Corporate Profile (As of March 31, 2017)

- **Company name**: Pioneer Corporation
- **Headquarters**: 28-8, Honkomagome 2-chome, Bunkyo-ku, Tokyo 113-0021, Japan
- **Founded**: January 1, 1938
- **Established**: May 8, 1947
- **Common stock**: ¥92,881 million (As of October 5, 2017)
- **Number of employees**: 16,763 (consolidated)
- **Consolidated subsidiaries**: 73 companies (23 in Japan, 50 overseas)
- **Associated companies accounted for by the equity method**: 8 companies (4 in Japan, 4 overseas)
  Total 81 companies

Scope of the Report

- **Period covered**: This report covers fiscal 2017, the fiscal year ended March 31, 2017, as well as some earlier initiatives and more recent activities.
- **Organizations covered**: Pioneer Corporation and the 73 consolidated subsidiaries of the Pioneer Group
- **Definitions used in this report**: "Pioneer" or "the Company" indicates Pioneer Corporation, and "the Pioneer Group" or "the Group" indicates Pioneer Corporation and its consolidated subsidiaries.

Related Information

- **Related reports and information**: Pioneer discloses its financial information in its Annual Report and other reports as well as on its website.
  http://global.pioneer/en/ir/
  Information on the Pioneer Group’s environmental initiatives is also presented on its website.
  Information on the Pioneer Group’s CSR is also presented on its website.
  Pioneer provides information concerning its technological developments and R&D on its website.
  http://global.pioneer/en/crdl_design/
- **Reference Guidelines**
  - Global Reporting Initiative GRI guidelines
  - ISO26000 (Guidance on Social Responsibility)

For further information, please contact

**Pioneer Corporation**
Legal & Risk Management Division
28-8, Honkomagome 2-chome, Bunkyo-ku, Tokyo 113-0021, Japan
pioneer_ethics@post.pioneer.co.jp
Move the Heart and Touch the Soul

Everyone desires a heart-moving experience unlike anything they have ever encountered before.

“Share our passion with as many people as possible by bringing our products and services.” The Pioneer’s philosophy, “Move the Heart and Touch the Soul,” expresses this aspiration.

Hand in hand with all our stakeholders, including customers, employees, business partners, NGOs, and local communities, we aim to create a better society.

This CSR report is designed to serve as a platform for further dialogue with stakeholders.
Aspiring to be a globally preferred company far into the future by accomplishing business growth while contributing to realization of a sustainable society

The Pioneer Group has experienced business growth while aiming to adhere to a philosophy that expresses our founding spirit of “Move the Heart and Touch the Soul” and our unshakeable principle “pioneering approaches” represented in our company name. In the Car Electronics business, which is our current mainstay business, we have created new cultures and heart-moving experiences with our customers through the release of numerous world firsts, including the component car stereo and the Global Positioning System (GPS) navigation system. Going forward, we will further pursue entertainment, which is our forte, and integrate information on the vehicle, the driver and passengers with various information services provided through optimal interfaces in order to become a leading company in “Comprehensive Infotainment” that creates comfort, excitement, reliability and safety in-vehicle.

Enterprises from various industries have entered this business field and are working with a view to the future mobility society. We are developing “3D-LiDAR (Light Detection and Ranging) sensors,” “maps for autonomous driving,” and their combination, a “data ecosystem,” as a promising car-related business which utilizes our strengths. We are also accelerating our initiatives to offer global standard maps and global high-definition map services to support autonomous driving through the business and capital alliance with HERE Technologies, a Netherlands-based global provider of mapping and location services. Contributing to development of the mobility society, we aim to become an “essential company” toward the realization of autonomous driving.

2018 will mark the 80th anniversary of the foundation of Pioneer Corporation and we position 2018 as an important year in which to strengthen the business base for future growth. Above all, we recognize that our response to Environment, Social, and Governance (ESG) issues will provide opportunities for enhancing corporate value over the medium to long term. For example, the sensor technologies and the map data, the areas we are currently focusing on, are expected to be applicable across the wide-ranging fields of social infrastructure, not just for autonomous driving. We also think the growth of the organic light-emitting diode (OLED) lighting business and the medical and health care-related devices business will contribute to the achievement of universal goals, such as the United Nation’s Sustainable Development Goals (SDGs). By vigorously and proactively promoting CSR management throughout our business, we aspire to be a globally preferred company far into the future.

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

November 2017

Susumu Kotani
President and CEO
"Move the Heart and Touch the Soul" is our Group Philosophy that embodies Pioneer’s founding spirit. Pioneer continues to realize the philosophy by creating new markets and culture with products and services borne from innovative, unique ideas and cutting-edge technologies. These include major world firsts such as the separate home stereo system in 1962, the component car stereo in 1975, the GPS car navigation system for the consumer market in 1990, and the car navigation system for the consumer market featuring a head-up display in 2012.

