On the Release of the Pioneer Group CSR Report 2015

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 2015, the fiscal year ended March 31, 2015, as well as some earlier initiatives and more recent activities.
Organizations covered:
Pioneer Corporation and the 74 consolidated subsidiaries of the Pioneer Group (as of March 31, 2015)
Date of issue:
October 31, 2015

Related Reports and Information
Pioneer discloses financial information in its annual report, financial statements, and other releases as well as on its website.
Information on the Pioneer Group’s environmental initiatives is also presented on its website.
http://pioneer.jp/en/environment/
Pioneer provides information concerning its technological developments and R&D at academic conferences and on its website.
http://pioneer.jp/en/crdl_design/crdl/
Pioneer also provides information concerning its social responsibilities on its website.

Reference Guidelines
- GRI (Global Reporting Initiative): While based on the third generation of the Sustainability Reporting Guidelines, transitioning to the fourth generation is now being considered.

Corporate Names in This Report
"Pioneer" or "the Company" indicates Pioneer Corporation, and "the Pioneer Group" or "the Group" indicates Pioneer Corporation and its consolidated subsidiaries.

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When our founder, Nozomu Matsumoto, first heard the sound of dynamic speakers in his youth, he was so deeply moved that he made up his mind that someday he would make something just as amazing. That’s where everything started for Pioneer.

This founding spirit is now expressed in our Group Philosophy, “Move the Heart and Touch the Soul.” It has been handed down as an unshakeable commitment that endures no matter how times may change. Since the beginning in 1938, Pioneer has moved the world with a vast number of innovative electronic products. Our philosophy also conveys our aspiration to deliver untold wonders through communication that encompasses sight, sound, and information and transcends all national and ethnic barriers.

Our Group Vision, “Spread the smiles. Feel the vibes. Share the passion.” serves as our guide in five areas: 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. With this vision as a guide, we are able to create a concrete image of ourselves in the future as we strive to begin growing again.

In accordance with our Medium-Term Plan, we are expanding our business in emerging markets, and developing new areas to actualize our Group Vision. In pursuing the target, we realize that we should not neglect our determination to keep contributing to social and economic sustainable growth while protecting the global environment.

Furthermore, we believe that people’s relationships and capacity to understand others’ feelings are also very important factors to “spread the smiles, feel the vibes, and share the passion.”

Looking back on fiscal 2015, it was a year when we made crucial decisions. We have reassessed our business portfolio to effectively utilize the limited management resources, with a view toward how best to maintain growth going forward. The result has been a business structure that focuses management resources on the Car Electronics business and related businesses, and the transfer of our home AV and DJ equipment businesses.

Under this new structure in fiscal 2016, we are reinforcing our business foundation so that our Car Electronics business will steadily grow, and also moving to bolster our revenue base over the medium- and long-term.

By making use of Pioneer’s current strengthens, we will accelerate initiatives toward safe, secure and comfortable car life through activities such as the enhancement of our information service business, engagement in advanced map development with a view to automated driving, and development of danger prediction technology. Also, in the OEM business, we will build up our capability to propose solutions, reinforce key modules and other devices comprising the area around the driver’s seat, and work to enhance the speaker business, which is our founding business, so that we increase sales by expanding our business with existing customers and acquiring new customers as well as reinforce our ability to generate earnings.

Furthermore, in new business fields, we will use our advantages in imaging, optics, acoustic analysis and other technologies to specialize and concentrate on the OLED lighting business and the medical and health care-related business, and we will efficiently cultivate these businesses while working closely with our strategic partners.

In this way, while continuing to provide customer value and products that only Pioneer can make, we are determined to meet the expectations of our many different stakeholders and the broader society. It is our social responsibility to build a management foundation which is stable over the long term. In order to realize these goals, we intend to steadily overcome each of the challenges that lie ahead—this is the responsibility of management.

I look forward to your continued understanding and support in the months and years to come.

October 2015

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

As the developer and manufacturer of the world's first consumer market car navigation system, Pioneer has been at the forefront of developing an information services business for cars, with map information services provided by its map software subsidiaries, Smart Loop *1 to support comfortable driving by avoiding traffic jams, and the Mobile Telematics Center that is a cloud platform for cars. These strengths place us in a highly advantageous position for the coming age of automated driving.

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

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

With a substantial business scale in both the OEM and consumer markets, our ability to create synergies between these two markets is a major strength of Pioneer. To build on these strengths, in the OEM market, where further growth is expected, we are using our proprietary expertise and customer loyalty and the ability to create solutions that we have built in the consumer market, with the aim of being a key supplier that automakers and mega-suppliers consider essential.

