

Under the Company Law of Japan, Pioneer has elected to structure its corporate governance system as a company with a board of corporate auditors. The Board of Directors, which includes several outside directors, decides on fundamental issues such as management policies and supervises the execution of business activities, while the Board of Corporate Auditors audits the directors' performance of their duties.

Based on this institutional structure, Pioneer has adopted an executive officer system to expedite the execution of business activities and clarify the responsibilities for each business. Meanwhile, aiming to enhance the transparency of decision making, Pioneer has established a Group Executive Committee and voluntary advisory committees to the Board of Directors.

Board of Directors/Board of Corporate Auditors

Pioneer has adopted a corporate auditor system of corporate governance. The Company has established the Board of Directors as a decision-making body for matters of the highest importance, such as management policies, and as a supervisory body. The representative directors are responsible for business execution, while the Board of Corporate Auditors is responsible for auditing. In fiscal 2009, the year ended March 31, 2009, the Board of Directors held 10 meetings, while the Board of Corporate Auditors held 11 meetings.

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

Furthermore, the Company has adopted an executive officer system to expedite business execution and clarify the responsibilities for each business.

Group Executive Committee

The Group Executive Committee, which was formed to reinforce decision making, is comprised of directors and executive officers chosen by the Board of Directors and holds regular meetings twice per month, in principle. The Group Executive Committee, under the supervision of the Board of Directors, thoroughly discusses issues such as priorities for advancing business activities, investment projects, group realignment, and group-wide management strategies, as well as medium- and long-term policies, and approves these issues or in cases where the Board of Directors has decision-making authority, the Group Executive Committee

reports on these issues to the Board of Directors. In fiscal 2009, the Group Executive Committee held 29 meetings and deliberated approximately 110 issues, functioning effectively as part of the management decision-making process in support of the Board of Directors.

Voluntary Advisory Committees

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

Nominating Committee

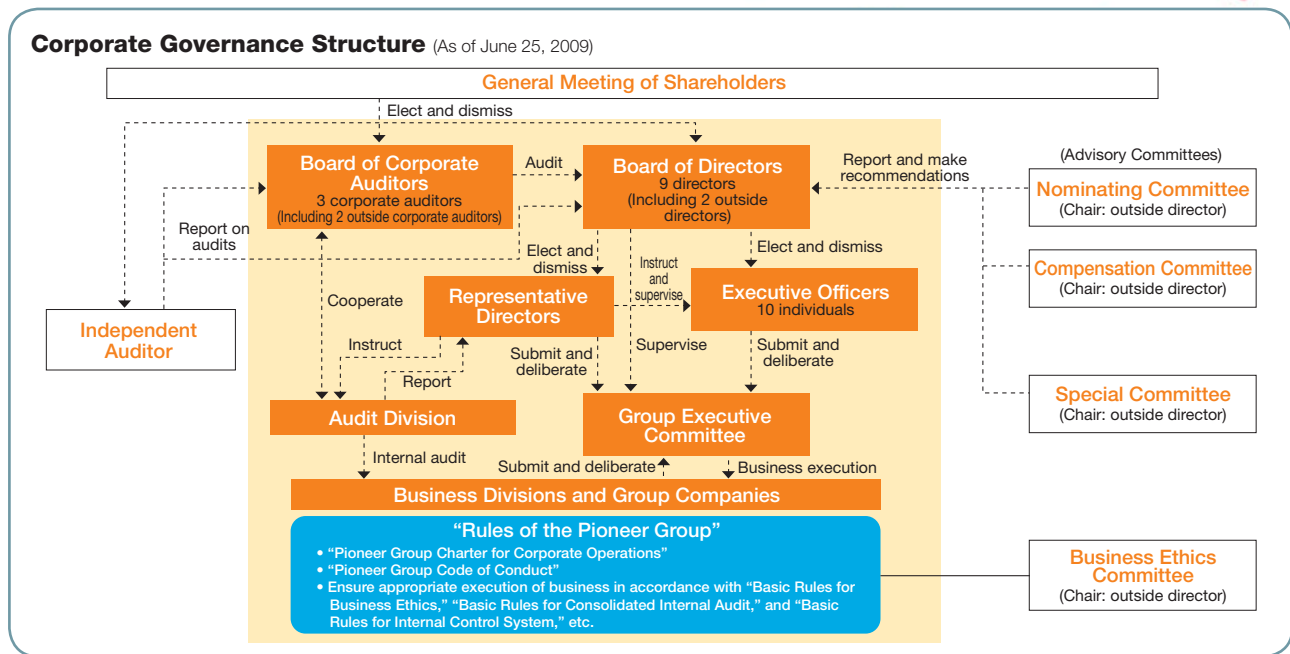
This committee discusses matters concerning the election and dismissal of directors; the election, dismissal, promotion and demotion of executive officers; and the election of corporate auditors. In fiscal 2009, the committee held two meetings.

Compensation Committee

This committee discusses issues such as policies and systems for remuneration and other benefits for directors and executive officers as well as individual evaluations and compensation levels. In fiscal 2009, the committee held two meetings.

Special Committee

This committee examines and discusses measures to deal with affairs that have a significant impact on corporate value, such as mergers and acquisitions, both when they occur, and when they are likely to occur, from the standpoint of legality, reasonableness, and appropriateness.



Ensuring Appropriate Execution of Business

To ensure that employees throughout the Group share its corporate philosophy of “Move the Heart and Touch the Soul,” Pioneer has determined a “Group Vision Structure” and formulated the “Rules of the Pioneer Group.”

Aimed at ensuring that the Company will remain trusted and respected as a good corporate citizen, the “Pioneer Group Charter for Corporate Operations” is foremost in importance. The “Rules of the Pioneer Group” also consist of the “Pioneer Group Code of Conduct,” which stipulates specific decision-making and behavioral standards, rules outlining the scope of responsibility and authority for each Group company, and rules related to compliance.

In regard to compliance, based on its “Basic Rules for Business Ethics,” 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 Code of Conduct.” We have also established an internal reporting system called the “Business Ethics Hotline” that is independent of the normal corporate reporting channels. All reports on violations of the “Pioneer Group Code of Conduct” received by this hotline are dealt with in good faith.

In addition, the Audit Division, Pioneer’s internal auditing unit, audits the Group’s business activities in accordance with the “Basic Rules for Consolidated Internal Audit,” to ensure compliance with laws and internal regulations.

Pioneer’s policy regarding the elimination of anti-social forces that threaten social order and security is stipulated by the “Pioneer Group Charter for Corporate Operations.” In the spirit of pursuing fair-minded corporate activities that respect social justice, the Company resists anti-social forces in a systematic and resolute manner in accordance with the “Pioneer Group Code of Conduct.”

To ensure appropriate disclosure of corporate information and the accuracy of financial reporting, Pioneer has formulated the “Basic Rules on Disclosure” and the “Basic Rules for Consolidation Accounting” with the aim of strengthening its information management system.

Based on its “Basic Rules for Internal Control System,” Pioneer has established an Internal Control Committee, which is chaired by a representative director of the Company, to enhance and bolster the risk management system for risks associated with the Group’s businesses. The committee devises measures to identify risks and prevent crises. Response policies for material risks are set out in the “Rules of the Pioneer Group” and managed systematically.

Furthermore, based on the “Basic Rules for Crisis Controls,” we have established a crisis control structure for the Pioneer Group and strive to ensure proper responses in the event of a crisis. We have also formulated the “Basic Rules for Authority of Group Companies” to clarify authority, responsibility, and approval procedures with respect to decision making on important matters for each Group company.