Pioneer will continue to deliver inspirational impressions to every single customer by pushing the limits of passion for “sound,” “vision” and “information.” We will make every effort to become a leading company in “Comprehensive Infotainment” that creates comfort, excitement, reliability and safety in vehicles amid great changes in the car electronics industry, anticipating the coming age of autonomous driving.

The Pioneer Group’s structure ensures integrity in business execution through the systematization of rules, with its “Pioneer Group Charter for Corporate Operations” as the foremost component, in order to realize the Group Philosophy and Vision.

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

**Pioneer Group Code of Conduct**
Decision criteria ensuring awareness of our social responsibilities and of our obligation to act in good faith in performing our duties.

**Rules of the Pioneer Group**
A common rulebook applicable throughout the Group.

**Corporate Creed**
- We contribute to society by meeting and exceeding the expectations of our customers, shareholders, employees, and other stakeholders and by delivering long-term growth and profitability.
- We earn the trust and respect of people in society by providing high-quality, affordable products and services in a timely manner.
- We take pioneering approaches to developing new products and services, innovating the way we do business, and taking on the challenge of achieving individual and common business goals.
- We find the right balance in everything we do, including between planning ahead and maintaining flexibility, and between acting with mind and acting with heart.
- We trust, respect, and work with each other in pursuing the success and best interest of the company.

Pioneer upholds the aforementioned five core values that define who we are and represent the way of doing business we emphasize and continuously improve upon.

**CSR for Pioneer**
The Pioneer Group is committed to resolving social issues through its business and enhancement of the CSR management base. These commitments are embedded in Pioneer’s DNA as expressed in our Corporate Creed, “We contribute to society by meeting and exceeding the expectations of our customers, shareholders, employees, and other stakeholders and by delivering long-term growth and profitability.” and “We earn the trust and respect of people in society by providing high-quality, affordable products and services in a timely manner.”

We aspire to be a globally preferred company far into the future by achieving our sustainable growth while contributing to the sustainability of the Earth and society.

**Pioneer’s Growth and Contribution to Sustainability of the Earth and Society**

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* Sustainable Development Goals (SDGs) for 2030 adopted by the United Nations in September 2015.
Aiming to Become an “Essential Company” in the Age of Autonomous Driving

We are developing key technologies for autonomous driving in order to resolve social issues involving movement, such as achieving an accident-free society, alleviating traffic congestion, and allowing the elderly and people with disabilities to move freely.

Pioneer’s Key Technologies for Autonomous Driving

Optical tech cultivated with optical discs and other products
- Laser disc player, DVD player, head-up display
- Optical disc tech
- OEIC tech
- Signal processing tech
- MEMS*1 scanner tech

Navigation tech developed in car navigation systems
- Location tech
- Route search tech
- Probe information

Mapping tech (IPC*2)
- Mapping/format/contents

The 3D-LiDAR sensor plays the role of an “eye” for recognizing the surrounding environment in autonomous driving. It uses laser beams to measure distances to objects accurately and capture information on distances and surroundings in real time and in three dimensions.

Pioneer is developing three types of LiDAR: the telescopic LiDAR to detect objects on the road relatively far away, the medium-range LiDAR for medium distances to detect and recognize moving objects in front, and the wide-view LiDAR to detect and recognize objects surrounding a vehicle.

LiDAR development according to use

Telescopic LiDAR
- Far front surveillance
- Falling object detection on the road

Medium-range LiDAR
- Detection/Recognition of front moving objects, such as other vehicles, motorcycles and pedestrians

Wide-view LiDAR
- Surrounding object detection/recognition
- Feature point scanning for high-precious location measurement on general roads

The map for autonomous driving requires immeasurably enormous volumes of high-precious information compared to conventional maps, such as the width or traffic signals of each driving lane. It is very difficult to update enormous map data for autonomous driving in real time. As a solution, Pioneer is working to build a “data ecosystem,” in which differences between the 3D-LiDAR sensor’s sensing data and the map data are collected only in the quantity necessary for autonomous driving, and map data analyzed and updated through the cloud are efficiently distributed to vehicles.

Roadmap for autonomous driving

*1 MEMS: Micro Electro Mechanical Systems
*2 IPC: Increment P Corporation
*3 HERE: HERE Technologies, a Netherlands-based global provider of mapping and location services
The number of new cars equipped with advanced driving assist systems has been increasing in recent years. Isn’t there any way to provide accident prevention systems for use in the vast majority of cars not equipped with advanced driving assist systems?

This idea inspired development of the Intelligent Pilot advanced driving assist system that can be retrofitted to on-the-road cars, which has been adopted for Drive Agent Personal, a service for non-fleet personal policyholders offered by Tokio Marine & Nichido Fire Insurance Co., Ltd.

Pioneer has undertaken the challenge of realizing a reliable and safe automotive society by utilizing proprietary technologies and big data.