In the consumer market, we will continue to hold the “DNA of being the first company to create and promote the world’s first, cutting-edge value,” which is our biggest strength, to lead the car electronics industry in creating new markets and providing new value.

With our operating environment undergoing major changes, we have realigned our business portfolio to make the most effective use of limited management resources, with a view toward how best to maintain growth going forward. Under our new structure, we are concentrating resources in the Car Electronics businesses and related areas, and have transferred the home AV and DJ equipment businesses.

We are also focusing on the new businesses of OLED lighting and medical and health care-related devices, and are efficiently cultivating these businesses through alliances with strategic partners.
To Our Stakeholders

Toward Future Growth

Group Philosophy and Vision

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

Key Growth Strategy Themes

Pioneer has designated the following as key themes in its growth strategy toward becoming a leading Comprehensive Infotainment company.

- **Growing the connected car business**
  - Developing a connected car life market
  - First create a market by offering consumer-market products
  - Expand product line to the OEM and commercial markets

- **Growing the OEM business**
  - Expand business with existing accounts
  - Acquire new global accounts
  - Strengthen speaker business

- **Pursuing challenges in emerging markets**
  - Cultivate business for compact cars and cars without pre-installed car audio products

New Areas

Medical and Health Care-Related Devices

Pioneer has also entered the medical and health care-related business with the development of a small blood flowmeter, which makes use of optical pickup reading technology. Pioneer’s research laser doppler blood flowmeter adopts an “ultra-small blood flow sensor element” developed internally to serve as the optical component. Blood flow can be measured non-invasively on a finger, toe, earlobe or other protruding region by clipping on the sensor or otherwise fastening it to the body surface on a person’s hand, foot or other area.

In the future, Pioneer will develop and expand our medical and health care-related devices that make use of Pioneer’s “optical, acoustic and imaging” technology developed over many years to expand our medical and health care-related business.

OLED lighting

Pioneer is promoting OLED lighting as one of its new businesses. In addition to producing light that is very close to the color of natural light, lighting for a variety of settings, including offices and parties, can be recreated by modifying the brightness and color. OLED lighting is expected to be the next generation of illumination. One example of its application is as lighting that ensures makeup that’s appropriate for the scenario. Since it went into mass production in 2011, OLED lighting has been employed in many commercial facilities and medical settings.

**Group Philosophy**

“Move the Heart and Touch the Soul”

**A New Pioneer Begins with You**

**Vision**

Spread the smiles.
Feel the vibes.
Share the passion.
Pioneer engages you anytime, anywhere.
Integrity in Business Activities
To Continue as a Company Trusted and Supported by Society

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

Corporate Governance

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 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.

Meanwhile, Pioneer has established a Group Executive Committee to augment the decision-making function of the Board of Directors, and also has established voluntary advisory committees, which are attached to the Board of Directors, to further strengthen corporate governance.

Corporate Governance Structure (as of June 25, 2015)

Board of Directors, Board of Corporate Auditors, and Executive Officers

Pioneer has adopted a Board of Corporate Auditors system of corporate governance. Under this system, the Company has established the Board of Directors as its decision-making body for matters of the highest importance, such as management policies, and it also acts as a supervisory body. The representative directors are responsible for business execution, while the Board of Corporate Auditors is responsible for auditing. Furthermore, executive officers are elected by the Board of Directors to expedite business execution and clarify the responsibilities for each business.

Several highly independent outside directors, who have no significant transactional relationships with the Pioneer Group, have been elected to strengthen the supervisory function of the Board of Directors as to business execution. In addition, Pioneer has shortened the term of office of directors to one year in order to further clarify their responsibilities and respond promptly to changes in the business environment by increasing opportunities for shareholders to elect directors. Pioneer’s corporate governance is further strengthened by the fact that directors focus on their decision-making and supervisory functions from a Group-wide perspective, while executive officers enhance their business execution functions.

The Board of Corporate Auditors, half or more of which consists of outside corporate auditors with a high degree of independence, audits the directors’ performance of their duties. In fiscal 2015, the Board of Directors held 12 meetings, while the Board of Corporate Auditors held 16 meetings.

