in Accordance with This Code
  - Political and Religious Activities
  - Business Ethics Committee (Chair: Outside director)
Internal Control System and Risk Management

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.

With the Pioneer Group Charter for Corporate Operations positioned as its foremost component, the Rules of the Pioneer Group also consist of the Pioneer Group Code of Conduct as well as specific rules outlining the scope of responsibility and authority for each Group company and guidelines relating to compliance.

Chaired by a representative director, Pioneer's Internal Control Committee was established in accordance with the Basic Rules for Internal Control System. In addition to consolidating and reinforcing those management systems aimed at addressing risks inherent in the Group’s business activities, this Committee is working to gain a better understanding of the nature and scope of business risks and to formulate effective crisis management countermeasures. The Company manages important risks in a systematic manner in line with policies identified in the Rules of the Pioneer Group. As the organization that oversees these rules, a designated department located within the Company’s headquarters is responsible for enhancing their acceptance and understanding by the Group as a whole.

The Audit Division under the direct control of the president 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. Collaborating closely with the internal audit managers from each Group company, the Board of Corporate Auditors, the independent auditor and related parties, the Audit Division engages in wide-ranging audit activities encompassing internal control systems and risk management. Through each audit, the Division endeavors to enhance the efficacy of such critical activities as quality control and environmental protection.

Crisis Control Measures

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

In the face of a global influenza epidemic and amid fears of a major earthquake in 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 these 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. Looking ahead, the Group will consider plans to formulate a business continuity plan that will ensure the timely restoration of its business structure and systems in the event of a major disaster.

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.

Full Compliance and the Internal Whistleblowing System

The Pioneer Group complies with all relevant laws and regulations regarding the requirements of social responsibility as an important aspect in creating an environment where its employees can work with peace of mind. The Business Ethics Committee, chaired by an outside director, was established in accordance with the Basic Rules for Business Ethics, which forms a part of the Rules of the Pioneer Group. This Committee meets once every six months with the aim of ensuring strict adherence to all relevant laws and regulations as well as the Pioneer Group Code of Conduct by all Group directors/executive officers and employees. 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 has been established as an internal whistleblowing 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 Corporate 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.

Outline of Whistleblowing and Inquiry Information Flow

Board of Corporate Auditors

Business Ethics Hotline

(Whistleblowing system operated on both a Group-wide and regional basis)

Business Ethics Hotline (by world region)

Committee Administrative Office

Reporting

Questions

Response

Consultations

Whistleblowing

All individuals working for the Pioneer Group

Business Ethics Committee

Chair: Outside director

Member: Business Ethics Officer; GMs of General Admin., Legal, Human Resources & General Admin.; and Audit divisions; Full-time Corporate Auditor

Reporting

Contact / Feedback

Reporting

Exclusion of Antisocial Forces

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To Continue as a Company Trusted and Supported by Society

Appropriate Disclosure of Management Information

Guided by its Basic Rules on Disclosure, which form a part of the Rules of the Pioneer Group, the Group as a whole maintains the basic policy of disclosing accurate management information to all stakeholders including shareholders, investors, customers, suppliers, the mass media and local communities in a timely and appropriate manner. As a matter of course, the Group discloses information required by laws and public regulations. In addition to this rigorous and fair disclosure of appropriate information, Pioneer engages in highly transparent corporate activities with the aim of deepening the understanding and trust of shareholders, investors and society at large.

Pioneer also seeks to actively disclose information that may be considered useful for shareholders to make investment decisions and to gain a better understanding of the Group. In addition to this rigorous and fair disclosure of appropriate information, Pioneer engages in highly transparent corporate activities with the aim of deepening the understanding and trust of shareholders, investors and society at large.

Furthermore, taking into consideration certain mandatory provisions introduced from 2009 under the Financial Instruments and Exchange Act, which aim to ensure the adequacy of financial reporting, the Company, in similar fashion to the previous year, obtained confirmation from its independent auditor that its internal control system was again adequate and effective. Details of audit results were submitted together with Pioneer’s securities report in June 2010.

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. In addition, Pioneer has formulated its Basic Rules on Security Export Controls under the Rules of the Pioneer Group, and appointed one of its representative directors to oversee the appropriate management of export control.

Ensuring Fair Trade

The Pioneer Group has implemented a variety of measures to ensure strict adherence to anti-monopoly 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 issued its Monopoly Prohibition Compliance Manual and has taken steps to promote it throughout the Group. Furthermore, Pioneer continues to augment its fair trade compliance counseling and reporting structure and systems, led mainly by its Legal Division.