The Desire to Deliver Reliability and Safety to Greater Numbers of Drivers and Their Families

Tens of thousands of people are injured in traffic accidents in Japan each year. We developed this system out of our desire to help reduce the number of traffic accidents and mitigate injuries, thus delivering reliability and safety to greater numbers of drivers and their families.

We undertook an industry-first challenge that involved combining Pioneer’s leading-edge cloud technology and communications hardware development technology. Although new technology development was a process of continuous trial and error, we were able to achieve our goal thanks to the high motivation and cooperation of everyone involved.

I want to continue delivering reliability and safety to greater numbers of customers, both in Japan and abroad.

Takayoshi Kobayashi
Manager, Planning Section 3, Telematics Business Planning Department, Consumer Car Electronics Business Division

Intelligent Pilot, Aftermarket Advanced Driving Assist System

Predicts accidents and hazards using digital maps based on probe data such as on accident black spots, weather, and personal driving tendencies. Through an event data recorder device, issues heads-ups and warnings and enables communication with call centers in the event of an accident.

Utilization concept of Intelligent Pilot

- Pioneer’s cloud platform for vehicles
- Accident Prediction Platform
- Digital map attribute data
- Accident black spot data
- Weather and disaster information
- Accumulated driving data
- Pioneer’s connected IoT devices
- LTE Digital maps
- Accident risks judgment and warnings
- Intelligent Safety Guide
- Shock detection
- Voice calls
- Crew sourced data such as near-accidents* collected via Pioneer probe data network
- Distributed risk information

* Crew sourced data which is accumulated through the network, such as places where vehicles drove and vehicle speed. Statistical processing is applied so that personal information will not be included. Cases include those which did not result in accidents but near-accidents in the event of sudden incidents, such as braking or judgement mistakes while driving.
Contributing to Productivity Improvement and Work Style Reform through Enhanced Operational Efficiency at Adopting Companies

We provide products based on the concept of contributing to operational efficiency improvement at adopting companies in the form of usage of in-vehicle hardware and services centering on car navigation systems and engage in continuous development to maximize product benefits.

While introducing commercial-use car navigation systems has its benefits, the use of navigation in combination with cloud services leads to rapid progress of business process automation and changes the game. Furthermore, a key feature of our system is that it makes possible linkage of our car navigation devices and services with systems already employed by our corporate users, so corporate users can utilize Vehicle Assist data and functions through the existing systems employed. We will contribute to greater efficiency, safety, and environmental protection in society as a whole by assisting companies in this way.

A number of risks exist when vehicles are used in business operations, such as the problem of long working hours resulting from labor shortages, driver development issues, and traffic accidents. Nevertheless, little progress has been made in risk avoidance through implementation of computer technology in vehicles, and vehicle operation often relies on paper maps and humans.

Introducing car navigation systems ensures safe and smooth guidance of vehicles to their destinations, and efficient routes can contribute to reducing both CO2 emissions and fuel consumption. In addition to these benefits, utilizing Vehicle Assist, Pioneer’s cloud-based fleet management service, enables automation of daily call planning and instructions and automatic control to prevent dangerous driving. This makes possible operation of fleet vehicles even by new employees or part-time workers, helping alleviate driver shortages and making possible greater sophistication in distribution services and reinforcement of safe driving.

We want to help even more companies achieve productivity improvement and work style reform through Vehicle Assist.
The sound vibration system, which is comprised of a pouch and square floor cushion with built-in vibration devices, enables people with hearing difficulties (people who use hearing aids or who have acquired hearing impairment) to enjoy music by feeling the vibration and sonically using headphones or a hearing loop.

The Sound Vibration System Changes Sound into Vibrations
Concerts Created Together with the Audience

When I see the contented, smiling faces of the people in the audience enjoying the concert, it makes me very happy to be working at Pioneer. It’s also a great pleasure to meet people not only from Pioneer but also from other walks of life.

Kana Sasaki
Finance Section 2, Finance Division

Volunteer Staff Member Comment
I was energized by the smiles of the audience.

Performer Comment
I was overwhelmed with gratitude to hear the words “Thank you!”

Audience Member Comment
It brought tears to my eyes to recall when I was able to hear decades ago.

Audience Member Comment
After giving up hope of ever hearing music again, I was thrilled to be able to enjoy it for the first time in years!

Audience Member Comment
I always look forward to attending each concert!

Audience Member Comment
Since the people in the audience listen to each note attentively, I perform with greater passion than usual.

Perform Comment
I was overwhelmed with gratitude to hear the words “Thank you!”

Volunteer Staff Member Comment
I was energized by the smiles of the audience.

My Concert Experience — Comment from a Volunteer Staff Member
When I see the contented, smiling faces of the people in the audience enjoying the concert, it makes me very happy to be working at Pioneer. It’s also a great pleasure to meet people not only from Pioneer but also from other walks of life.

Kana Sasaki
Finance Section 2, Finance Division

Pursuing the founder’s vision of “better sound for more people,” Pioneer has held concerts entitled “Listen through the Body” since 1992.