Business Ethics Committee

The Company has established a Business Ethics Committee, chaired by an outside director, to ensure legal compliance as well as thorough observance of the Pioneer Group Charter for Corporate Operations and the Pioneer Group Code of Conduct. In addition, a Business Ethics Hotline has been established as an internal whistleblowing system to quickly detect and appropriately address behavior in violation of the Pioneer Group Code of Conduct. The hotline is set up outside the Company to ensure the anonymity of persons making reports and to clarify the details of those reports. Matters received through the hotline are simultaneously referred to the Business Ethics Committee and the Board of Corporate Auditors, making it possible to respond to such reports resolutely and in good faith.

Response to the Corporate Governance Code

The status of implementation of each of the principles of the Corporate Governance Code, which began to be applied in June 2015, will be disclosed within the year.

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 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 responsibility and authority for each Group company and guidelines relating to compliance.

Chartered 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 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.

Group Executive Committee

The Group Executive Committee, which was created as a process for reinforcing the Board of Directors’ decision-making function, comprises executive officers chosen by the Board of Directors and holds regular meetings semimonthly, 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 the Board of Directors’ decisions, 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 2015, the Group Executive Committee held 28 meetings and deliberated approximately 80 issues.

Voluntary Advisory Committees

To enhance management transparency and strengthen corporate governance, Pioneer has voluntarily established a Nominating Committee, a Compensation Committee, and a Special Committee, each chaired by an outside director, as advisory committees to the Board of Directors. The Nominating Committee discusses matters concerning the election and dismissal of directors and executive officers, and the election of corporate auditors. The Compensation Committee discusses issues related to remuneration and other benefits for directors and executive officers. The Special Committee discusses matters that have a significant impact on corporate value, including mergers and acquisitions. These committees report on the results of their deliberations and make related recommendations to the Board of Directors, and the Board of Directors gives full consideration to these reports and recommendations in the course of its deliberations.

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To Continue as a Company Trusted and Supported by Society

Foundation of Pioneer’s Decisions and Actions

The Pioneer Group will consistently take note of changes in society as it continues to provide products and services. To fulfill its social responsibilities, the Group intends to gain an understanding of society’s expectations through dialog with various stakeholders including shareholders, consumers and customers, local communities, business partners and employees. Of utmost importance is the Pioneer Group Charter for Corporate Operations, which aims to ensure that the Group will remain trusted and respected by society as a good corporate citizen. In addition, the Pioneer Group Code of Conduct has been established to outline basic decision-making and behavioral standards for Group directors, officers, and employees. Each Group company ensures that every officer and employee follows this code while observing the laws and social conventions of their respective countries and regions.

Pioneer Group’s Charter for Corporate Operations

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

Pioneer Group’s Code of Conduct (Section Titles)

To Continue as a Company Trusted and Supported by Society
- Capital Market’s Trust
- Customer Satisfaction: Our Top Priority
- Compliance as a Multinational Company
- Environmental Conservation
- Contributing to Society
- Strict Measures Against Individually Endangering Civil Society
- Public Disclosure
- Prohibition on Insider Trading
- Prohibition of Inappropriate Bestowing of Benefits to Shareholders or Investors

To Conclude Our Business Activities Properly and Effectively
- Risk Management
- Company Information
- Intellectual Property
- Proper Management and Use of Company Assets
- Proper Accounting Treatment

To Work Energetically with Mutual Respect for Each Other
- Respect for Human Rights
- Workplace Diversity
- Freedom from Harassment
- Respect for Privacy
- Healthy and Safe Working Environment
- Workplace Information Sharing
- Abolitions of Forced Gift-Giving
- Political and Religious Activites

Acting in Accordance with this Code
- Business Ethics Hotline

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.

Security Export Control

As a global company that undertakes its operations within many communities around the world, the Pioneer Group hopes for the maintenance and expansion of international peace and security. Therefore, the Group regards as fundamental management principles the international consensus in security export control and compliance with every country’s laws concerning the regulation of exports. In addition, Pioneer has formulated its Basic Rules on Security Export Controls under the Rules of the Pioneer Group and appointed one of its representative directors to oversee the appropriate management of export control.

Ensuring Fair Trade

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

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 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.

We are also strengthening systems by establishing the Basic Rules for Excluding Antisocial Forces, establishing a department in charge of addressing them, and carrying out partnerships with external specialized agencies, information sharing, guidance on handling the rules, and thoroughgoing communications within the Pioneer Group.
To Continue as a Company Trusted and Supported by Society

Integrity in Business Activities

Full Compliance and the Internal Whistleblowing System

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

The Business Ethics Committee, chaired by an external director, was established in accordance with the Basic Rules for Business Ethics, which forms a part of the Rules of the Pioneer Group. This Committee aims to ensure strict adherence to all relevant laws and regulations as well as the Pioneer Group Code of Conduct by all members of Group management and employees. Behavior that deviates from accepted standards can upset the harmony of the workplace. In order to eliminate any wrongdoing, internal auditing has been consolidated across the Group. In addition, the Business Ethics Hotline has been established as an internal whistleblowing system for the entire Group to quickly detect and appropriately address behavior that is in violation of the Pioneer Group Code of Conduct.

