On the Release of the Pioneer Group CSR Report 2011

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

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

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

## Scope of the Report

**Period covered:**
This report covers fiscal 2011, the fiscal year ended March 31, 2011, as well as some earlier initiatives and more recent activities.

**Organizations covered:**
Pioneer Corporation and the 97 consolidated subsidiaries of the Pioneer Group (as of March 31, 2011)

**Month of issue:**
November 2011

### Related Reports
- Pioneer discloses financial information in a variety of regularly published financial reports including the Annual Report, and in the “Investor Relations” section of its website.
- Detailed reports on the Pioneer Group’s environmental initiatives are also presented on its website.
- Pioneer provides information concerning its technology development and R&D via conference presentations and its website.

### Reference 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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Message from the President

On behalf of everyone at the Pioneer Group, I would like to express my heartfelt condolences to all those who suffered the loss of a loved one in the Great East Japan Earthquake, as well as my sympathies to all those who continue to suffer in the aftermath of the disaster. I earnestly hope that everyone affected will stay safe and that the devastated areas will be reconstructed and recover as soon as possible.

Some Pioneer Group companies are located in the disaster-stricken areas. I am thankful to be able to report that all of the Group’s employees were unharmed by the earthquake and remain safe. There was, however, significant damage to offices and residences, as well as utilities and other basic infrastructure. I am extremely grateful to everyone who worked so tirelessly to recommence operations under such terribly difficult conditions.

Under these circumstances, all the members of the Pioneer Group were quick to organize the delivery of emergency provisions to affected areas. Group companies in Yamagata, a prefecture where damage was relatively light compared to other parts of the disaster-stricken Tohoku region, were particularly diligent in their efforts to provide support. This, I believe, is a clear indication of the solidarity and strength of the Pioneer Group. Complementing the hard work undertaken in Japan, donations were gratefully received from Group company employees both in and outside of Japan.

This strong sense of compassion and unity, easily taken for granted in everyday life, is a source of significant strength and power in times of adversity. I am again reminded of how important human relationships are to society as a whole.

Endeavoring to realize the Pioneer Group Philosophy, “Move the Heart and Touch the Soul,” Pioneer has brought to market a steady stream of revolutionary electronic products since its founding in 1938. This philosophy articulates our aspiration to share the richness of human experience with as many people as possible, and it guides our dreams and our daily work at the Pioneer Group. Transcending national and ethnic boundaries, we hope to deliver untold wonders through communication that encompasses sight, sound, and information.

In April 2010, Pioneer formulated its 2015 Vision: “Spread the smiles. Feel the vibes. Share the passion.” This vision conveys a clear, specific image of how the Pioneer Group seeks to evolve. Under it, we set guidelines and targets in each of five broad themes: relationships with customers; company, employees, and corporate culture; product and value propositions; relationships with society and business partners; and presence on the street, in the car, and at home. These targets are to be achieved by 2015. The 2015 Vision provides Pioneer with the strategies to continue its journey along a path of renewed growth.

Having recently experienced the devastation of an earthquake disaster, the importance of close ties between people becomes all the more relevant in realizing our corporate vision and commitment to “smiles and passion” as well as our philosophy: “Move the Heart and Touch the Soul.”

At the Pioneer Group, we recognize that, in fulfilling our corporate social responsibilities, we must continue to deliver products and services which move the hearts and touch the souls of as many people as possible, while we conduct business activities in a sound manner that meets social expectations. In this context, we will continue to build a management foundation characterized by long-term stability, and find solutions, one by one, for the many ongoing challenges and hurdles that we face. Committed to this effort, we will address the various social issues raised by the Group’s wide-ranging and diverse stakeholders.

Recognizing the critical importance of close ties between people, we will work diligently on a daily basis to fulfill our corporate social responsibilities to the greatest possible extent. As we work to achieve these goals, I request your continued support and understanding.

Susumu Kotani
President and Representative Director

November 2011

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 Company Law 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, more than half of which consists of outside corporate auditors, audits the directors’ performance of their duties.

Foundation of Pioneer’s Decisions and Actions

The Pioneer Group will consistently take note of changes in society as it continues to provide products and services. To fulfill its social responsibilities, the Group intends to gain an understanding of society’s expectations through 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 Group companies. Each Group company ensures that every officer and employee follows this code while observing the laws and social conventions of their respective countries and regions.