Using the sound vibration system changing sound into vibrations invented by Pioneer founder Nozomu Matsumoto, Pioneer holds concerts that people with and without hearing difficulties can enjoy together. These concerts, which materialize the “Move the Heart and Touch the Soul” Group Philosophy, embody the spirit of Pioneer and continue to enjoy the support of numerous people who share our values.

We will continue to hold “Listen through the Body” concerts because we love bringing smiles to the faces of the audience, performers, and volunteer staff.

Bringing Smiles to the Faces of People with Hearing Difficulties — Holding “Listen through the Body” Concerts since 1992

Concerts that Bring “Move the Heart and Touch the Soul” to Life

Music that brings smile to the faces of people who have hearing difficulties
Concerts Created Together with the Audience

When I see the contented, smiling faces of the people in the audience enjoying the concert, it makes me very happy to be working at Pioneer. It’s also a great pleasure to meet people not only from Pioneer but also from other walks of life.

Kana Sasaki
Finance Section 2, Finance Division

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Kana Sasaki
Finance Section 2, Finance Division

Part 1  Pioneer’s Vision and Business Development

Feature 3  The Desire to Bring Smiles to Thousands of Faces
Part 2  Systems and Initiatives Underpinning Pioneer’s CSR

Consumer Issues To Win Customers’ Satisfaction and Trust

Offering Products and Services that Generate Satisfaction and Confidence

The Pioneer Group’s Quality Assurance Philosophy is “Offering customers products and services that generate satisfaction and confidence.” Listening to the voice of the customer to deliver satisfaction and confidence even more customers, the Quality Assurance Division and customer support & service divisions collaborate to achieve improvements.

Meeting expectations of customers worldwide

Improvement Driven by the Voice of the Customer

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<th>Quality Assurance Division</th>
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<tr>
<td><strong>Quality improvement</strong></td>
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<tr>
<td>• Actively gather and analyze information on product quality and safety from customers and dealers/distributors to achieve continuous quality improvement.</td>
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<td>• Execute integrated management of information related to safety and swiftly report such information to management as well as provide appropriate information to customers and dealers/distributors.</td>
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<tr>
<td>• Collect information on laws and regulations relevant to products in sales regions and on international and industry standards for adaptation in product development.</td>
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<th>Customer Support Divisions</th>
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<td><strong>Daily activities</strong></td>
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<td>• Analyze daily inquiries from customers and field issues back to the Quality Assurance Division and business divisions for use in product improvement.</td>
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<tr>
<td>• Periodic information exchange</td>
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<tr>
<td>• Distribute “The Voice of the Customer” monthly report to directors, executive officers, heads of related divisions and all relevant staff for sharing of common inquiries and complaints expressed by customers.</td>
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<td>• Provides information at periodic meetings with business divisions.</td>
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Global Service Organization

Wholehearted Support & Service

Receiving Calls from the Customers’ Viewpoint
At the Customer Support Center in Japan, actual products are placed beside call center staff so they can understand customers’ questions first hand by operating the products in question. The Customer Support Center also offers product information and value-added proposals to enhance customer satisfaction.

Initiatives for Faster Repairs

Pioneer handles approximately 138,000 repairs annually in Japan. Customers highly regard our initiatives for faster repairs. The Pioneer Group is strengthening and expanding its car OEM product service network and systems worldwide and the service network and systems that target emerging markets.

Response rate: 88.9% (2017)

Results of the Independent Customer Satisfaction Survey in Japan (2017)

| Overall satisfaction following repairs as reported by the survey | 88.9% |
| Customer satisfaction with the Customer Support Center | 86.5% |
| Customer satisfaction with the Parts Ordering Center | 87.1% |

The above data are results of the customer satisfaction survey conducted by Pioneer.

Consumer Issues | To Win Customers’ Satisfaction and Trust

Further Enhancing Quality and Promoting Product Development from the User’s Perspective to Achieve Customer Satisfaction and Confidence

From the initial (upstream) stage of product development, the Pioneer Group is engaged in Advanced Product Quality Planning (APQP), a cross-organizational approach to find and resolve issues quickly, in order to achieve quality targets.

We are also promoting Human-Centered Design, a process for developing products and services based on users’ perspectives including user requirements and experience, and are constantly striving to enable customers to enjoy and be pleased to use our products with excitement, that is, to offer an excellent user experience.

● APQP Activities at Pioneer
  - **Approach to Quality Assurance Activities**
    - **APQP**
      - Increase the soundness of internal processes
    - Human-centered design
      - Meet customer expectations
      - Improve the brand image
    - Environmentally friendly products
      - Eco products
    - Technological innovation
  - **Quality Maintenance**
    - Reflect quality improvement cost
    - Compliance
    - Public laws and regulations
    - Environmental laws and regulations
    - Zero Critical FS Incidents*1
    - Zero Epidemic Defects*2
  - **Quality Enhancement**
    - Emphasis on preventive measures
      - Permit no defects
      - Reflect customer feedback
      - Service information (experts)
      - Sales information (customer responses and returned goods)
    - “The Voice of the Customer” report from the Customer Support Center

● Continuous Improvement Activities Based on Quality Management Systems

Having established quality management systems based on the ISO9001 and IATF16949 international standards on quality management, we are working to achieve continuous improvement using the Plan Do Check Action (PDCA) closed loop. We have also obtained ISO13485 certification in the medical devices field.