The Hotline, operated by an external agency, is administered appropriately to ensure that informants are not treated unfavorably on account of having reported something to the hotline while maintaining their anonymity. The information is also sent simultaneously to the Business Ethics Committee and the Board of Corporate Auditors, enabling them to ensure a response 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.

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 business sites of Group companies.

Policy Regarding Material Suppliers

As an important part of our strategy for expanding our business, the Pioneer Group endeavors daily to augment our intellectual property, the basis for which is appropriately maintaining and managing intellectual property acquired from research and development of technologies as well as respecting intellectual property held by others. Pioneer and its Group companies have established a copyright liaison meeting for their respective administrators of relevant departments to ensure Group-wide compliance of copyright protection technology in all Pioneer products. Furthermore, to avoid betraying the trust that customers have in the Pioneer brand, the Company’s business divisions and Intellectual Property Division work together with related departments at Group companies to eliminate counterfeit goods from the marketplace, since they threaten to damage Pioneer’s brand value and social status.

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

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 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 cases as a highly virulent influenza epidemic or an earthquake of major proportions, the Pioneer Group places the utmost emphasis on ensuring the safety of human life. In this regard, and in order to ensure a swift resumption of business activities, the Pioneer Group has created a disaster manual that outlines those measures and actions to be adopted in the event of a disaster or crisis. 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 with continuous emergency drills and training.

Taking into account the experiences of major disasters that have previously occurred in Japan and elsewhere, a Business Continuity Plan (BCP) has been established to enable the prompt restoration of operations after the safety of human life has been secured. Training based on the formulated BCP is periodically conducted to enhance its effectiveness, while improvements continue to be made on the process for its evaluation.

Responsible Mineral Procurement

In recent years, there have been concerns that the mining of mineral resources (tantalum, tin, tungsten and gold) conducted in the Democratic Republic of the Congo (DRC) and nine adjacent countries has led to human rights violations, environmental destruction and been a source of financing for armed groups.

Since 2013, the Pioneer Group, along with its suppliers, has conducted investigations in accord with the CFS Program proposed by CFSI*1 for the purpose of clarifying the mineral procurement supply chain. This problem can be addressed with the cooperation of the entire industry, and collaboration is also necessary with industry groups. Pioneer is actively serving as an important member of JETIA*2 and JETIA*3: Responsible Minerals Trade Working Group*4 and as a member of the CF Sourcing Working Group*, a working group that operates jointly with other industries. By also taking on the role of lecturer in addition to planning and administering JETIA Conflict Briefings with focus on secondary suppliers, the Company is contributing to facilitating and improving the efficiency of conflict mineral investigations.

We continue to require our suppliers to clarify their supply chains regarding conflict minerals and to work to be conflict free*5.

*1: CFS (Conflict-Free Sourcing Initiative)  http://www.conflictfreesourcing.org
*2: JETIA (Japan Electronics and Information Technology Industries Association)  http://www.ejitas.or.jp/japaweb
*3: Responsible Minerals Trade Working Group  http://www.jeita.or.jp/japanese
*4: Responsible Minerals Trade Working Group Harmonized  http://www.jeita.or.jp/japanese
*5: The term “Conflict-free” refers to cases where a due diligence audit verifies that the mineral in raw materials procured by a supply chain is not a source of funds for any armed groups.

BCP promotion in the supply chain

As a manufacturer, the Group has a Responsibility to recover quickly in the event of a disaster or unforeseen circumstances to ensure the supply 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 Organization for Economic Cooperation and Development, and so on.

CSR procurement

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

Excluding antisocial forces

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

BCP promotion in the supply chain

As a manufacturer, the Group has a Responsibility to recover quickly in the event of a disaster or unforeseen circumstances to ensure the supply with suppliers on an equal footing, in accordance with relevant laws and agreements. Therefore, it requires each supplier to clarify its supply chain, while establishing and continually improving its BCP.
The Pioneer Group regards ensuring quality as the most fundamental issue in its pursuit of customer satisfaction. Therefore, the Group has formulated its Quality Assurance Philosophy. With the aim of realizing this philosophy, the Group has clarified its quality assurance responsibilities and authority and is working to improve overall quality. Specifically, the Quality Assurance Council has been established, as well as three committees: the Product Safety Committee, the Public Regulations Committee, and the Eco Products Committee. These committees operate across organizations within the Pioneer Group as a whole.