Pioneer Group’s Charter for Corporate Operations

\[\text{http://pioneer.jp/corp/charter/index-e.html}\]
Internal Control System and Risk Management

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

In addition, the Group has put in place and is augmenting its Rules of the Pioneer Group. By further ensuring that all members of the Group are fully informed of these Rules, the Pioneer Group is taking steps to secure the adequacy and optimal efficiency of business activity and execution.

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 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 serves as the Group’s foremost component in adhering to all relevant laws and regulations as well as the Pioneer Group Code of Conduct by all members of Group management and employees.

Behavior that departs from accepted standards can upset the harmony of the workplace. In order to eliminate any wrongdoing, internal auditing has been consolidated across the Group. 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 mechanisms with security and anonymity for employees to maintain 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 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.

Full Compliance and the Internal Whistleblowing System

The Pioneer Group adheres to all relevant laws and regulations and regards compliance as the foundation for fulfilling its corporate social responsibilities and the basis for creating a workplace environment in which employees can carry out their duties from the standpoint of mind. The Business Ethics Committee, chaired by an outside director, was established in accordance with the Business Ethics Hotline system operated on both Group-wide and regional bases.

The Business Ethics Committee, under the direct control of the Audit Division, is responsible for understanding the nature and scope of business risks and to formulate effective 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.

Additionally, the Committee assigns officers, who are responsible for addressing and resolving crisis events and issues, to each division of Pioneer and each company group. The Crisis Management Committee outlines the roles and responsibilities of each crisis management organization as well as crisis management response procedures and protocol.

In the face of such disasters as a highly virulent influenza epidemic or an earthquake of major proportions, the Pioneer Group places the utmost emphasis on the sanctity of life. In this regard, and in order to ensure a swift resolution of business activities, the Pioneer Group has put in place a disaster manual, which outlines those measures and actions to be adopted in the event of a disaster or crisis. Moreover, the Group has taken steps to secure adequate reserves of emergency food, medical and other supplies while maintaining appropriate modes of communication. These initiatives are supported by continuous emergency drills and training.

The actions of each business site in the immediate aftermath of the Great East Japan Earthquake that struck the nation in March 2011, together with the aforementioned reserves of emergency food, medical and other supplies and the Group’s communications network, now played an important role in grasping the status of damage.

Led by the Company’s president, Pioneer established a countermeasures task force to address such issues as rolling blackouts and concerns surrounding incidents at nuclear power stations resulting from the earthquake disaster. This task force was also charged with the responsibility of considering initiatives and issuing instructions with respect to disaster-stricken business sites and the delivery of emergency supplies to affected employees.

Moving forward, plans are in place to establish an appropriate business continuity plan to ensure the prompt resumption of business operations in the event of a major disaster.

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 company group.

The Crisis Control Manual outlines the roles and responsibilities of each crisis management organization as well as crisis management response procedures and protocol.

In the face of such disasters as a highly virulent influenza epidemic or an earthquake of major proportions, the Pioneer Group places the utmost emphasis on the sanctity of life. In this regard, and in order to ensure a swift resolution of business activities, the Pioneer Group has put in place a disaster manual, which outlines those measures and actions to be adopted in the event of a disaster or crisis. Moreover, the
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 by its Legal Division.

Exclusion of Antisocial Forces

In the spirit of undertaking fair corporate activities with respect for social norms as spelled out 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 Group 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 Group 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.

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. 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 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 2011.

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. 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.

Protection of Intellectual Property and Copyrights

The Pioneer Group not only maintains and manages intellectual property acquired through technology development and other means, but it 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 Group-wide compliance of copyright protection technology in all Pioneer products. Furthermore, to avoid betraying the trust that customers have in the Pioneer brand, the Company’s business divisions, Legal & Intellectual Property Division, and other related departments work together to eliminate counterfeit goods from the marketplace, since they threaten to damage Pioneer’s brand value and social status.

Within the Rules of the Pioneer Group, the Company has formulated the 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.

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 business sites of Group companies.

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.

Policy Regarding Material Suppliers

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

Along these lines, the Group 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.