Under the Rules of the Pioneer Group, the Company has formulated Basic Rules for Prevention of Insider Trading. While Pioneer has endeavored to stringently manage information and to implement a management structure and system aimed at preventing insider trading, improper conduct in April 2007 by a former corporate auditor while in active duty was subsequently uncovered in March 2009. Following this discovery, the Company took immediate steps to establish the Committee for the Prevention of Recurrence. Chaired by an outside director, the Committee was charged with the responsibilities of identifying the causes of the incident and to formulate appropriate prevention countermeasures. As a result, Pioneer is successively implementing various initiatives including the tightening of information management as well as regulations relating to the trade of the Company’s shares applicable to directors and employees, while re-emphasizing relevant staff education and training.

Please visit the following website for more information on Pioneer’s disclosure policy:
http://pioneer.jp/corp/ir/disclosure/index-e.html

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. Pioneer and its Group companies have established a copyright liaison meeting for their respective administrators of relevant departments to ensure Company-wide compliance of copyright protection technology in all Pioneer products.

Furthermore, to avoid betraying the trust that customers have in the Pioneer brand, the Company’s business divisions,Legal & Intellectual Property 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.

For the benefit of the Group’s employees in Japan, the Company has issued a Q&A booklet concerning the protection of copyright in operational activities. In this context, Pioneer has set up an intranet bulletin board as well as an inquiry desk to answer employees’ questions.

Information Security and Protection of Personal Information

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

Pioneer has also established the Rules for Protection of Personal Information as part of the Rules of the Pioneer Group, in addition to its publicly available Privacy Policy. Group companies handle all personal information in accordance with these rules and stringently safeguard customers’ interests and rights. 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, Organisation for Economic Co-operation and Development, and so on. Along these lines, the Company distributes to its material procurement suppliers the Pioneer CSR Procurement Guidelines, which are grounded in the principles of equity, fairness, environmental conservation and social responsibility. Across a host of supply chains, from components through to products, the promotion of CSR procurement also helps to fulfill corporate social responsibilities. Pioneer has executed memoranda concerning CSR procurement with a large number of suppliers, instructing them to pursue best practice through procurement activities, and to comply with all relevant guidelines as a matter of course.

http://pioneer.jp/corp/ir/disclosure/index-e.html
Customer Satisfaction and Trust

To Win Customers’ Satisfaction and Trust

Quality Assurance Philosophy

Quality Assurance Philosophy

Offering customers products and services that generate satisfaction and confidence

The Pioneer Group regards ensuring quality as the most fundamental issue in its pursuit of customer satisfaction. Therefore, the Group has formulated its Quality Assurance Philosophy. With the aim of realizing this philosophy, the Group has clarified its quality assurance responsibilities and authority, and is working to improve overall quality. Specifically, the Quality Assurance Council has been established, as well as three committees: the Product Safety Committee, Public Regulations Committee, and 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 fiscal 2011, the fiscal year ending March 31, 2011, and is working to ensure that this framework becomes firmly established. Within this framework, Pioneer has identified product safety, public regulations, and product environments as key concepts, and intends that all staff involved in operating processes from development and production through sales and marketing to service 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 reflects this recognition in its product evaluation.

Initiatives toward Ensuring Product Safety

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

In this context of product safety, information is actively collected from customers, dealers and distributors and collated by the Company’s Quality Assurance Division. Reports are then promptly submitted to upper management, and relevant information is fed back to customers, dealers and distributors.

Quality Policy for Fiscal 2011

Providing safe products that fully satisfy customers through Company-wide advanced quality programs

Pioneer Group Quality Assurance Council

Product Safety Committee

Public Regulations Committee

Eco Products Committee

Quality Council comprising business divisions and Group companies

Major quality assurance management system accreditations held:
• ISO 9001 quality management system
• ISO/TS 16949 quality management system for automotive production and relevant service part organizations

Ensuring Product Safety

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

Product Safety Standards and the Product Safety Manual

As a part of the overall product development process, the Pioneer Group has formulated a set of proprietary product safety standards that not only encompass statutory information but also past experience. In adhering strictly to these standards, the Group is endeavoring to deliver enhanced product safety.

In addition, the Group has published the Product Safety Manual for product designers and engineers, explaining various vital aspects of product safety as well as other basic concepts. Drawing from resources both within and outside the Group, the manual includes a number of product safety examples. Written in a clearly presented manner, it is used internally as a product safety education and training tool.

Raising Customer Awareness of Safe Usage

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

Response to Public Regulations concerning Products

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

Main Public Regulations concerning Products

• Regulations concerning product approval include safety regulations, electromagnetic compliance (EMC) and electromagnetic interference (EMI) regulations, and communications standards.
• Labeling regulations for consumer protection and product certification cover labeling on products, operation manuals, packaging, and other matters.
• Environmental regulations.

Please visit the following website to view Pioneer’s Action Guide for product designers and engineers, explaining various vital aspects of product safety as well as other basic concepts. Drawing from resources both within and outside the Group, the manual includes a number of product safety examples. Written in a clearly presented manner, it is used internally as a product safety education and training tool.