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

Quality Assurance Philosophy

Offering customers products and services that generate satisfaction and confidence

Pioneer Group Quality Assurance Council

- Product Safety Committee
- Public Regulations Committee
- Eco Products Committee

Quality Assurance Council comprising business divisions and Group companies

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

Response to Public Regulations Concerning Products

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

Main Public Regulations Concerning Products

- Regulations concerning product appraisal 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, operating manuals, packaging, and other matters
- Environmental regulations

Initiatives to Ensure Product Safety

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

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

Ensuring Product Safety

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

Raising Customer Awareness of Safe Usage

The Pioneer 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.

Product Safety Standards and the Product Safety Manual

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

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

To Win Customers’ Satisfaction and Trust

Outline of Information Flow for Customers Concerning Product Safety

Customers

Customer Support Service

Product Safety Precautions

Product Safety Standards

Product Safety Precautions (Japanese only)

Product Safety Precautions (Japanese only)

Product Safety Manual

Customer Support Service

Repair Desk

Customer Support Desk

Sales Office

Special Representative Committee on Quality

Research by Pioneer’s Quality Assurance Division

Emergency response to a major safety issue

Quality Assurance Office and other managers

Causal analysis and countermeasures by divisions involved in product quality control

Product Safety Standards

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Product Safety Standards
To Win Customers' Satisfaction and Trust

Upstream Initiatives for Quality Assurance

Rapid Acquisition of Market Quality Information and Enhanced Responses to Issues

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

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

APQP Activities at Pioneer

The product development process consists of a complex interaction of various other processes. The initial (upstream) stage of product development starts with planning conception, which was 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.

The Four Key Points of APQP

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

Promoting Human-Centered Design

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

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

Preventive Measures Using Analysis and Evaluation

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

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

Outline of Information Flow from Customers Concerning Quality

Human-centered design

Increase the recognizability of internal processes

Environmentally friendly products

Human-centered design

Human-centered design

Environmental sensitivity products

Defect analysis

Identification of latent defects in electrical and electronic parts using structural analysis

Comparison and adequacy investigation of raw materials using component analysis

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

Fractography

Foreign matter analysis

Investigation of the cause of fractures in component parts through detailed observation of the fracture cross section

Non-defective article analysis

Physical analysis

Perception of Quality

Providing User Experience

Human-Centered Design

Usability Improvement

Universal Design Improvement

Enrich ease of use

Increasingly sophisticated products

More enjoyable and comfortable operation
To Win Customers’ Satisfaction and Trust

Customer Satisfaction and Trust

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

Results of the Independent Customer Satisfaction Survey for Japan

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall satisfaction following repair as reported by the survey</td>
<td>79%</td>
<td>79%</td>
<td>77%</td>
</tr>
<tr>
<td>Satisfaction with the Repair Desk</td>
<td>83%</td>
<td>88%</td>
<td>89%</td>
</tr>
<tr>
<td>Customer satisfaction with the Customer Support Center</td>
<td>91%</td>
<td>93%</td>
<td>93%</td>
</tr>
<tr>
<td>Customer satisfaction with the Parts Ordering Center</td>
<td>4.3 points</td>
<td>4.2 points</td>
<td>4.5 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 2015, 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.

Monitoring System to Enable Employees to Listen to Customers Directly

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

Product Repair Service

Pioneer handles approximately 190,000 repairs annually in an effort to reassure and satisfy our customers. Customers in Japan have praised Pioneer’s efforts to respond to their expectations and requirements for improved speed of repairs, as well as for clear explanations from the Repair Desk, the courtesy of responses, and the adequacy of repairs and explanations.

In fiscal 2015, the Pioneer Group took steps to strengthen and expand its automotive OEM product service network and systems worldwide. Carrying on from the previous year, every effort was made to bolster and augment the service network and systems that target newly emerging growth markets.
Environmental Activities

Basic Concept of Environmental Activities

The Pioneer Group aims to uphold and share its philosophy: “Move the Heart and Touch the Soul” through its business activities. We consider one of the major factors in achieving this goal is the preservation of the global environment, with our “Philosophy of Environmental Protection” established in 1992. In recent years, an increase in the world’s population and expansion in economic activities have accelerated, and environmental problems such as global warming, pollution, and loss of resources and biodiversity which previously had been advocated have become apparent. The range of social responsibility in continuing business exceeds our fields, where we are expected to achieve activities related to environmental preservation through entire lifecycles, contributing to the environment through our products and services. In order to achieve a sustainable society with stakeholders, the Pioneer Group promotes cross-cutting strategies for environmental protection in view of laws and regulations, and social contributions in response to each issue, initiating our activities via environmental education, and proactively disclosing information of the results.