To Continue as a Company Trusted and Supported by Society
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, 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 fiscal 2012, the fiscal year ending March 31, 2012, 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 for all staff involved in operating processes, from development and production through to sales, marketing and service, to become familiar with them. Moreover, the Pioneer Group believes that efforts to further boost the promotion of human centered design, which customers expect from the Group’s products, is an essential factor in providing products that fully satisfy customers. In this regard, every effort will be made to reflect this recognition in the Group’s product evaluation.

Initiatives to Ensure Product Safety

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

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

Quality Assurance Council

- **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

Quality Policy for Fiscal 2012

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

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 encompass not only statutory information but also past experience. In adhering strictly to these standards, the Group is endeavoring to deliver enhanced product safety.

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

Raising Customer Awareness of Safe Usage

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

Please visit the following website to view Pioneer’s important notice concerning product safety (Japanese only):

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

Main Public Regulations Concerning Products

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

Excerpt from the Product Safety Manual

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.

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.
Upstream Initiatives for Quality Assurance

Rapid Acquisition of Market Quality Information and Enhanced Responses to Issues

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

In addition to consolidating this sort of regular monthly information exchange, the Group will reinforce its response to issues arising in the marketplace. Information about these issues is conveyed via inquiries to the consultation service, along with repair and service information, analysis of returned products, feedback from Internet surveys, and so on. The Group will promptly feed this information back to its planning and design departments.

APQP Activities at Pioneer

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

The Pioneer Group will continue to identify best practices in order to maintain and improve total quality across the Group. In fiscal 2012, the Group is identifying steps for achieving the quality targets from the initial stage of product development, and it continues to implement activities that enable issues to be found and resolved quickly through team activities in all divisions, including the sales and services divisions.

Approach to Quality Assurance Activities

- Increase the soundness of internal processes
- Human centered design
- Reduce of quality improvement cost
- Meet customer expectations
- Environmentally friendly products
- Improve the brand image
- Eco products
- Technological innovation

Outline of Information Flow from Customers Concerning Quality

<table>
<thead>
<tr>
<th>Customers</th>
<th>Director/Dealers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Desk</td>
<td>Customer Support Desk</td>
</tr>
<tr>
<td>Special Representative or Quality</td>
<td>Pioneer WebSite</td>
</tr>
<tr>
<td>Quality center and engineering divisions at factories/Relevant divisions of Pioneer Corporation</td>
<td>Reporting monthly and relevant economy</td>
</tr>
<tr>
<td>Pioneer’s Quality Assurance Division</td>
<td>Pioneer, Quality Center Office, and other management of Pioneer Corporation</td>
</tr>
</tbody>
</table>

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

- Human centered design
- Product environment, public regulations, product safety, and analysis technology
- Process planning
- Design
- Production
- Sale
- Service

Group-wide APQP activities

- Emphasis on preventive measures
  1) Prevent no defects
  2) Reflect customer feedback
- Service information (inquiries)
- Sales information (customer inquiries and returned goods)
- “The Voice of the Customer” report from the Customer Support Center
- Feedback from the Internet

Preventive Measures Using Analysis and Evaluation

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

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

Promoting Human Centered Design

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

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

Human Centered Design

Universal Design

Usability Improvement

Offering the utmost user experience

Increasingly sophisticated products

More enjoyable and comfortable operation

For more diverse customers

Enrich ease of use

Technical analysis

- Investigation of latent defects in electrical and electronic parts using structural analysis
- Identification of latent defects in electrical and electronic parts using microscopic analysis
- Fractography
- Foreign matter analysis

Comparison and adequacy investigation of raw material using component - Defect analysis

Physical analysis

Investigation of the cause of defects in electrical and electronic parts using structural analysis

Specifcation of unknown substitutions and investigation of their source using component analysis

Offering the utmost ease of use

To Win Customers’ Satisfaction and Trust
Customer Support and Service

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

● Results of the Independent Customer Satisfaction Survey for Japan

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall satisfaction following repairs as reported by the survey</td>
<td>79%</td>
<td>80%</td>
<td>78%</td>
</tr>
<tr>
<td>Satisfaction with the Repair Desk</td>
<td>93%</td>
<td>95%</td>
<td>91%</td>
</tr>
<tr>
<td>Customer satisfaction with the Customer Support Center</td>
<td>92%</td>
<td>92%</td>
<td>93%</td>
</tr>
<tr>
<td>Customer satisfaction with the Parts Ordering Center</td>
<td>4.5 points</td>
<td>4.4 points</td>
<td>4.4 points</td>
</tr>
</tbody>
</table>

Responding to Customer Inquiries

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

In fiscal 2011, 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 manners, first impressions and friendliness. In addition, the support desk for Air Navi car navigation products was integrated into the Customer Support Center to enhance operating efficiency.