Please visit the following website to view Pioneer’s product safety precautions (Japanese only):
http://pioneer.jp/oshirase/safe/

A highly secure configuration to be incorporated for suspended or hanging products

Example: An automotive speaker fitted with an additional safety wire as a precaution against a fall

Excerpt from the Product Safety Manual

Outline of information flow from Customers concerning Product Safety

Customers

Dealers/Distributors

Customer support service

Sales Office

Repair Desk

Customer Support Desk

Research by Pioneer’s Quality Assurance Division

Quality control officer and other managers

Reports

Special Representative Committee on Quality

Casual analysis and countermeasures by divisions involved in product quality control

Emerging response to a major quality issue

Japanese only:

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

Main Public Regulations concerning Products

• Regulations concerning product approval include safety regulations, electromagnetic compliance (EMC) and electromagnetic interference (EMI) regulations, and communications standards.
• Labeling regulations for consumer protection and product certification cover labeling on products, operation manuals, packaging, and other matters.
• Environmental regulations.
Upstream Initiatives for Quality Assurance

Rapid Acquisition of Market Quality Information and Enhanced Responses to Issues

In the Pioneer Group, information from customers is accurately communicated to relevant divisions for use in sales support and quality improvement activities. For example, at the Customer Support Center in Japan, inquiries and complaints are compiled into a monthly report entitled “The Voice of the Customer,” which is distributed to directors, department heads of related divisions and all relevant staff. In addition, the Customer Support Center provides information that can be used for product planning in the periodic meetings with business divisions. Similar activities are undertaken at Pioneer’s overseas subsidiaries. In addition to consolidating this sort of regular monthly information exchange, Pioneer will reinforce its response to issues arising in the marketplace. Information about these issues is conveyed via inquiries to the consultation service, along with repair and service information, analysis of returned products, feedback from internet surveys and so on. The Company will promptly feed this information back to its planning and design departments.

APQP Activities at Pioneer

The product development process consists of a complex interaction of various other processes. The initial (upstream) stage of product development starts with planning conception, which has a significant impact on product quality. The steps required for achieving quality targets are identified at this stage. Pioneer uses Advanced Product Quality Planning (APQP), an approach that cuts across various organizations to find and resolve issues quickly.

The Pioneer Group will continue to identify best practices in order to maintain and improve total quality across the Pioneer Group. In fiscal 2011, the Group 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 including sales and services divisions.

Initiatives for Improving Perceived Quality

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

The Pioneer Group 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 Group is enhancing its product evaluation using sensitivity check surveys, with an emphasis on reflecting customer opinions.

Preventive Measures Using Analysis and Evaluation

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

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

Note: Typically human centered design is a process concept for product development based on the user’s perspective, and it conforms to the international standard ISO 13407 for human centered design processes for interactive systems.

ISO 13407 defines the concept, for which there are specific standards concerning usability, Internet accessibility and so on.
Customer Support and Service

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

- Results of the Independent Customer Satisfaction Survey for Japan

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall satisfaction following repairs as reported by the survey</th>
<th>Satisfaction with the Repair Desk</th>
<th>Customer satisfaction with the Customer Support Center</th>
<th>Customer satisfaction with the Parts Ordering Center</th>
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<td>78%</td>
<td>92%</td>
<td>91%</td>
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<td>2009</td>
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<td>4.4 points</td>
</tr>
</tbody>
</table>

Responding to Customer Queries

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

In fiscal 2010, the Customer Support Center again drew on an evaluation by an external agency to improve the quality of the responses of personnel, including their overall manner, first impressions and friendliness. In addition, the Repair Desk was integrated into the Customer Support Center to enhance operating efficiency.

- Inquiries and Response Rate for the Customer Support Center in Japan

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of inquiries</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>421,421</td>
<td>87.9%</td>
</tr>
<tr>
<td>2009</td>
<td>409,861</td>
<td>85.0%</td>
</tr>
<tr>
<td>2010</td>
<td>387,329</td>
<td>80.0%</td>
</tr>
</tbody>
</table>

- Inquiry Information Monitoring Experience System

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

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

Product Repair Service

Customers in Japan have praised Pioneer’s efforts to respond to their expectations and requirements for improved speed of repairs, as well as for clear explanations from the Repair Desk, the courtesy of responses, and the adequacy of repairs and explanations.

In fiscal 2010, the Pioneer Group took steps to strengthen and expand its automotive OEM product service network and systems worldwide. Carrying on from the previous year, every effort was made to bolster and augment the service network and systems that target such newly emerging growth markets as the BRIC nations (Brazil, Russia, India and China).