Philosophy of Environmental Preservation

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

Basic Policies of Environmental Preservation

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

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

Initiatives for the Future

As corporate citizens, our mission is not only to accelerate proactive environmental preservation and fulfillment of our responsibility but also to propose eco-friendly measures, enrich life, and deliver sensations. As a company that has offered the world’s first products to customers, we established “Environmental Vision 2020” based on our consideration toward environmental contributions.

Environmental Vision 2020

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

Organization of Pioneer Environmental Preservation Activities

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

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

Solutions to Environmental Issues by Technological Products

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

Prevention of Global Warming

Reduction of energy consumption during transport
Improvement of fuel efficiency of automobiles
Reduction of packaging

Resource Recycling

Reduction of material quantities and number of parts
Reduction of packaging
Easily degradable properties

Management of Chemical Substances Contained in Product

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

Evaluation for Environmental Consideration of Products

Achievement status is confirmed based on the evaluation system for environmental consideration of products at the completion of design. Products are certified as Super Advanced Eco-Model, Advanced Eco-Model or Eco-Model at the time of release. An award is given to the Development Department of the certified model, and this system is also fully used for the purpose of promoting communication such as publication within the company and application for environmental awards.

Product Lifecycle Point of View

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

Flow of Product Assessment from the Lifecycle viewpoint

Advance Eco-Model
Eco-Model

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

Evaluation System for Environmental Consideration of Products

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Environmental Activities

Initiatives in Business Activities

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

Data of 20 companies in Japan and 20 companies overseas is collected and feedback is reflected in the activities in the following year. The “Environmental Activities Report” summarizing the results is proactively disclosed on our website.

Environmental Activities of Pioneer

Main Target and Results in FY2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Issue</th>
<th>Targets in the Future</th>
<th>FY2015</th>
<th>Results</th>
<th>Self-assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention of Global Warming</td>
<td>CO₂ equivalent greenhouse gas emissions in Japan: 12% reduction from FY2010 to FY2021 (gross emissions)</td>
<td>Achieved 6% reduction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservation of Resources, and Recycling</td>
<td>Reducing valuable resources/waste material in Japan and Overseas: 3% reduction from FY2011 level as a per unit of sales amount</td>
<td>Achieved 31% reduction</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Initiatives on Resource Recycling

Minimizing Environmental Impacts

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

Responsiveness Management of Chemical Substances Contained in Products

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

Reduction of Power Consumption by Digital Technology

With amplifiers, which are the core components of audio systems, we realized a halving of power consumption by our original digital technology. This digital amplifier technology is incorporated into high-end products to mainstream products for household use as well as in audio products for automobiles.

Searching for Routes Enabling Good Fuel Consumption with Car Navigation Products

Our original Smart Loop searches for the route of lowest gasoline consumption and eco-driving is realized.

Select Easily Recyclable Materials

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

Response to Recycling Scheme at Consumption Point

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

Management Chemical Substance Information

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Eco-Friendliness in Products

Super Advanced Eco-Model

Evaluation system for environment-friendly products

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

GM-D1400 car power amp
Size and weight were greatly reduced by installing high-performance Class D amplifier circuits and our quest for the optimal pattern design. Thanks to a reduced consumption current achieved by maximizing signal processing efficiency, CO₂ emissions have been reduced by 125 kg/unit across its entire life cycle compared to existing products*.2

Eco-Friendly travel with a bike navigation system
Traveling by bike is eco-friendly since you don’t use fuel. The navigation unit is equipped with a reusable lithium ion battery and also has an “energy-saving mode.”

Making day-to-day living comfortably eco-friendly
Pioneer has been working to reduce the size, weight, and power consumption of BD/DVD/CD writers for personal computers.

Eco-Friendly Features of carrozzeria

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

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

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

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

Making day-to-day living comfortably eco-friendly
Pioneer has been working to reduce the size, weight, and power consumption of BD/DVD/CD writers for personal computers.

