



Environmental Sustainability Report 2008

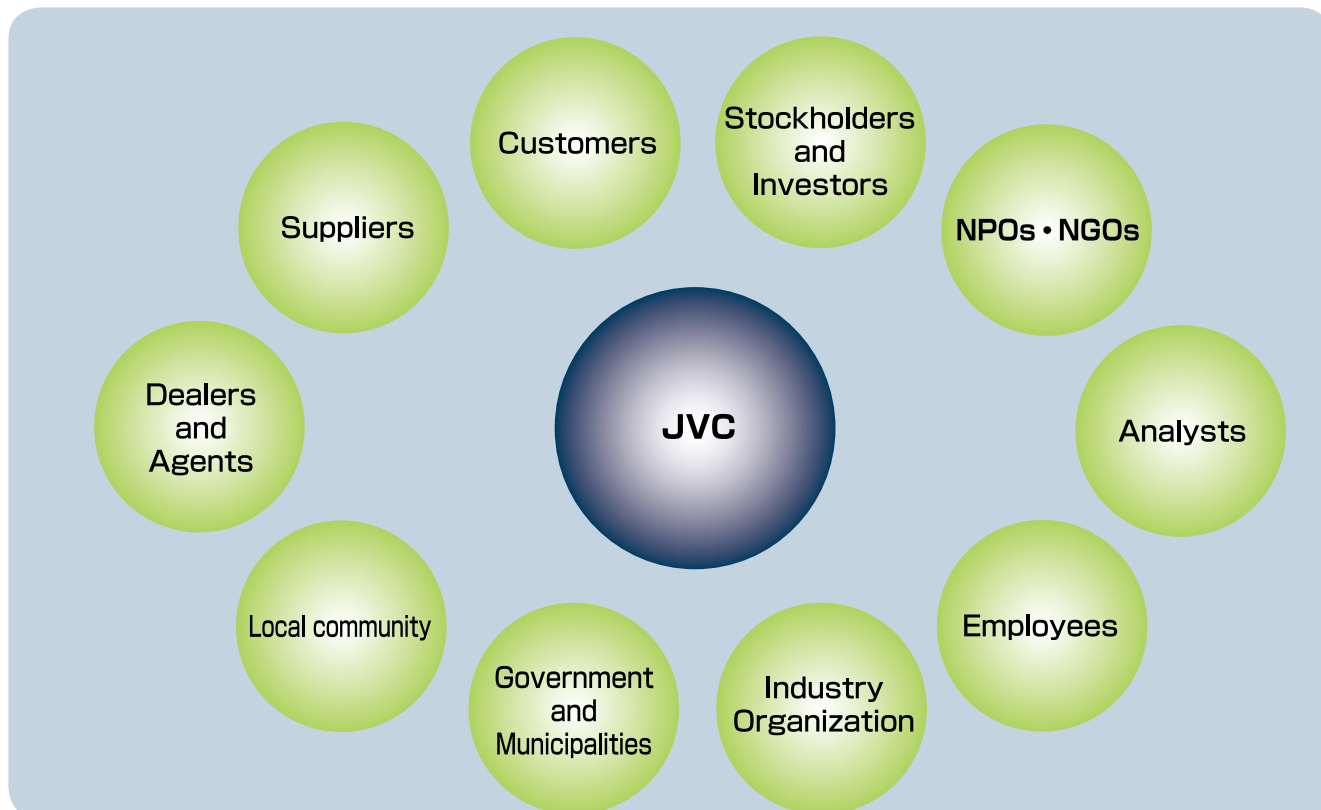
Victor Company of Japan, Limited

Corporate Profile & Relevant Stakeholders

Corporate Profile

Company name	Victor Company of Japan, Limited (JVC)
Head Office	12, Moriya-cho 3-chome, Kanagawa-ku, Yokohama, 221- 8528
President	Kunihiko Sato
Established	Sep. 13. 1927
Capital	¥51,615 million (As of 31st March, 2008)
Sales Amount	Consolidated ¥658,449 million (Accounts settled in March, 2008) Non-consolidated ¥330,743 million (Accounts settled in March, 2008)
Number of Employees	Consolidated 19,044 (As of 31st March, 2008) Non-consolidated 4,423 (As of 31st March, 2008)
Business Profile	Research, development, manufacturing and sales of audio-visual and computer-related consumer and professional use equipment, and magnetic tapes and discs.
Main Products	<p>Consumer Use Products ● LCD TVs, Projection TVs, CRT TVs ● Digital video cameras ● DVD players and recorders ● Car AV systems ● Other audio apparatuses including MD, CD and DVD components ● VCRs</p> <p>Industrial Products ● Video monitoring equipment ● Audio equipment ● Video equipment ● Projectors ● Card printers</p> <p>Component&Devices ● Motors ● Optical pickups ● High Density Build-up Multilayer Substrate</p> <p>Software&Media ● Recordable media ● Audio and video software</p> <p>Others ● Interior furniture ● Production facilities</p>
Scope of this report	This report mainly covers the headquarter which establishes and manages the environmental management system, manufacturing sites including affiliated companies and in Japan. When overseas sites are included, they are described as consolidated. (See page 40).
Report period	Fiscal year 2008 (April 1, 2007 through March 31, 2008). However, exceptions are made to cases where separately noted.

Stakeholders in this report





Preface

Corporate Profile and Relevant Stakeholders	2
Table of Contents	3
Message from President	4

Environmental Performance Report

Basic Environmental Policy	5
Promotion of Voluntary Environmental Action Plan	6 - 7
Green Products	
Development of Energy Saving Products	8
Examples of Environmentally-Friendly Product Development	9
Compliance Efforts for Chemical Substance Control	10
Efforts in Recycling of Used Products	11 - 12
Clean Factory	
Efforts in Saving Energy and Preventing Global Warming	13
Efforts in Reducing Waste	14
Reduction and Appropriate Management of Environmentally Harmful Chemical Substances	15
VOC Emission Reduction and Chemical Substance Control	16
Air-Quality Conservation and Water Resource	17
Water Quality Conservation and Waste Risk Management	18
Green Logistics and Green Procurement in Offices	19
Environmental Accounting and Risk Management	20
Commitment to Environmental Management	21 - 22
Environmental Communication	23

Social Performance Report

Brand Book	24
Toward Fair Corporate Activities	25
Report Economic Characteristics	26 - 27