- Response to Inquiries and Repair Requests in Japan

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of repairs (in Japan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>390,000</td>
</tr>
<tr>
<td>2009</td>
<td>350,000</td>
</tr>
<tr>
<td>2010</td>
<td>302,000</td>
</tr>
</tbody>
</table>

Offering Peace of Mind and Satisfaction

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

While the Pioneer Group withdrew from the display business at the end of fiscal 2010, it is continuing to provide the same maintenance and repair services as those proposed for laser disc players in its efforts to offer uninterrupted peace of mind and satisfaction for customers.
Environmental Preservation

Environmental Management Philosophy and Initiatives

Organization of Pioneer Environmental Preservation Activities

In 1991, Pioneer launched the Pioneer Environmental Conservation Committee to serve as a group-wide organization to discuss and take action on environmental issues related to business activities at Pioneer facilities. This committee reviews the group’s efforts to produce environment-friendly products, focusing particularly on reducing the toxic chemicals contained in products. In 2006, the company inaugurated the Pioneer Eco-Products Committee, which cross-divisionally controls those environmental preservation activities related to products. This committee serves as a horizontal and vertical axes in promoting overall activities of Pioneer’s environmental preservation system to cover both facilities and products.

Environmental Preservation Activities

1. Preservation of Environment
- Ozone-depleting substances and hazardous substances of environmental concern should be banned from use, switched with a substitute substance, and its discharge restrained. Business activities should consider effects on the ecosystem to reduce such environmental impact, and prevent contamination at the same time. Furthermore, efforts to reduce greenhouse gas emissions and saving of natural resources should be taken into account.

2. Eco Design Product Development
- From the designing stage of products, reduction of hazardous chemicals containment, as well as in parts, materials procurement stage, and until the disposal of the product on a total life cycle basis, attention to environmental evaluation and promotions in saving resources, energy, and recycling points for the “product assessment” should be made. Efforts to develop new eco-friendly technologies shall also be implemented.

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

4. Educational Training
- The Pioneer Group will promote to cultivate environmental protection and its policies to all its employees and business partners, including specialized education when necessary.

5. Continuous Improvement
- The Pioneer Group will continuously maintain and improve its environmental management system and protection activities performance, by understanding its activities and conducting appropriate measures in accordance with the environmental audits and management reviews.

6. Disclosure and Communications
- The Pioneer Group will continuously disclose environmental information actively, in every field of its products and corporate activities, to improve environmental activities communicating with the stakeholders.

Pioneer Environmental Mark

The Pioneer Environmental Mark, a motif of the Earth and two leaves, represents the Earth, the environment and living in harmony. Displayed in Pioneer catalogs, environmental education posters and related materials, the company’s environmental symbol is used throughout the world as a brand. The mark is a data management tool that can be traced from the green credentials externally.

Environmental Vision: “True Integration of Corporate Activities and Environmental Preservation Activities”

The Pioneer Group has adopted environmental preservation activities as a corporate mission and an important business challenge. The group makes every effort to reduce the environmental impact in every process of the product lifecycle, from research and development to planning, design, manufacturing, sales, servicing and disposal. Reducing environmental impact, i.e. improving environmental quality, is just as important as product quality such as QCD measures in manufacturing. Pioneer has established the concept of environmental quality in its business processes as a contribution to the creation of a sustainable society and actively promotes the true integration of corporate activities and environmental preservation activities. Restoring the precious and irreplaceable Earth will move the hearts of many people.

Integrated Environmental Management System

With the growing importance of environmental preservation activities, particularly measures to combat global warming, it is essential to promote strong, efficient environmental management in order to achieve good results. At such a time, enhancement of the environmental governance of the Pioneer Group is a major issue. As the first step, the ISO 14001 environmental management systems at Pioneer Corporation’s four sites (Head Office, Kawagoe, Kawasaki and Corporate Research & Development Laboratories) were integrated in August 2007. Integration enables the business sites to rigorously carry out Plan, Do, Check and Act (PDCA) activities, and ensures that all these sites work toward more ambitious targets. In addition, integration has been extended to group companies in Japan in 2009. This is an opportunity to unify the Pioneer Group’s environmental policy for an integrated environmental management system. Looking forward, integration will be extended to group companies worldwide, thereby further enhancing the results of the entire Group’s environmental conservation activities.

Environmental Risk Management

At every business site of the Pioneer Group, facilities and processes that have the potential to impact local communities are assessed for environmental risks. As a part of these assessments, the sites take steps to scrutinize measures aimed at preventing environmental contamination, and conduct periodic emergency drills and equipment tests. Furthermore, the Group maintains a reporting structure linked directly to local government authorities.