Challenge for awards
Pioneer participates in many authoritative environmental award competitions so that third parties can evaluate our environment-friendly products and activities in our offices and plants. The main purpose is to listen to comments and opinions of knowledgeable persons who specialize in the environment such as government and academia, not only to apply to competitions and receive awards. Some comments and advice are strict, however, we fully use them to improve our daily environmental activities. Furthermore, participation in environmental award competitions increases environmental awareness and vitality to take on new challenges, not only in each individual’s related department which submitted an application but also in the entire company, which invigorates the Pioneer spirit.
Prevention of Global Warming

The total volume of greenhouse gas emissions at Pioneer Group offices and plants for FY ending March 2015 increased by approximately 3% year on year. Fluctuations in the number of basic CO2 exhaust units for electrical energy had greater effects both in Japan and abroad compared to fluctuations in the amount of energy used.

Pioneer set a target of a 10% reduction in greenhouse gas emissions from offices and plants by 2020 in GHS per sales amount, with the FY ending March 2010 as the basis year. We analyze the results so they can be utilized for future activities.

Example of Activity for Global Warming Prevention

PSG (production corporation in China) replaced lighting to LED lamps. Since China has a high ratio of coal thermal power generation, reduction of greenhouse gases by energy savings brings about a significant effect. Electricity savings of 98,000kWh annually were realized by changing lighting during the production process from conventional fluorescent lamps to LEDs.

Reduction of Waste and Valuables

In order to reduce the generation of waste and valuables, constant improvements are made to avoid the use of materials not required in production processes, including recyclable valuable resources. Moreover, Pioneer implements activities to recycle waste from offices and plants to reduce landfill disposal close to zero, and keeps a high recycling level ratio of 99.5% or more both in Japan and overseas (the results in March 2015).

Example of Activity for Effective Use of Resources

When goods are stacked up and transported on a pallet, we use stretch film (polyethylene) to prevent the load from collapsing. In the past, this film was disposed of as waste plastic after it was used. However, when we realized that it becomes a valuable resource when compressed, we installed compactors in-house. Through this measure, we were able to increase its value as a resource through the shift from thermal to material recycling. At the same time, thanks to contributions such as improvements in transport efficiency due to compaction as well as an increase in sales as a valuable resource, we were able to reduce the total processing costs for plastics by 60% after installing the compactor.

Topics

Pioneer GomiZero 1st Quarter 2014

The Pioneer Group implemented a “Pioneer GomiZero 1st Quarter 2014”. Although the Pioneer Group had been engaged in cleanup activities in the surrounding areas of its offices and plants for the purposes of environmental conservation of local regions and raising environmental awareness of employees from before 2010, the activity periods were unified that year and have been conducted as a “whole-group event” since then. These cleanup activities are carried out during the first quarter of our financial year (from April to June), a period when many events related to the environment take place including Earth Day and Environment Month. Some 763 employees in 18 locations in Japan and around the world participated.

Pioneer Environmental Contribution Award

The Pioneer Group has internally been awarding offices, plants, groups, or individuals that have contributed to environmental protection activities with the Pioneer Environmental Contribution Award and has been awarding patents judged to be contributions to environmental protection with the Environmental Patent Award. The Group began grading superior environmental activities at overseas offices with financial year ending March 2015, and awarded those undertaken by PTM (Thailand) and PTD (China).

“Environmental Activities Special Contents” on the Pioneer Group’s website

The Pioneer Group as a unified whole is engaged in environmental activities in all areas including product development. Some of the more outstanding examples of these initiatives are presented on the Group’s website. The true feelings and stories of hardships that the Group employees share reveal the passion that they have for the environment. Please be sure to visit the “Environmental Activities Special Contents” section on the Pioneer Group’s official website.

Challenge to reduce electric power necessary for management of enormous data. Story of sweat and tears of behind-the-scenes individuals who overcame unexpected situations and setbacks with Pioneer spirit!

The future has already begun. The story of the Pioneer staff who stood up to develop the EV navigation system, AVC-MRZ007-EV, to support the expanding EV society.

"Eco-Route search" powerfully supports eco-driving! "Tough guys" who simulated various seasons and driving conditions, and repeated tests!
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:

- Prohibitions of discrimination
- Prohibitions of harassment
- Prevention of industrial or other accidents
- Prohibitions of slandering and forced labor
- Respect for privacy
- Strict 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 actively promotes initiatives to help employees balance childcare and work. The Company renewed, for the third year in a row, its Next Generation Certification “Kurumin” mark issued by Japan’s Ministry of Health, Labour and Welfare. Currently, it is continuing its initiatives under its fifth action plan based on the twin themes of supporting the work and family life balance, and fostering a corporate culture of solidarity.