Toward Delivery of Reliable and Safe Products, and Improvement of Customer Satisfaction	28 - 30
Universal Design	31
Employee Relations	32 - 35
Artistic and Cultural Contribution Activities	36
Social Contribution Activities	37 - 39
Sites Relevant to Environmental Report	40
History of Environmental Management Activities byJVC	41

Editorial Policy

We, at JVC, believe that it is incumbent on us to carry out corporate activities with a view to achieving a society where the sustainable development is feasible. We need to continue, therefore, our endeavors in an economically viable manner while contributing to the society in various ways. Based on this point of view, we issue the Environmental Sustainability Report which accurately and plainly summarizes objectives, targets, achievements and concepts of our respective activities with respect to environmental, economic and social aspects. The Environmental Sustainability Report 2008 primarily covers activities in FY 2008 with areas of the sociality being well explained. We prepared this report by drawing upon the "Environmental Reporting Guidelines 2003" and "Environmental Reporting Guidelines 2007" issued by the Ministry of the Environment and the "Sustainability Reporting Guidelines 2002" published by the Global Reporting Initiative (GRI). We also have the intention to utilize this report as a communication tool with the readers. In this connection, it would be highly appreciated if you could send us your opinion by using the questionnaire included at the end of this report.

Message from President

“We take it upon ourselves to establish CSR and fulfill our environmental responsibilities so that we can make a contribution to conserving the global environment and realizing a society where sustainable development is feasible.”

Since JVC established the basic environmental policy in 1992, we have been promoting a variety of activities to realize a society where sustainable development is feasible.

We strongly believe that a business must fulfill its legal, social and environmental responsibilities, meet social demands, and voluntarily and responsibly perform its business activities to achieve aggressive targets set by itself so that it can keep on creating new added values.

By doing so, we think that we will become a company that society cherishes and wishes to be carried on.

We started over again to create new corporate values under that new organization launched in early 2007.

We shall make further improvements in 2008. We wish to make a contribution to realizing a sustainable society by positively and proactively promoting socially responsible management and enhancing it in consideration of our global operation.

As the global trends indicate, various regions, nations, corporations, organizations and individuals are enhancing their presence in terms of addressing global warming.