There was no instance of a legal violation by or a complaint or request submitted to any business site in fiscal 2010. One incident of soil contamination at a closed business site was reported to the appropriate government office. A subsequent inquiry confirmed the absence of any adverse groundwater or off-site damage. There was also one emergency incident in which a small amount of chemicals leaked into a container wall during painting at a chemical tank yard. Appropriate action was immediately taken. The Group currently stores 36 items of equipment containing polychlorinated biphenyls (PCBs). The items are properly stored and awaiting orderly disposal.
Pioneer's Environmental Impact

Pioneer products go through various planning, design and manufacturing processes before they are delivered to the customer, and then disassembled or recycled at the end of their useful life. Various impacts on the environment are unavoidable generated in each process. Pioneer continues to devote every effort to reducing such environmental impacts.

Environmental Communication

As a responsible company and member of both local and global communities, Pioneer works diligently to protect and improve the global environment. To this end, the Company recognizes the need to maintain the highest ethical standards. In addition, Pioneer continues to promote environmental preservation activities while maintaining wide-ranging relationships with stakeholders.

The Company participated in the Eco Products 2009 exhibition, where it introduced a variety of environmental technologies and products including the Raku-Navi car navigation system, which further strengthens eco-drive functions and performance, and Pure Malt Speakers, which are housed in speaker cabinets made from recycled whiskey barrels.

Pioneer's Environmental Accounting

Pioneer calculates data in accordance with its Group-wide Environmental Accounting Guidelines, based on the Environmental Accounting Guidelines (2005 Edition) published by Japan’s Ministry of the Environment. From an environmental accounting perspective, in fiscal 2010 the Company undertook investments totaling ¥309 million and incurred expenses of ¥1,909 million, for an economic effect amounting to ¥284 million. Investments and loans related to the environment take into consideration the environment in accordance with Japan’s environmental Conservation Law.

Environmental Conservation Costs

<table>
<thead>
<tr>
<th>Type</th>
<th>Monetary Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits attributable to environmental conservation, including energy conservation and pollution prevention</td>
<td>¥194</td>
</tr>
<tr>
<td>Benefits attributable to resource recycling</td>
<td>¥53</td>
</tr>
<tr>
<td>Gain on sales of valuables</td>
<td>¥23</td>
</tr>
<tr>
<td>Uplift and investments benefits, including procurement, production, logistics, and green purchasing</td>
<td>¥14</td>
</tr>
</tbody>
</table>

Pioneer's Environmental Contribution Award and COCO-chan Campaign

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 patentees deemed to have made a particular contribution to environmental preservation. In fiscal 2010, the Pioneer Environmental Contribution Award was commended to nine groups and individuals from 48 entries. One Environmental Patent Award was also commended from selected patents filed during the previous fiscal year, in recognition of outstanding contributions to environmental preservation. The award ceremony was televised to distant business sites across the Group via Pioneer’s remote Cyber Conference System Prime (CCS-Prime).

In addition, the Company presented awards to employees who participated in the COCO-chan campaign, an initiative driven by the Japanese Electrical Electronic & Information Industry Association that calls on labor and management to come together in efforts to reduce electric power consumption at employees’ homes. With the ultimate goal of cutting back CO2 emissions, one of the main causes of global warming, the campaign is held over the four months from June to September every year. Pioneer presented awards to those employees who recorded excellent results from a total of 802 participants in fiscal 2010.
Environmental Preservation

Eco-Plants

Reducing CO₂ Emissions

The Pioneer Group is an active participant in the Nippon Keidanren (Japan Business Federation) Voluntary Action Plan on the Environment. As such, the Group engages in activities aimed at achieving the voluntary target for the electrical and electronic equipment industry of reducing CO₂ emissions (per unit of actual production) by 35% averaged over the commitment period of the Kyoto Protocol (fiscal 2008–2012), compared with the base year of fiscal 1990. In this context, the Group has identified a target of 36% as its own voluntary standard, while at the same time focusing significant efforts on achieving an overall reduction in emissions. Until fiscal 2006, CO₂ emissions increased over fiscal 1990. In the ensuing period, they have since fallen as a result of successful energy conservation efforts and reduced production.

Recycling Resources with the 3Rs

The Pioneer Group is promoting environmental activities with the aim of achieving zero emission of waste1 at its production bases in every country where it operates. Group companies in Japan achieved this goal in fiscal 2006, and all targeted overseas Group companies achieved the same goal in fiscal 2010. Looking ahead, the Group will make every effort to continue improving its performance further.

Green Purchasing in Japan

The basic concept underlying green purchasing is not to buy unnecessary items, only buy required items, and ensure all items bought are environmentally friendly. The Pioneer Group promotes green purchasing based on a list of items with a 100% green purchasing target. In FY2009, Pioneer achieved its 100% green purchasing target for ten out of thirteen items.

Green purchasing was not achieved for the other three items, as they did not include green-compliant products in terms of functionality and performance.