**Major quality assurance management system accreditations held:**
- ISO9001: Quality management system
- IATF16949: Quality management system for automotive
- ISO13485: Quality management system for medical devices

- DPIA 1817

Part 2  Systems and Initiatives Underpinning Pioneer’s CSR

INTERVIEW

The Individual’s Resolve to Improve Quality

Shoma Hattori
Quality Assurance Section 1, Quality Assurance Division 1, Quality Assurance Division

I am in charge of quality assurance work, from product development to market, for CYBER NAVI, RAKU NAVI, and other products for the Japanese market. Although we all aspire to make better products, my opinions sometimes differ from those of people in other divisions, as well as from those of colleagues in my own workplace. This tends to be particularly true about quality, something that is difficult to visualize. At such times, I ask myself if I could be proud of myself if a customer were observing me. When I think further improvement is required without compromise, I do my utmost to persuade my colleagues.

Since we all share the aspiration to create better products, opinions embodying this aspiration are persuasive.
Enabling Every Employee to Achieve Greater Job Satisfaction while Bringing Their Capabilities into Full Play for the Group’s Superior Competitiveness

In an effort to realize the Group Vision, we are working to create an environment where a diverse group of employees, who maintain their professionalism, are able to work to their fullest and create new value, irrespective of their age, gender or nationality. In addition to systems and measures that offer employees greater flexibility in working styles and personnel development programs including career development support, we support our employees in various other ways, including through support for employees’ mental and physical health, so that all our employees with their diverse backgrounds can achieve greater job satisfaction and bring their capabilities into full play. Through these initiatives, we will transform their dynamism into the Pioneer Group’s competitiveness.

Helping Employees Balance Work and Childcare

Pioneer actively promotes initiatives to help employees balance childcare and work. Since 2007, the Company has been continuously certified with the Next Generation Certification “Kurumin” mark issued by Japan’s Ministry of Health, Labour and Welfare. Currently, we are continuing our initiatives under the 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 pursue initiatives to reinforce dynamism into the Pioneer Group’s competitiveness.

Supporting Employees’ Mental and Physical Health

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

Promoting the 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 throughout the Group as a whole.
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.

Based on this philosophy, the Pioneer Group is committed to pressing forward with preventing environmental pollution, conserving resources and saving energy, and we believe it is our mission also to provide a high standard of living and deliver inspiration based on a new sense of ecology.

In addition, Pioneer is actively supporting and cooperating with efforts to protect the natural environment, maintain the earth’s environment, and pass it on to the next generation.

**Organizational Structure for Environmental Activities at Pioneer**

The Pioneer Environmental Conservation Committee controls environmental preservation activities, while the Pioneer Eco-Products Committee cross-divisionally controls environmental preservation activities related to products. This structure serves to promote overall activities of Pioneer’s environmental preservation system to cover both business sites and products.

**Basic Policies of Environmental Preservation**

1. **Prevention of Global Warming**
2. **Conservation of Resources and Recycling**
3. **Management of Chemical Substances**
4. **Preservation of Biodiversity**
5. **Disclosure of Information and Communication**
6. **Compliance with Laws and Regulations**

**Policies**

- President
- Environmental Officer

**President**

**Internal Award System**

The Pioneer Group has been internally awarding business sites, groups, or individuals around the world that have contributed to environmental protection activities with the Pioneer Environmental Contribution Award and has been awarding patents that are considered to contribute to environmental protection with the Environmental Patent Award.

**Initiatives in Product Development**

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.

**Activity Policy**

- **Prevention of Global Warming**
  - Reduction of power consumption
  - Improvement of car fuel consumption
  - Energy saving during transport
- **Resource Recycling**
  - Reduction of material quantities and number of parts
  - Reduction of packaging
  - Easily degrading properties
- **Management of Chemical Substances Contained in Product**
  - Minimization of environmental impacts
  - Promotion of green procurement
  - Management of chemical substance information

**Environmental Education**

For Pioneer’s environmental activities data, please refer to the “Pioneer Group Environmental Data 2017.”

http://global.pioneer/en/society/environment/data/
Environmentally Considerate Design and Functions

The Pioneer Group is engaged in design and development of products that contribute to energy saving and resource saving, such as through size and weight reduction, and functions that contribute to environmental protection during usage by customers. We are pursuing development of environmentally friendly products, always taking safety of chemical substances into consideration.

- **Idling Attenuator**
  When it is recognized that the vehicle has stopped, the volume of the in-vehicle AV products is reduced automatically to cut power consumption. The volume gradually decreases from two seconds after the vehicle stops and the volume is increased gradually to the initial level once the vehicle starts moving again.