JVC has not only reduced the energy we use to operate our business but also offered ecological products which take the 3R into consideration.

Now we have entered into the implementation term of the reduction of the greenhouse effect gas by 6% which was set out by the Kyoto Protocol. In Japan, businesses are also required to fulfill the reduction of total emission. In this connection, we are making efforts achieve the target without fail.

It is also the responsibility of the manufacturer to give environmental consideration in designing products in order to prevent global warming. We are continuing activities to meet expectations from external institutions and organizations. “SUPER SLIM LCD” LT-42S90, which was introduced to the European market this year, won the outstanding performance award, “Plus X Award”, for both its design and environmental performance.

Further at EISA, JVC will be given an award when the IFA is held, as it has won the admiration of EUROPEAN GREEN TV 2008-2009 for its environmental performance.

We will globally market not only TVs but also other products which receive high environmental evaluation marks.

We are promoting environmental management activities to complete the voluntary environmental action plan, “Green Plan 2010”.

JVC will achieve action plan by promoting the GP activity which is to increase the number of ecological products we produce, reducing the environmental burden caused by our business operations, pursuing the CF activity which is to ensure safety, and operating EMS (Environmental Management System) which controls our entire activities for the purpose of achieving “Zero” environmental risk.

We will ensure to communicate with the outside by continuously working with various institutions, by taking timely actions to comply with the environmental regulations which are increasingly prevalent around the world and by ensuring to check information required by society through checking materials contained in products, issuing declarations of conformance and disclosing recycling information.

Lastly, JVC would like to express our deep gratitude to our customers and suppliers who are supporting our environmental management activities and ask for your continued understanding and cooperation.

We would also appreciate it if you could give us your candid comments about this report.



A handwritten signature in black ink, appearing to read 'K. Sato', written in a fluid, cursive style.

Kunihiro Sato

President and Representative Director

Corporate Management Philosophy

“Contributing to culture and serving society”

Basic Philosophy

Based on the corporate management philosophy, JVC, in all of our business activities, will commit ourselves to the preservation of the global environment and will strive, as a good corporate citizen being trusted by the international community, to materialize the society where the sustainable growth is practicable.

Basic Environmental Policy

In full recognition of the fact that the preservation of the environment is the social responsibility of every company, we will promote the following environmental conservation activities by technically possible and economically viable means.

1. We will always consider the environmental effects of our business activities and ensure to reduce the environmental burden on continuing basis.
2. We will make sure to comply with environmental regulations and other requirements concerning the environment and set out voluntary standards to ensure improvement in the quality of our management practices.
3. We will pursue the development of products that will reduce the burden on the environment with a focus on energy, resources and chemicals.
4. We will make efforts to make effective use of earth resource by means of minimizing inputs and emissions caused by our production and sales activities so that we will be able to live together with the community and environment.
5. We will constantly improve the environment management system by maintaining our organizations and systems responsible for promoting environmental preservation activities, and by continuously monitoring activities.
6. We will enhance the environment awareness of our employees and collectively make efforts to conserve the environment.
7. We will also endeavor to conduct our overseas business activities in keeping with this policy and protect the environment as a member of the local community.

Established: April 27th, 1992

Revised: May 24th, 2005

JVC Environmental Campaign Logo

In 1992, we have introduced this logo to enhance and promote awareness of environmental issues among our employees and people who work at JVC's facilities. This symbol is also used for the purpose of public relations to present JVC's commitment to the environment. From 2008 onward, we use this logo as the “environmental label” to indicate that products are satisfying our environmental product standard, in addition to its use as the “environmental symbol” that is to appeal our environmental conservation efforts.

Established: 1992



JVC Loves the Earth

Promotion of Voluntary Environment Action Plan

JVC group companies are positively making efforts to contribute to the realization of the sustainable society and to ensure the achievement of our activities by setting out the “Voluntary Environment Action Plan”. We are mobilizing all of our resources to execute this plan by setting annual targets, which are linked to targets of activities in various business places, in the light of the targets to be completed by FY 2010, which are drawn up in conjunction with the voluntary action plan of the electric and electronics industry organization.

“Green Plan 2010”

JVC drawn up and has been working on the voluntary action plan, “Green Plan 2010”, which is our targets by FY 2010.