Approximately three-quarters of the company’s car fleet has been replaced with Low Emission Vehicles, with Super Low Emission Vehicles comprising 58% of them. Initiatives to reduce office paper usage compared to the previous fiscal year were promoted, resulting in an approximate 40% reduction in FY2010.

Reducing Environmentally Hazardous Substances

In order to reduce the impact on the environment from environmentally hazardous substances used in production processes, the Pioneer Group has set internal targets and is making efforts to reduce emissions. In line with the industry’s voluntary action plan, the Group targeted a 36% reduction of volatile organic compounds (VOCs) by fiscal 2011 compared with emission levels in fiscal 2001. In fiscal 2010, the Group achieved a total reduction of 70%. In addition, the Pioneer Group fully phased out ozone-depleting specified CFCs in 1992, and eliminated the use of hydro chlorofluorocarbons (HCFCs) in 1996, well in advance of the total ban from 2020 as stipulated in international regulations.

Combating Global Warming

Pioneer is striving to reduce its CO₂ emissions by actively engaging in efforts aimed at curtailing energy consumption at its production plants in Japan. As a part of this endeavor, the Company has introduced the use of photovoltaic power as well as NaS batteries, which can store electricity during nighttime hours when energy use is low, and then discharge it in response to daytime usage peaks.

In addition, various measures to reduce energy consumption were incorporated into the construction of Pioneer’s Kawasaki Plant, completed in April 2007 and currently the Company’s head office. Such measures included the use of LEDs to illuminate the Pioneer logo on the north and south sides of the building. This reduced energy consumption to one-third of the amount compared with fluorescent lighting.

Logistical Initiatives

Modal shift refers to shifting transportation methods from trucks to railways or marine transport. Pioneer has been promoting such a shift for many years. In fiscal 2010, the volume of freight handled by railways and marine transport amounted to 2.98 million tonne-kilometers1 following a decline in sales. This represented an 11% decrease over the previous year. As a percentage of total transport tonne-kilometers, it represented an increase of 4.3% to 26.1% due to efforts that included transport aggregation.

To ensure the efficient transportation of materials from multiple component suppliers, Pioneer employs “milk run” system of one truck visiting several suppliers to pick up the required components. In fiscal 2010, 22 component suppliers were incorporated in the milk runs, resulting in a reduction of 1,078,000 kilometers in the cumulative traveling distance for two-tonne and four-tonne trucks. This corresponds to a fuel saving of 19.4 kilometers and a reduction in CO₂ of 50.8 tonnes.

Logistical Initiatives
Environmental Preservation

Eco-Products

Eco Product Creation Initiatives

Pioneer considers the delivery of environment-friendly products to customers around the world to be one of its most important missions. The Company focuses on “Prevention of Global Warming,” “Recycling of Resources,” and “Reduction of Environmentally Hazardous Substances” as primary environmental challenges, aiming to reduce environmental impact through promotions of environment-friendly designs.

Making All Products Environment-Friendly

- Evaluation System for Environment-Friendly Products

Eco-Products

Environmental impact and product assessment through the Life Cycle Assessment (LCA) enable the Company to continuously enhance the environmental friendliness of its products. In addition, Pioneer stimulates development of environment-friendly products by evaluating compliance with strict company standards relating to environmental friendliness.

Super Advanced Eco-Model certified products

- Received the Judging Committee Special Award as part of the Green IT AWARDS 2010
- Received the Special Award from the Board of News as part of the 12th Green Purchasing Awards for 2010
- Received the MEFI Industrial Technology & Environment Bureau Director General’s Award, in 2009 for the Resource Recycling Technology & System Awards
- Received the fiscal 2008 JIR Promotion Council Chairman’s Award in the Awards for Achievement in Promoting Reduce, Reuse, Recycle Activities
- Pioneer contributes to efforts to protect and beautify the forests of Japan by donating a portion of the sales of the product to the National Land Afforestation Promotion Organization’s Green Fund.

Combating Global Warming

For its in-car products, Pioneer works diligently toward reducing weight while enhancing eco-friendly driving support functions in an effort to improve fuel efficiency. The Company also contributes to the reduction of CO₂ emissions by developing home appliance products that consume less power during use.

Cutting-edge Technology and the Wealth of Information Unique to CYBER NAVI is Giving Rise to the Truest Form of Eco-driving

The CYBER NAVI (AVIC-V9900/9890) supports true eco-driving, as a car navigation function that proposes the most fuel efficient route.

Digital Amplification Technology Realizes More Compact, Lighter and Energy Efficient Power Amplifiers

Pioneer achieved significant reductions in size and weight for the GM-D4600 power amplifier by utilizing the high amplification efficiency of Class D amplifier circuits as well as low heat-generating and simplified heat-radiating parts such as heat sinks. In this manner, the Company is playing an active role in improving automotive fuel efficiency and reducing CO₂ emissions.