- **Check eco-friendliness of your driving**
  Evaluate your Eco-Driving
  The eco-friendliness of your driving is evaluated based on a comprehensive evaluation of your performance using three criteria: e-start rate, constant speed rate, and idling rate. A playful graphic presentation and voice guidance support your eco-friendly driving.

Initiatives at Manufacturing Plants

- **Introduction of energy-saving facilities and equipment**
  Tohoku Pioneer Corporation in Japan measures to save energy and reduce greenhouse gas emissions.

- **Replacement of boilers**
  Two boilers used for heating and dishwashing in the kitchen were replaced with four high-performance compact boilers.
  As a result, consumption of A heavy oil is expected to be reduced by 10.4 kL per year, which translates into a 28-ton reduction in CO₂ emissions per year.

- **Mercury lamps for outdoor lighting replaced by LED lighting**
  LED lighting is now used for 48 units of outdoor lighting equipment. As a result, power consumption is expected to be reduced by 36,696 kwh per year, which translates into a 20-ton reduction in CO₂ emissions per year.

- **Recycling of highly foamed polyethylene sheets by a shredder**
  The resilience of highly foamed polyethylene sheets prevents reduction of volume by compression. The plant has introduced a shredder to shred and feed them into a compactor, enabling material recycling.

Waste Reduction and Promotion of Recycling

At the Kawagoe Plant in Japan, the Recycling Center has been taking the initiative in reducing the volume of waste and promoting recycling throughout the plant.

- **Promotion of recycling of plastic waste generated in manufacturing processes**
  Plastic waste generated in manufacturing processes is thoroughly classified by means of shelves designated for each item and labeling devised in cooperation with the Production Department. Material recycling of plastic waste has been expanded from eight items to 24.

- **Recycling of highly foamed polyethylene sheets by a shredder**
  The resilience of highly foamed polyethylene sheets prevents reduction of volume by compression. The plant has introduced a shredder to shred and feed them into a compactor, enabling material recycling.

Pioneer considers the environment with a viewpoint of the Product Life Cycle.

Green procurement
- Revision of the Green Procurement Standard with a viewpoint of the Product Life Cycle in fiscal 2017

Environmentally considerate design
- Miniaturization, weight reduction
- Reduced power consumption
- Environmentally considerate functions, such as those addressing traffic congestion

Environmentally considerate production
- Energy saving
- Resource recycling
- Management of chemical substances, etc.

Efficient transportation
- Reduction of packaging materials
- Modal shift

Environmentally considerate functions
- Idling Attenuator
- Eco-route Search
- Evaluate your Eco-Driving

Adapting to the recycling scheme at point of consumption
- Global system monitoring laws and regulations
- Design for ease of recycling
- Reduction of waste by alleviating traffic accidents
Part 2  Systems and Initiatives Underpinning Pioneer’s CSR

Engaging in the Development of Communities  Corporate Citizenship Activities

Actively Contributing to Society with Focus on Audio & Video, Environmental Protection, and Educational Support Activities

The Pioneer Group makes use of our technologies, experiences and knowhow to actively contribute to society with a particular focus on audio & video, environmental protection and educational support activities. We are also actively supporting welfare activities, disaster relief (in the form of matching gifts) and many other enterprises that take into account the support requested by communities.

The Pioneer Group will continue to engage in corporate citizenship activities, in which each and every employee enthusiastically participates, so that we may continue to have a prosperous society based on our Group Philosophy of “Move the Heart and Touch the Soul.”

Audio & Video

● “Listen through the Body” Concerts

The concerts are one example of Pioneer’s societal contribution and volunteer activities. Using a system for changing sound into vibrations, which was invented by Pioneer founder Nozomu Matsumoto, people with hearing difficulties can also enjoy the pleasures of music. “Listen through the Body” concerts have been held regularly since 1992.

Certified as “This is MECENAT 2017” by the Association for Corporate Support of the Arts in Japan as an activity that promotes arts and culture, seeking to realize a richly creative society.

Sound Vibration System
Comprised of a square floor cushion and pouch with a built-in vibration device, this system transmits sound as vibrations to the body so that people who have hearing difficulties (people who use hearing aids as well as those who have acquired hearing impairment) are also able to enjoy music.

Environmental Protection

● Forest Protection Activity

In 2005, Pioneer concluded an agreement with the Saitama Prefectural Forestry Public Corporation to take over regular management of 2.4 hectares of cypress forest near Kamakita Lake in Japan, which we have named the “Pioneer Forest.” The “Pioneer Forest” has grown bright and leafy thanks to the work of Pioneer employees and their families volunteering regularly to prune and thin trees. Going forward, we will enhance activities utilizing the forest including workshops for children to experience nature.