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

Mental Health Care

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

Preventing Work-related Accidents

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

Personnel Development

Pioneer has established a Human Resources Management Policy that serves as a standard for hiring and managing employees and gives guidance on planning and operating its personnel systems and measures.
In Harmony with Society

Audio and Visual: “Listen through the Body” Concerts & “Feel through the Body” Screenings

Using a system for changing sound into vibrations invented by Pioneer founder Nozomu Matsumoto, the “Listen through the Body” concerts enable people with hearing difficulties to enjoy the pleasures of music. These events are one 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 dedicated secretariat, employees and their families help out as volunteers in running each concert.

Pioneer has also been holding “Feel through the Body” film screenings since 2011. Using narration supervised by NexTidEvolution*1 to verbally explain video images in conjunction with Pioneer’s sound vibration system, it permits people with visual impairments to enjoy movies.

People who have attended these screenings have been pleased, offering such comments as “I got a deeper feeling for the movie, and had a really good experience;” “I was excited because the experience made it feel like I could see the movie thanks to the narration and sound vibration systems;” and “Thank you for giving everyone the opportunity to enjoy the program without any barriers getting in the way.”

Pioneer will continue delivering the pleasures of music and film to even more people through these initiatives in the future.

*1: NexTidEvolution

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

Environmental Conservation: Pioneer Forest

As a company that manufactures speakers made with wooden materials, Pioneer undertakes activities to protect forests. The Company has taken over regular management of 2.4 hectares of cypress forest near Kamakita Lake in Saitama Prefecture through an agreement, executed in 2005, with the Saitama Prefectural Forestry Public Corporation. The forest has been designated as the “Pioneer Forest,” and employees and their families volunteer regularly to prune and thin trees. What was originally a dark forest that blocked out sunlight has been cultivated into a bright and leafy one. 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. 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

Social action programs undertaken by Pioneer Group companies both in and outside Japan focus particularly on audio and visual, environmental conservation, and education support activities. Group companies are also active in a wide range of other fields that take into consideration the needs of local communities and society as a whole, including initiatives related to sports and entertainment, social welfare, and disaster relief (in the form of matching gifts). Pioneer Manufacturing (Thailand) Co., Ltd. has been involved in a mangrove tree planting program since 1996 and in cleanup activities at the World Heritage site of Ayutthaya and the ruins of historic temples in the area since 2003. Some 50 employees participate in five annual cleanup sessions, which extend also to temples not in the tourist areas. Participants donate their garbage cans after finishing and hear sermons from monks. With such roots being sunk into the local community, the Company plans keep the initiative going.

Corporate Citizenship
### Toward Communication with Society

#### Shareholders, Investors and Society

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

#### Material Suppliers

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

#### Dealers

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

#### 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.

#### 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 union-related issues. In addition, Pioneer works with the unions to boost employee morale and promote social programs.

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### The Pioneer Group’s Globally Expanding Network

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

#### Japan

<table>
<thead>
<tr>
<th>Company</th>
<th>Affiliated companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tohoku Pioneer Corporation</td>
<td>Number of employees</td>
</tr>
<tr>
<td>Tohoku Pioneer EC Corporation</td>
<td>2,993 (non-consolidated)</td>
</tr>
<tr>
<td>Mogami Dekki Corporation</td>
<td>19,404 (consolidated)</td>
</tr>
<tr>
<td>Pro Inc.</td>
<td>Overseas: 50</td>
</tr>
<tr>
<td>TPS Corporation</td>
<td>Japan: 23</td>
</tr>
<tr>
<td>Towsada Pioneer Corporation</td>
<td>Total: 50</td>
</tr>
<tr>
<td>Pioneer Micro Technology Corporation</td>
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<tr>
<td>Technical Audio Devices Laboratories Inc.</td>
<td>(As of March 31, 2015)</td>
</tr>
</tbody>
</table>

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### Corporate Profile

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pioneer Corporation</td>
<td>2,993 (non-consolidated)</td>
</tr>
<tr>
<td>1-1 Shin-Ogura, Saiwai-ku, Kawasaki-shi, Kanagawa 212-0031, Japan</td>
<td>19,404 (consolidated)</td>
</tr>
<tr>
<td>January 1, 1938</td>
<td>Overseas: 50</td>
</tr>
<tr>
<td>¥97,731 million</td>
<td>Japan: 23</td>
</tr>
</tbody>
</table>

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* The labor unions are active at Pioneer and eight Group companies. These unions are members of the Federation of Pioneer Group Workers Unions, which is associated with the Japanese Electrical & Informational Union.