This plan incorporates regulations of the government and targets of activities of industry organizations under the policy of preventing global warming and eliminating the environmental impact of toxic chemicals. In addition, when our target values were changed owing to tightening of laws, regulations or our action plan, we reviewed Green Plan 2010 accordingly so that results are ensured. The Green Products (Product related matters) is to increase products which conform to global environmental regulations including those of the EU, by means of the design work focusing on thorough exclusion of toxic chemicals, energy saving performance and effective use of resources.

As for Clean Factories (Factory related matters), we perform activities to reduce greenhouse effect gas and waste and to curb the emission and transfer of the PRTR (Pollutant Release and Transfer Registers) and the VOC (volatile organic compounds) to the environment by introducing tighter control on chemical substances.

Achievements of Green Plan 2010 in FY 2008

We have evaluated the results of our environmental activities against targets of FY 2008.

With regard to GP (Product related matters), we nearly achieved our targets with respect to activities related chemical substances and such.

Among those products (on the basis of sale amount), 90% met the target in terms of the energy use index and 91% met the target in terms of the resource use index.

The results of the GP activities will presented in the form of the environmental performance of products by the use of marks and labels in our in-store displays and brochures.

Products complying with the Law on Promoting Green Purchasing are registered in the “Green Purchasing Products Information Retrieval System”. System

(Web) <http://www.env.go.jp/policy/hozen/green/g-law/gpl-db/index.html>

In addition, products registered at the Green Purchasing Network are posted at the EcoNet. (Web) <http://www.gpn-eco.net>

Result of Green plan 2010 in FY 2008

Action item	Targets in FY 2008	Rating	Result	Reference page
Products related item (Green Product)				
1. Product by GP development	GP development rate: 78% or above	○	91% met the goal (Ones which satisfy either (1) or (2)) 90% (Ratio by sales amount)	8-9
(1) Energy-saving performance	Energy use index 1.58 (The name was changed from the global warming prevention efficiency.)			
(2) Resource saving and recyclability (3R)	Resource use index 1.58 (The name was changed from the global warming prevention efficiency.)		91% (Ratio by sales amount)	11-12
2. Exclusion of hazardous chemical substance	GP-Web (data base) to confirm the exclusion of hazardous chemical substances	○	100% compliance	10
Substitution of polyvinyl chloride resin	Completion of measures for RoHS Assembled type product: To be started with parts whichever feasible. Device type product: To be started with new products		Operation and monitoring of the data base system	
3. Introduction of LCA evaluation	Promotion of LCA evaluation.	○		9
4.Green procurement	Introduction of preliminary search system for REACH (p.10)	○		10
Factories (Clean Factory)	CF certification rate 66% or above (on a global basis)	○	Japan 100% : Overseas 63% = 81%	
1. Energy saving		○		13
Reduction in CO ₂ emissions (on a global basis)	Annual reduction of 1% or above (reduction by 7% or above compared with FY 2001)		16.0% reduction compared with the previous year (24.9% reduction compared with FY 2001)	
2. Chemical substances		○		15-16
(1) Prioritized chemicals for reduction (on a global basis)	Criterion for FY2006: 4.0% or higher (reduction of emission and transfer)		Japan 83.1%, Overseas 61.2%	
(2) Regulatory chemicals (on a global basis)	Criterion for FY2006: 2% or higher(reduction of emission and transfer)		Japan 78.9%, Overseas 50.3%	
3. Waste reduction	14% reduction compared with FY 2001	○	48.9% reduction on a global basis	14
(1) Reduction in the total amount of waste generated (on a global basis)	2% reduction compared with the previous year		Japan 20.9%, Overseas 24.9%	
(2) Zero emissions	Recycling rate: 99% or above (Japan) .99.7%		99.8%	
4. Environmental risks	No investigation on the soil, groundwater, PCB and asbestos shall be missed. No investigation was missed.	○	Substances were properly treated and reports were made to authorities as needed. No investigation was missed.	20
Environmental activities				
1. ISO14001	To enhance the globalized promotion system.	○	Consolidation with the headquarter organization Yokosuka factory, Video-Tech Co., Ltd	21
2. Environmental accounting	To enhance environmental accounting system.	—		20

Promotion of Voluntary Environment Action Plan

Efforts in energy saving and exclusion of toxic chemicals have become of great importance to the product performance and quality. We work to ensure that people will appreciate excellences of our products for having good energy saving performance, being free from toxic chemicals and making best use of resources.