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 2011, 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>Number of Repairs in Japan</th>
</tr>
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<tbody>
<tr>
<td>2009</td>
</tr>
<tr>
<td>350,000</td>
</tr>
</tbody>
</table>

Delivering Peace of Mind and Satisfaction

Beginning with its range of CRT-based televisions released in 1983, Pioneer had continued to sell a wide range of display products including projection and plasma TVs. Although the Company withdrew from the display business in fiscal 2010, Pioneer maintains supplies of components and repair parts for a period of eight years commencing from the date of final production of each model in order to ensure the peace of mind and satisfaction of customers using Pioneer’s display products. Moreover, at the end of this eight-year period, Pioneer will continue to undertake display product maintenance and repairs until all supplies of component and repair parts are exhausted. (Replacement parts may, however, be required for use after the final component.)

While the Pioneer Group terminated production of laser disc players from April 2009, it is continuing to provide the same maintenance and repair services as those proposed for display products.

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

Plasma television

Laser disc player
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. In 2006, the company inaugurated the Pioneer Eco-Products Committee, which cross-divisionally controls those environmental preservation activities related to products. This current two-committee structure serves as horizontal and vertical axes in promoting the overall activities of Pioneer’s environmental preservation system to cover both facilities and products.

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 any legal violation by the Group's business sites in fiscal 2011. During this same period, there were no environmental management incidents leading to the suspension of production.

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 implemented 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. In August 2007, Pioneer integrated the ISO 14001 environmental management systems at four sites (Head Office, Kawagoe, Kawasaki and Corporate Research & Development Laboratories). Integration enables the business sites to rigorously carry out Plan, Do, Check and Act (PDCA) activities, and ensures that all these sites work together 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.
Pioneer’s Environmental Impact

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

Main Targets and Results in Fiscal 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Objective</th>
<th>Target</th>
<th>Result</th>
<th>Self assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Targets</strong></td>
<td></td>
<td></td>
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<tr>
<td>Global warming prevention</td>
<td>CO2 equivalent greenhouse gas</td>
<td>Japan: 36% reduction from FY2010 level on a per unit of actual production basis</td>
<td>Achieved 59% reduction, on track to achieve reduction targets for the 2008 to 2012 period</td>
<td></td>
</tr>
<tr>
<td>Resource recycling</td>
<td>Reducing valuable resources/waste Japan: 1% reduction from FY2010 level</td>
<td>Achieved 36% reduction</td>
<td></td>
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<tr>
<td>Global warming prevention</td>
<td>Control of CO2 emissions/waste Japan: 1% reduction over the previous year per unit of sales</td>
<td>Actual emissions per unit of sales reduced 36%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource recycling</td>
<td>Recycling rate for valuable resources/waste Japan: 1% reduction over the previous year per unit of sales</td>
<td>Achieved 100% at all operating bases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical substance control</td>
<td>• Control of VOC emissions Japan: 30% reduction from FY2001 level</td>
<td>Achieved 87% reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Control of PRTR substances Japan: 60% reduction from FY2001 level</td>
<td>Achieved 100% reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atmospheric pollution</td>
<td>SO2 and NOx emissions reduction Japan: 20% reduction from FY2005 level</td>
<td>Achieved 95% reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green purchasing</td>
<td>Green purchasing promotion Japan: 95% maintenance guidance</td>
<td>Slightly underachieved 96% reduction</td>
<td></td>
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</tr>
</tbody>
</table>

Notes: Self-evaluation standards (based on estimates)
$n$ Significantly exceeded the target, $105%$ or more
$x$ Achieved the target, $100%$ to less than $105%$
$O$ Failed to meet the target, less than $95%$

1. Emissions per unit of actual production: CO2 emissions + Real output (calculated by dividing the production output for each fiscal year by the Bank of Japan Domestic Corporate Goods Price Index for electronic products, with fiscal 2000 as the base year). The Goods Price Index for fiscal 2010 was 0.8189.
2. Emissions per unit of sales: CO2 emissions + Sales (calculated by dividing the sales for each fiscal year by the Bank of Japan Domestic Corporate Goods Price Index for electronic products, with fiscal 2000 as the base year). The Goods Price Index for fiscal 2010 was 0.8463.