Car Navigation with Increased Transport Efficiency Achieved through Reduced Size and Volume Capacity

Pioneer successfully reduced the size of the dashboard box used in the packing of product accessories. This was achieved by reviewing the configuration of the accompanying antenna while shortening the cable to a more appropriate length. Through these means, the Company cutback overall packaging size.

Environmental Data

Pioneer employs a life cycle assessment (LCA) method to quantify the environmental impact of the product by assessing the entire lifecycle from production of the materials, product to distribution, use, disposal, and recycling. Key LCA data is posted on the Company’s website.

Alleviating Environmental Impact across the Entire Product Life Cycle

In the development of the Raku-Navi AVIC-HRZ900, Pioneer discovered that a considerable burden was placed on the environment particularly at the materials production stage following an LCA evaluation. As a result, the Company placed priority on improving countermeasures including a review of packaging specifications.

Supervisor’s comment

Yoshiyuki Takahashi
After Market Car Electronics Business Division, After Market Designing Division

With eco-cares currently in demand worldwide, car audio must also be environmentally friendly, which is why we developed this product. We succeeded in reducing the size and weight of the heat sink for cooling the product, and decreased power use by switching to digital technology. The product offers high output and high efficiency; I’m completely satisfied with its performance, power and sound quality.


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

To Work Energetically with Mutual Respect for Each Other

Realizing the Group Vision

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

Respect for Human Rights

“We aim to pursue corporate activities with the utmost respect for humanity” is a key commitment espoused under the Pioneer Group Charter for Corporate Operations. In an effort to ensure a safe and comfortable working environment that allows each and every employee to go about his or her duties with energy and vitality, the Group also places considerable emphasis on fair treatment with regard to both recruitment procedures and actual working conditions. Based on a sense of mutual trust and respect, the Pioneer Group is endeavoring to build and develop a highly-transparent organizational framework, based on the following principles:

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

From the Pioneer Corporation Employee Code of Conduct

Workplace Diversity

In an effort to realize its Group Vision, Pioneer seeks to create a corporate culture in which diverse personnel can exercise their capabilities, irrespective of gender and other differences, and work enthusiastically and energetically to fulfill the mission of their respective workplaces. To this end, career development for women has been positioned as a key management strategy and issue in Japan.

Initiatives to Support Work-Life Balance

Pioneer has continued to implement initiatives aimed at promoting a balance between employees’ work and family life since April 2005. In May 2007, the Company acquired the Next Generation Certification “Kyunun” mark from Japan’s Ministry of Health, Labour and Welfare. Pioneer completed its second-stage five-year action plan for work-life balance initiatives in March 2010, and launched its third-stage action plan in April 2010. This current action plan sets three principal themes for further supporting work-life balance: enhancing awareness of the various systems and next-generation development support activities available; continuing to promote increased consciousness and to build a positive climate; and reinforcing support structures that help secure improved work and family life balance.

Mental Health Care

Health management of employees is more than just a matter of health and safety. 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.

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

Achievements under the Second Stage Action Plan (April 2007–March 2010)

1. Established leave systems for employees who are on leave for health issues. Continued mentoring for returning employees.
2. Introduced new child care leave systems and conducted seminars for employees and child care providers.
3. Launched a new flexible work hours system.
4. Implemented PTSD prevention training.
5. Established and expanded the use of teleworking.

Note: Figures in parentheses indicate use by male employees; employees on leave are for the period of the fiscal year.

Achievements under the Second Stage Action Plan (April 2007–March 2010)

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5. Established and expanded the use of teleworking.

Personnel Development

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

Pioneer’s basic policy is to provide support to prevent mental health problems and intervene at an early stage.
Audio and Visual: “Listen through the Body” Concerts

Pioneer has designed a system for changing sound into vibrations that can be felt by the body, enabling people with hearing difficulties to enjoy the pleasures of music. Invented by the Company’s founder, Nozomu Matsumoto, the system is an exemplary example of Pioneer’s social contribution and volunteer activities.

With the support of volunteering employees and their families, Pioneer has continued to run a series of regular Listen through the Body concerts, inviting performers from wide-ranging genres since 1992. Following the relocation of the Company’s headquarters in 2009, the venues for subsequent concerts were shifted from the lobby of Pioneer’s former head office to public facilities in Kawasaki and Tokyo. These most recent concerts have attracted a new audience in large numbers in addition to loyal patrons.

Along with the concerts it sponsors directly, Pioneer offers opportunities for people with hearing difficulties to enjoy concerts at other venues. The Company provides its body sensory system equipment to orchestral concerts held at large halls throughout Japan and overseas, gaining wide acclaim from audiences. As a product of the collective efforts of people with hearing difficulties, their families, performers and employee volunteers, Listen through the Body concerts bring pleasure and enjoyment to all participants.