As shown in the table below, we met our target values in all our CF activities (Factory related matters) in FY 2008. We provided the CF certification criteria and carried out the evaluation. Consequently, the pass rates were 100% in the case of domestic sites, 64% in the case of sites abroad and 76% on worldwide basis. We report respective management data to the relevant authorities and industry association organizations (see reference pages for data).

In FY 2008, there were considerable variations to operating rates of production lines of production plants in Japan due to the business structure reform. In addition, with regard to plants abroad, respective indicators show changes as plants in Fujian (China) and Shanghai (China) were closed down due to the structural reform. We will tighten the control over overseas production plants so that all of them will meet the CF certification criteria.

With the ISO 14001 certification, as Victor Interior is now certified for ISO 14001, all production sites in Japan became certified for

ISO 14001. Further, we will proceed with obtaining the ISO 14001 certification for software related businesses to establish the EMS system of JVC group companies.

In FY 2008, JVC is going to execute the management integration with Kenwood Corporation. We will start the preparation of new mid-term and long-term plans in such a way that we pursue the environmental management of higher level by taking advantage of merits of both companies.

Green Product (GP)

Green products are environmentally friendly products and evaluated in terms of energy saving, resource saving and discontinuance of hazardous substances.

Clean Factory (CF)

Clean factories are environmentally friendly production sites and evaluated in terms of environmental burdens such as energy consumption, waste, chemical substances and water consumption.

Targets of Green plan 2010 in FY 2008 or later

Action item	Targets in FY 2008	Targets in FY 2011
Products related item (Green Product)		
1. Product by GP development	GP development rate: 82% or above	90% or above
(1) Energy-saving performance	Global warming prevention factor 1.72 times (compared with FY 2001)	Global warming prevention factor 2.0 times (compared with FY 2001)
(2) Resource saving and recyclability (3R)	Resource factor 1.62 times (compared with FY 2001)	Resource factor 1.7 times (compared with FY 2001)
2. Exclusion of hazardous chemical substance	Substitution of polyvinyl chloride resin	Reduction of its use in internal wirings and AC adopter cords
3. Introduction of LCA evaluation	To conduct the LCA evaluation fully on major product models.	To conduct the LCA evaluation fully on all product models.
4. Green procurement	To study the introduction of the system which comply with REACH.	To make the data base of all material and substance information.
Factories (Clean Factory)	CF certification rate 80% or above (on a global basis)	CF certification rate 90% or above (on a global basis)
1. Energy saving Reduction in CO ₂ emissions (on a global basis)	Annual reduction of 1% or above (reduction by 8% or above compared with FY 2001) <The business locations which have attained the GP2010 shall continue the energy saving activity to achieve the 3.5% reduction in comparison with the actual results in the last year.>	Reduction by 10% or above (compared with FY 2001)
2. Chemical substances (1) Prioritized chemicals for reduction (on a global basis) (2) Regulatory chemicals (on a global basis)	Criterion for FY2006: 6% or higher (reduction of emission and transfer) Criterion for FY2006: 3% or higher (reduction of emission and transfer) <The business locations which have attained the GP2010 shall continue their activities to reduce the emission and transfer volume by 2% and 1% respectively in comparison with the actual results in the last year.>	Criterion for FY2006: 10% or higher (reduction of emission and transfer) Criterion for FY2006: 5% or higher (reduction of emission and transfer)
3. Waste reduction (1) Reduction in the total amount of waste generated (on a global basis) (2) Zero emissions	16% reduction compared with FY 2001 Recycling rate: 99% or above <The business locations which have attained the GP2010 shall continue their activities to reduce the waste generation by 2% in comparison with the actual results in the last year.>	20% reduction compared with FY 2001 Recycling rate: 99% or above
4. Environmental risks	No investigation on the soil, groundwater, PCB and asbestos shall be missed. To complete investigations on all business locations.	To check the complete safety at plants and business locations possessing those materials. To complete investigations on all business locations.
Environmental activities		
1. ISO14001	To enhance the globalized promotion system. To promote certifications by software business related companies.	To improve the efficiency of the EMS management by the JVC group.
2. Environmental accounting	To enhance environmental accounting system.	To improve its accuracy and incorporate it into the environment management.