Educational Support

● Hands-on Craft Workshop

Pioneer is active in providing activities for children and others to experience the fun of making things. Seven workshops were held in FY2017, which were attended by 117 people. At the Papercraft Speaker Workshop, children learned about the principles of sound and the structure of speakers, after which they attempted to make an actual speaker using paper. We at Pioneer would like to convey the excitement felt when a child hears sound come out of a speaker that he/she made himself/herself.

Community Contributions Involving Use of the Sound Vibration System Together with Other Companies

NEC Networks & System Integration Corporation
In October 2016, NEC Networks & System Integration Corporation, in collaboration with Toho College of Music, held the 3rd NEC Networks & System Integration Charity Concert in Japan. Fifteen units of Pioneer’s sound vibration system were installed for the concert, and an audience of some 260 music lovers, including students from a nearby school for the visually impaired, enjoyed the performance.

Bunka Shutter Co., Ltd.
January 2017 marked the holding of the first “Listen through the Body” concert at Bunka Shutter BX Hall in Japan, operated by Bunka Shutter Co., Ltd., which like Pioneer, has its headquarters in Bunkyo Ward, Tokyo. We installed 33 units of the sound vibration system for the concert, the 235th in the regular series, which was attended by 154 people, including those with disabilities.

Education Support for Children in Local Communities

Social Welfare Activity
In August 2016, 21 employees of Pioneer (HK) Ltd., a Pioneer subsidiary in Hong Kong, enjoyed making handcrafts and playing games together with children at Tung Wah Group of Hospitals, a charitable organization in China, as a social welfare activity benefiting local children.

Hosting of a Field Trip
In August 2016, Pioneer do Brasil Ltda., a production subsidiary in Brazil, welcomed 28 students from a local public elementary school.

As part of a field trip, the students toured the company’s production lines and workplaces to learn what working at a company is like and how car stereo and car navigation systems are manufactured.

The company also introduced the students to the principles underlying environmental initiatives such as sorting trash, minimizing litter, and conserving water resources.

INTERVIEW

The Desire to Publicize Pioneer’s Identity

I am involved in the planning and holding of Listen through the Body concerts and other social contribution activities of Pioneer.

I think Pioneer’s social contribution activities are valuable opportunities for us to inform local community residents about Pioneer’s distinctive identity, as embodied in the Group Philosophy and the founder’s vision. This work makes me realize that Pioneer is a company needed by people in various spheres.

I want to continue to widely publicize these activities and further enhance them by reflecting the opinions of many people.

My aspiration is to become a person able to deliver on the “Move the Heart and Touch the Soul” Group Philosophy.

If you have an opportunity to attend a “Listen through the Body” concert, I urge you to take it!

Sho Suzuki  
CSR & Environmental Preservation Department, Legal & Risk Management Division
Corporate Governance and Fair Business Practices

Emphasizing a sincere relationship with its stakeholders in realizing sustainable corporate development, the Pioneer Group is making the following efforts.

**Corporate Governance**

Pioneer has adopted an Audit & Supervisory Board system for its corporate governance. The Board of Directors has elected executive officers which comprise the Group Executive Committee. The Committee swiftly makes decisions regarding important issues that arise in the course of business promotion under the supervision of the Board of Directors. Through these initiatives, 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.

Pioneer has elected several highly independent outside directors to strengthen the supervisory function of the Board of Directors. The Audit & Supervisory Board, the majority of which consists of highly independent outside audit & supervisory board members, audits the directors’ performance of their duties.

**Voluntary Advisory Committees**

Pioneer has voluntarily established three committees, each chaired by an outside director, as advisory committees designed to heighten management transparency and strengthen the oversight function of the Board of Directors. These committees deliberate on the following matters, respectively:

- **Nominating Committee**: Matters concerning the election and dismissal of directors and executive officers, and the election of audit & supervisory board members
- **Compensation Committee**: Matters related to remuneration and other benefits for directors and executive officers
- **Special Committee**: Matters concerning measures to deal with events that have a significant impact on corporate value, including mergers and acquisitions

These Committees report the results of their deliberations and make related recommendations to the Board of Directors. The Board of Directors gives full consideration to these reports and recommendations in the course of related decision-making.

**Compliance and Internal Reporting**

The Pioneer Group considers ensuring compliance with laws and regulations, norms, and social requirements as the foundation for earning trust and respect from society and as 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 outside director, was established in accordance with the “Basic Rules for Business Ethics,” which form a part of the Rules of the Pioneer Group, to ensure strict adherence to the “Pioneer Group’s Charter for Corporate Operations” and the “Pioneer Group’s Code of Conduct.”

The Business Ethics Hotline has been established as an internal reporting system for the entire Group to early 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 to enable appropriate action while ensuring anonymity of informants.

**Internal Control System and Risk Management**

The Internal Control Committee, chaired by the executive officer in charge of risk management, has been established in accordance with the “Basic Rules for Internal Control Systems” under the Rules of the Pioneer Group, to consolidate and reinforce its management systems aimed at addressing risks inherent in the Group’s business activities. The Internal Control Committee conducts risk assessments to acquire a better understanding of risks, and works to address risks by formulating preventive measures and taking other proactive steps.