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 2011 the Company undertook investments totaling $90 million and incurred expenses of ¥1,201 million, for an economic effort amounting to ¥176 million. Investments and loans relating to the environmental impact were zero.

Eco-Products 2010 (Environmental Exhibition)

Pioneer participated in the Eco-Products 2010 Exhibition, which was held December 9-12, 2010 at Tokyo Big Sight. The Company’s participation was based on the overarching theme, “Ecology to NEXT STAGE—Pioneer’s Next-generation Ecology.”

At the exhibition, the Company showcased its next-generation in-car display device, the Network Visions Head-up Display. Supporting an increasingly safe and comfortable driving experience, the Company’s offerings featured on-board car navigation and other systems that boast lightweight, energy-efficient, speaker-equipped seats, route search functions that reduce energy consumption, and a battery-charged search function. In addition to an electric “music vehicle” that offers in-car entertainment including movies, Pioneer showed off its capabilities for the display of wide-ranging smart phone information on the inside of the car windshield.

Pioneer GomiZero 1st Quarter Activities

The Pioneer Group launched a local cleanup effort at its business sites across Japan. Referring to it as “Pioneer GomiZero 1st Quarter,” this three-month endeavor ran from April to June 2010 as part of the Group’s comprehensive Cleanup Campaign. Initiated to coincide with Earth Day (April 22), Zero Garbage Day (May 30), Environment Month (June) and World Environment Day (June 5), this endeavor will be held annually to help protect local environments and to raise the awareness of employees toward environmental issues. A total of 399 people participated in the event in 2010, collecting around 1.4 tonnes of refuse.

Pioneer Environmental Contribution Award

The Pioneer Group presents the Pioneer Environmental Contribution Award to the Group’s plants, teams and individuals that have contributed to environmental conservation activities. Patents judged to have made a particular contribution to environmental conservation are recognized by being presented with the Environmental Patent Award. In fiscal 2011, there were 41 applications for the Pioneer Environmental Contribution Award, and ten teams and individuals were presented with the award. The highest accolades were given in recognition of efforts to reduce energy consumption by families through eco-driving, where drivers accelerate their cars gently in order to conserve fuel. The Environmental Patent Award was regrettably not presented this year.
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 industry of reducing CO2 emissions1 per unit of actual production by 35% averaged over the period of commitment of the Kyoto Protocol (fiscal 2008–2012), compared with the base year of fiscal 1991. 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. Largely successful in energy efficiency efforts as well as reduced production since fiscal 2007, CO2 emissions have continued to decrease compared with the base year of fiscal 1991.

Recycling Resources with 3R Initiatives

The Pioneer Group is conducting environmental activities to reduce, reuse and recycle (3R) resources with the aim of reducing 9% per the same period at its overseas 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.

- Amount of Waste and Valuable Resources Generated
- Recycling Rates
- Greenhouse Gas Emissions
- Emissions per Unit of Actual Production

In fiscal 2011, Pioneer maintained a recycling rate in excess of 99% in Japan. The Company also maintains the high recycling rate, achieving the 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.

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 30% reduction of volatile organic compounds (VOCs) by fiscal 2011 compared with emission levels in fiscal 2001. In fiscal 2011, the Group achieved a total reduction of 87%. 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 stipulated in international regulations.

Green Purchasing in Japan

The basic concept underlying green purchasing involves avoiding the purchase of unnecessary items; buying only required items; and ensuring that all items bought are environmentally friendly. The Pioneer Group promotes green purchasing based on a list of items with a 100% green-purchasing compliance rating. In fiscal 2011, the Group achieved its 100% green-purchasing target for 11 out of 13 items. Green purchasing was not achieved for the other two items, as they were not green-compliant products in terms of functionality and performance. Initiatives to reduce office paper usage compared to the previous fiscal year were promoted, resulting in an approximate 20% reduction in fiscal 2011. Approximately 80% of the Group’s car fleet has been replaced with Low-Emission Vehicles1 with Ultra Low-Emission Vehicles comprising 64% of them.