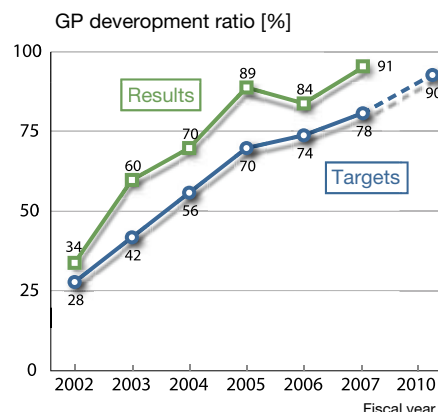
Green Products

Green products are environmentally friendly products which give consideration to the global environment and humans throughout the process of the procurement of raw materials, manufacturing, shipment, sale and disposal

JVC is intensively committed to saving energy, reducing specified hazardous substances and developing products focusing on the 3R's (Reduce, Recycle and Reuse) by means of product development and promote product development to reduce environmental burdens by the product assessment at the design and development stage.

Green products

By setting out criteria in terms of the three factors such as the prevention of global warming, effective use of resources, and chemical control, the green products (GPs) is defined as the products which are improved in terms of their environmental performance in the light of the result of the assessment. We have defined the proportion of GPs to all products developed in the same year in terms of factory shipment values as the GP development rate and have set numerical targets accordingly. The GP development rate in FY 2008 was 91%, which greatly exceeded our previous achievement of 78%. By tightening the acceptance criteria every year, we aim to achieve a GP development rate of 90% or higher in FY 2011.



Green products approval criteria: At least one of the following unique criteria must be satisfied

Definition		Criteria for FY 2009 (Compared with FY 2001)	Criteria for FY 2010 (Compared with FY 2001)
Global warming prevention	$\frac{\text{Product life} \times \text{Product functionality}}{\text{Amount of greenhouse gas emissions in its life cycle}}$	1.72 times	2.0 times
Resource effectiveness rate	$\frac{\text{Product life} \times \text{Product functionality}}{\text{Amount of resources not recycled in its life cycle}}$	1.62 times	1.7 times
Exclusion of specific chemical substances		Conversion of polyvinyl chloride resin to alternate materials	

Example of energy saving product development

(1) Super slim LCD TV

We have launched the sales of the super slim LCD TV, LT-42S90 and 42DS9 on which the design aspect is emphasized in order to appeal the TV as an interior accessory since March, 2008 in Europe. With regard to LT-42S90/DS9, we have adopted the ultra slim liquid crystal panel whose slimmest part is 35mm by developing unique new back light technology. This ultra slim liquid crystal panel greatly contributed to saving energy and resources. The power consumption of LT-42S90/DS9 is reduced by 80% compared with the previous year model of the same size. The product weight is reduced by 65% due to the effect of the new system adopted. The CO₂ emission during its use, production of parts and transportation is to be reduced thanks

for the reduction of both weight (resource saving) and power consumption. LT-42S90 was awarded outstanding performance awards in two categories of the design and ecology by Plus X Award which is one of the most well known prizes in Germany.

In addition, LT-42DS9 was awarded the highest award in the 2008 ecology category by EISA (European Imaging and Sound Association) award which is one of the most prestigious awards for the electronic products in Europe.

Those two awards prove that the super slim TV is not only a TV as an interior accessory of excellent design but also a ecological product that responds to the environmental demands of the present age.



LT-42DS9



EISA Green Award



Plus X Award

● Example of environmentally friendly product development

(1) As for the HDD camcorder, we make efforts not only to reduce the energy consumption and the size of the product itself but also to downsize and trim weight of the package and packing material. The package size of the FY 2009 model M8 series become 20% smaller compared with the previous year model and hence contributing to the reduction of the package material and the transportation energy.

(2) With regard to the SX-L33MK2 speaker system, we tried to make it free from the polyvinyl chloride. Its internal wiring was made the polyvinyl chloride free and the polyvinyl chloride used for the cabinet was switched to the pulp sheet. Thanks for the polyvinyl chloride free cabinet, which is to reduce the environmental burden, it succeeds to have equivalent sound quality and appearance to the sliced veneer finish.

● Material balance (global warming)

As a part of our efforts in the environment conservation, it has become more important for us to take actions to prevent global warming. We conduct life cycle assessments on our representative models.

The table below shows the amount of CO₂ generated in the entire

life cycle of a product from its manufacture to its disposal.