The Audit Division audits the business operations of the entire Group, and collaborates closely with internal audit managers from each Group company, the Audit & Supervisory Board and other related parties when auditing internal control systems and risk management as it endeavors to enhance the efficacy of internal audits related to quality control, environmental protection, and other matters.

Moreover, corporate auditors ensure the effectiveness of their audits by meeting regularly with the representative director and expanding opportunities for periodic explanations and reports from the Audit Division and the independent auditor.

**Fair Business Practices**

The Pioneer Group respects social norms and the moral code in promoting fair business activities with the aim of protecting peace and public order as a good corporate citizen and promoting the development of an affluent society, as well as ensuring compliance with internal rules, laws and regulations.

**Appropriate Disclosure of Corporate Information**

The Pioneer Group has formulated the “Basic Rules on Disclosure” under the Rules of the Pioneer Group, to timely and appropriately disclose corporate information to all stakeholders including shareholders, investors, customers, suppliers, mass media and local communities. In accordance with the “Basic Rules on Disclosure,” the Group actively and fairly discloses information required by laws and regulations and public rules, as well as information that is considered useful for a better understanding of the Group and making decisions to invest in the Company’s shares. By ensuring appropriate disclosure of corporate information, Pioneer will increase the transparency of the corporate activities with the aim of deepening the understanding and trust of shareholders, investors and society at large.
Security Export Control
It is the Pioneer Group’s fundamental management principle to contribute to maintenance of international peace and security, and we comply with each country’s Security Export Control Laws and Regulations based on the International Regimes. Pioneer has appointed its representative director to be Chief Security Export Control Officer. In addition, the Pioneer Group has formulated the “Basic Rules on Security Export Controls” under the Rules of the Pioneer Group and established the Pioneer Export Control Committee covering the entire Group for precise Security Export Control.

Ensuring Fair Trade
To promote fair and free business practices, the Pioneer Group has established the Basic Rules on Fair Trade under the Rules of the Pioneer Group. As subordinate rules, the Group has established manuals to prevent acts that violate laws and regulations pertaining to competition laws, such as the unreasonable restraint of trade, unfair trading methods, and private monopolization. In order to make these thoroughly well known within the Pioneer Group, the Group’s legal divisions in Japan and overseas are taking the lead in offering compliance training.

Exclusion of Anti-social Elements
In accordance with the “Pioneer Group Code of Conduct” under the Rules of the Pioneer Group, the Pioneer Group cuts off all interaction with antisocial elements. We have also established the “Basic Rules for Excluding Anti-social Elements” under the Rules of the Pioneer Group and respond in a lawful manner that is systematic and resolute, including sharing of information within the Pioneer Group, provision of thorough guidance on handling these rules, and communication when addressing such situations.

Protection of Intellectual Property
The Pioneer Group has established the Basic Rules for Intellectual Property Activities under the Rules of the Pioneer Group. As an important part of our strategies for expanding our business, the Pioneer Group is appropriately maintaining and managing intellectual property acquired from research and development of technologies as well as respecting intellectual property held by others.

Information Security and Protection of Personal Information
The Pioneer Group has formulated the “Basic Rules for Information Security Management” under the Rules of the Pioneer Group, which 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.

Crisis Control Measures
The Pioneer Group has established the “Basic Rules for Crisis Controls” under the Rules of the Pioneer Group 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 the executive officer in charge of the General Administration Division, the Emergency Management Committee has been established as a permanent organization pursuant to these basic rules and oversees the education, training and notification processes relating to crisis management. Officers responsible for addressing and resolving crisis events and issues are assigned to each division of Pioneer and each Group company.

CSR procurement policy
In 2017, the Pioneer Group revised the Pioneer CSR Procurement Guidelines in response to the current global trends of CSR. We also conducted questionnaires and interviews with material suppliers on human rights and labor practices in fiscal 2017.

Excluding anti-social elements
The Pioneer Group requires that its suppliers not associate with, utilize, or provide funds to anti-social elements.

Prohibition on bribery
We require all our employees to comply with regulations against bribery applicable in the countries where the Pioneer Group conducts business.

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 business continuity and continuation of supply. Therefore, we require each supplier to clarify its supply chain, while establishing and continually improving its BCP to enable swift response in any accidents.

Addressing environmental laws and regulations
The Pioneer Group requests that our business partners make the following efforts and enhancements based on our Philosophy of Environmental Preservation whereby we hold that “maintaining, improving, and handling over the global environment to the next generation is our corporate mission.”

Response to conflict minerals
It is the Pioneer Group’s policy not to procure any materials, parts or products that use mineral resources involving human rights violations, environmental destruction, child labor or other problems.

We also request our material suppliers to adopt this policy. If it is found that mineral resources involving such problems are used, we will take action to resolve the situation in cooperation with the suppliers.

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