1. Low-Emission Vehicle (LEV) Environmental Performance Certification: System of indicating how much hazardous substances have been reduced from fuel gas emissions from the previous fiscal year were promoted, resulting in an approximate 20% reduction in fiscal 2011. Approximately 80% of the Group’s car fleet has been replaced with Low-Emission Vehicles1 with Ultra Low-Emission Vehicles comprising 64% of them.

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Highlights

- Highest Award Given for Eco-drive Contest
- Yamada Junior High School Receives Pioneer Environmental Contribution Award
- Environmental Seminar Held for Local Citizens
Environmental Preservation

Eco-Products

Initiatives to Protect the Environment

In its efforts to promote the environment-friendly design of products, Pioneer takes into consideration initiatives aimed at reducing environmental load from the three key perspectives of “Energy saving,” “Reducing Resources (3Rs),” and “Reducing Environmentally Hazardous Substances.” These initiatives encompass the entire product life cycle.

In addition, Pioneer evaluates the environmental performance of all of its products using the life cycle assessment (LCA) method and the Company’s proprietary evaluation system. This in turn helps to consistently raise the level of the environmental friendliness of Pioneer’s products.

Three points for Environmental Concerns

1. Energy Saving
   - Reducing electric power consumption
   - Reducing fuel consumption
   - Reducing weight and size
   - Promoting energy efficiency during product transportation

2. Recycling of Resources (3Rs)
   - Reducing the amount of raw materials and the number of component items used
   - Promoting greater efficiency in packaging
   - Promoting easily decomposable structures
   - Promoting longer life

3. Reducing Environmentally Hazardous Substances
   - Promoting green procurement
   - Abolishing the use of specified hazardous chemical substances
   - Distributing information on chemical substances

Evaluation System for Environment-friendly Products

Pioneer introduced its own system for evaluating environmental performance from 2008 and continues to reinvigorate efforts aimed at developing environment-friendly products. The results of product evaluations are posted on its website.

Eco-route Search Function

CYBER NAVI installs Eco-route search, a function that estimates fuel consumption for all possible routes in advance, based on Smart Loop-Congestion Information and Pioneer’s proprietary fuel estimation technology. It then proposes the route with the lowest fuel consumption.

Eco-driving Support Features

The Eco-status feature employs Pioneer’s proprietary fuel estimation technology, so drivers can improve driving techniques for saving fuel consumption via user-friendly graphic displays and voice messages.

Enjoying the Pleasures of Movies and Music in an Eco-friendly Manner

The VSX-S300 is an audiovisual (AV) amplifier that places the utmost emphasis on energy efficiency and conservation. By pressing the designated remote control ECO button, power consumption is reduced up to a maximum of 35% compared to normal operating use. With these and other features, the VSX-S300 offers the pleasures of movies and music while addressing environmental concerns in an easy and comfortable manner.

By adopting the highly efficient Class D amplifier with a newly developed power source, the VSX-S300 reduces power consumption by approximately 52%. In addition to successfully controlling heat generation, the slim and compact product design of the VSX-S300 contributes to reducing fuel consumption and CO2 emissions during product transportation.

Recycling of Resources (3Rs)

Protecting Woodlands through the Recycling of Used Whisky Casks

Pioneer’s Pure Malt speakers are encased in cabinets made from recycled casks used to age whisky over a period of 50 years. In addition to protecting forests and scarce woodlands, the recycling of used whisky casks helps produce a warm, rich sound that cannot be created using freshly logged timber materials.

A portion of the revenue from sales of Pure Malt speakers is donated to the Green Fund of the National Land Afforestation Promotion Organization. In this manner, the Company is contributing to the government-led promotion of afforestation and related initiatives.

In the Resource Recycling Technology and System Awards, the Pure Malt speaker series won the “Ministry of Economy, Trade and Industry (METI) Industrial Technology & Environment Bureau Director General’s Award” in fiscal 2009. In the same year, as commendation for its meritorious action in the Reduce, Reuse, Recycle Promotions program, the same series received the “Chairman’s Award of the Reduce, Reuse, Recycle Promotions Council.”