Together with the support of all parties involved, Pioneer will continue through these concerts to bring the joy of music to an increasingly wider audience.

Environmental Conservation: Pioneer Forest

As a company that manufactures speakers made with wooden materials, Pioneer undertakes activities to protect forests. Pioneer has undertaken regular management of 2.4 hectares of cypress forest near Kamakita Lake in Saitama Prefecture through an agreement with the Saitama Prefectural Forestry Public Corporation, executed in 2005. The forest has been designated as the “Pioneer Forest,” and management work is carried out twice per year in spring and fall, when employees and their families volunteer to prune and thin trees. What was originally a dark forest that blocked out sunlight has been cultivated 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.

Supporting Education: Hands-on Craft Workshops

Pioneer actively undertakes educational activities to show the next generation the technologies of manufacturing and introduce them to the pleasure of making things. As a part of this effort, the Company holds Hands-on Craft Workshops for elementary school children. After learning about the principles of sound and the workings of speakers, employees lead classes where children themselves make speakers out of paper. The children experience the pleasure of creating through the joy of hearing sounds from the first speakers they themselves have made. In addition, Pioneer dispatches lecturers and holds seminars covering a host of topics that address the needs of government agencies and schools.

Social Action Programs of the Pioneer Group

Both in and outside of Japan, the Pioneer Group is committed to efforts that contribute to society. Taking into consideration the needs of local communities and society as a whole, the Group is active in a wide-range of fields, implementing programs across a number of fields with a particular focus on audio and visual, environmental conservation and education support activities. In addition, the Pioneer Group carries out activities and donation programs in such areas as sports, entertainment, social welfare, and disaster relief. Furthermore, the Pioneer Group harnesses its business-related know-how and technological capabilities to promote activities with a strong emphasis on employee-led participation. Its goal is to encourage each and every employee to contribute to society in an enthusiastic and positive manner.
Communication with Society

Shareholders, Investors and Society

Pioneer regularly conducts briefings on its financial results for the benefit of investors and the mass media. Moreover, every effort is made to disclose accurate information in a timely and appropriate manner on the Company’s website.

With the goal of improving its overall corporate conduct, each Pioneer division addresses the wide range of inquiries it receives from customers and external parties by e-mail. The Company’s website features a page for these users to submit their queries, opinions, and comments on an anonymous basis.

Material Procurement Suppliers

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

Local Communities

The Pioneer Group seeks to engage with local communities as a responsible corporate citizen. Group companies and business sites invite local students and residents to attend environmental presentations, and actively participate in local community events.

Customers

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

Dealers

Pioneer conducts a variety of surveys and market 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 a central labor-management conference with the Pioneer Workers Union every six months and as required, as well as in meetings on personnel issues. In addition, Pioneer works with the unions to boost employee morale and promote social programs.

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

Organizational Overview

The Pioneer Group’s Globally Expanding Network

Pioneer’s group companies all share the common approach of putting people and society first. Each Group company is fulfilling its duties as a team of highly skilled professionals in R&D, production, sales, or other operations by realizing outstanding collective capabilities.

Japan

<table>
<thead>
<tr>
<th>Company</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pioneer Communications Corporation</td>
<td>Pioneer Communications \n Corporation</td>
</tr>
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The Americas

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<tr>
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<td>United States</td>
<td>Pioneer Electronics of Canada, Inc.</td>
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Europe

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<td>Pioneer Norge A/S</td>
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Asia and Oceania

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<td>Pioneer Electronics Alliances Co., Ltd.</td>
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<tr>
<td>Malaysia</td>
<td>Pioneer Technology (Malaysia) Sdn. Bhd.</td>
</tr>
<tr>
<td>Thailand</td>
<td>Pioneer Electronics (Thailand) Co., Ltd.</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Pioneer Vietnam Co., Ltd.</td>
</tr>
</tbody>
</table>

Corporate Profile

<table>
<thead>
<tr>
<th>Company</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pioneer Corporation</td>
<td>Pioneer Corporation</td>
</tr>
<tr>
<td>Company Headquarters</td>
<td>1-1 Shin-ogura, Saiwai-ku, Kawasaki-shi, Kanagawa 212-0031, JAPAN</td>
</tr>
<tr>
<td>Founded</td>
<td>January 1, 1938</td>
</tr>
<tr>
<td>Established</td>
<td>May 8, 1947</td>
</tr>
<tr>
<td>Capital</td>
<td>¥87,257 million</td>
</tr>
</tbody>
</table>

| Number of employees | 4,167 (non-consolidated) |
| Consolidated subsidiaries | 25,046 (consolidated) |
| Total subsidiaries | 103 (31 in Japan and 72 overseas) |
| As of March 31, 2010 | |