Reducing Environmentally Hazardous Substances

Managing Chemical Substance Information to Comply with REACH Regulation

Pioneer is bolstering its chemical substance information control and management systems in order to address the requirements outlined under such existing rules and regulations as the RoHS Directive as well as new chemical rules and regulations stipulated under the REACH regulation. In conforming to the REACH regulation, there is an undeniable need to put in place a framework that is capable of smoothly disclosing and conveying information regarding chemical substances across the supply chain. Pioneer is accordingly taking the initiative to build a consolidated environmental database as well as a system to facilitate the flow and efficient exchange of information regarding chemical substances from suppliers through to the Company’s customers.

Please refer to the Environmental Preservation / Eco-Products pages of the Company’s website for details.

http://pioneer.jp/environment-e/ecoproducts/
Respect for Employees

To Work Energetically with Mutual Respect for Each Other

Realizing the Group Vision

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

Respect for Human Rights

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

- Promotion of understanding in the workplace and increasing the awareness of employees of company’s policies and activities.
- Promotion of the labor force and respect for privacy.
- Step adherence to all laws and regulations.


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 “Kurumin” mark from Japan’s Ministry of Health, Labour and Welfare. Pioneer completed its second action plan for work-life balance initiatives in March 2010, and launched its third 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.

Mentor System

Pioneer continues to actively promote meaningful and worthwhile relationships within its organizational structure. As a part of these endeavors, the Company introduced a mentor system from September 2007 in an effort to promote employee career planning and positive growth. The initial system covered 21 female managers and is currently being expanded to include candidates for executive positions as well as new female 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. Pioneer will continue to take active steps in this direction, expanding the range of occupations available to people with disabilities through the Group as a whole.

- Number of Pioneer Employees with Disabilities
- Three-pronged Women’s Career Development Support Plan
- Promoting mutual understanding among employees by employing preventive measures in daily life and job types, as well as gender issues
- Support programs cover management, helping career development, introducing action plans, and emphasizing job rotation
- Increasing the number of women employees and appointments in line with the career development index

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.

Preventing Work-related Accidents

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

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.
Social Contribution Activities

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 example of Pioneer’s social contribution and volunteer activities. With around 30 concerts held each year, this initiative has remained a constant component of the Group’s social contribution activities since 1992. In addition to the responsible secretariat, employees and their families help as volunteers to run each concert. These concerts offer rich and diverse entertainment showcasing the talents of performers from wide-ranging genres. The largest of the concerts is held in December each year, featuring an employee sign language chorus group, which attracts the most interest from people with hearing difficulties. 2011 is a milestone year marking the Company’s 20th concert. Pioneer also offers opportunities for people with hearing difficulties to enjoy concerts at other venues. The Company provides its body sensory system equipment at orchestral concerts held in large halls throughout Japan and overseas, gaining wide acclaim from audiences. Pioneer takes great pride in the energy and feedback it receives from grateful attendees, who express their joy in experiencing again the lost pleasures of sound and music and in meeting with new people.

Through these and other activities, Pioneer will continue to create opportunities for people with and without hearing difficulties to share in experiences that bring wonder and joy.

Environmental Conservation: Pioneer Forest

As a company that manufactures speakers made with wooden materials, Pioneer undertakes activities to protect forests. Pioneer has taken over 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 into 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 held a hands-on craft workshop for elementary school children at its headquarters in August 2011. After learning about the principles of sound and the workings of speakers, children themselves made speakers out of paper, experiencing the pleasure of creating through the joy of hearing sounds from the first speakers they themselves have made. Pioneer also 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 areas, 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 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 every employee to contribute to society in an enthusiastic and positive manner.
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.

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.

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.

Customer
Pioneer holds a variety of events and campaigns to provide customers with opportunities to try Pioneer products. At events held throughout the world, the Company demonstrates the merits of its products and helps customers discover new ways of enjoying them. The Pioneer Plaza Ginza Showroom was newly established in Ginza, Tokyo in February 2011. In addition to exhibiting the Group’s products, this facility enables visitors to experience the new Pioneer through a variety of events.

In Harmony with Society
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 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 societal role 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.

Labor Unions
Pioneer workers 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 other Group companies. These unions combine to form the Federation of Pioneer Group Workers Unions, which is associated with the Japanese Electrical, Electronic & Information Union.
Address for opinions and inquiries about this report:

PIONEER CORPORATION
General Administration Division
Social Responsibility Department
1-1 Shin-Ogura, Saiwai-ku, Kawasaki-shi, Kanagawa
212-0031, JAPAN
Tel +81-44-580-3211

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