Based on assessments on representative models, we design our products to be environmentally friendly so that the emission of greenhouse effect gases such as CO₂ is reduced throughout the entire life cycle.

CO₂ emissions from representative models calculated by the LCA

(kg- CO₂ /Unit)

Stage in life cycle	Everio	LCD TV	Minicomponent stereo	Car stereo	Card printer
	GZ-MG435 (North American model)	LT-37LC205	EX-AK1	KD-G441	CX-330
Materials	2.78	92.9	21.2	7.8	72.1
Manufacturing ^{*1)}	1.21	19.0	8.4	2.2	37.1
Distribution ^{*1)}	0.31	4.9	0.05	0.2	10.3
Usage ^{*2)}	1.38	550.0	55.3	58.5	2001.6
Disposal	0.01	0.3	2.5	0.3	0.4
CO ₂ emissions ^{*3)}	5.69	667.0	87.5	69.0	2121.5

*1) It is assumed that products are manufactured in our offshore plants and shipped to typical overseas dealers.

*2) Usage hours are determined by product and power consumptions are calculated assuming the following life cycle.

HDD Camcorder (5 years), TV set (8 years), Minicomponent stereo (8 years), Car stereo(6 years), Printer (6 years)

*3) CO₂ emissions is calculated in accordance with our LCA criteria.

(2) Digital power amplifier

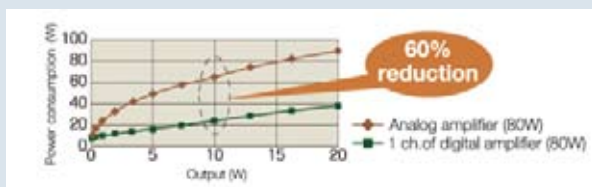
For the first time in the industry, we have released, in June 2008, the business use digital power amplifier, "EM-A842D/822D", which is compatible with the emergency broadcast facility.

In the case of large scale commercial facilities, hospitals and welfare facilities, many calls for the smaller installation space since the large equipment is required for the need to do the business broadcast individually for each area in addition to the emergency broadcast. Further, now the environment issue attracts attentions and the protection of the global environment becomes great social concern, it is required for various companies to reduce the environmental burden.



EM-A842D

This equipment considerably cuts down the space to approximately to one sixth of conventional equipment and the power consumption by 60%, and reduce burden on the environment.



Power consumption at 1/8 of rated output (10W) is reduced by 60% compared with the analog amplifier.

<Representative models subject to LCA>



GZ-MG435



LT-37LC205



EX-AK1



KD-G441



CX-330

● Actions for worldwide regulations on chemical substances used in products

RoHS^{*1} of Europe and J-Moss^{*2} of Japan (The standard for the indication of specific chemical substances contained in electrical and electronic equipment) came into force in FY 2007. In FY 2008, the Electronic Waste Recycling Act (SB20/50)^{*3} of the California State, China's RoHS (the control procedure for prevention of pollutions due to electronic information products)^{*4} were put into force. And in FY 2009, Korea's RoHS (the law concerning the recycle of resources of electrical and electric products, and automobiles) was introduced. As is mentioned, the regulations on chemical substances, which are prepared in accordance with Europe's RoHS, are becoming increasingly common in the world. Facing with such situation, we implemented necessary measures for the globalization of the regulation and completed the conversion to alternate materials which conform to the regulations.

● Measures for REACH regulation

The REACH (Registration, evaluation and authorization of chemical substances) came into force in June, 2007. This REACH regulates not only new substances but also existing chemicals and requires companies to register themselves in the case where they annually manufacture and/or import one ton and more of chemical substances, or to prepare safety evaluation documents in the case where they annually manufacture and/or import ten ton and more of chemical substances. JVC have completed investigations on intentionally released chemical substances which are supposed to have implications and are new undertaking preliminary investigation to fulfill the responsibility imposed on producers and importers of high risk substances which are expected to be publicly announced. In addition, we take part in JAMP (Japan Article Management Promotion-consortium) and

collect information on chemical substances.

● Measures for EuP directive

EU is currently studying on the EuP directive (The directive on eco-design of energy using products) and concrete countermeasures for each products in accordance with the EuP directive. Once the EuP directive is put into force, it will be required to incorporate the ecological design into the scheme of the environmental management system, analyze the environmental burden caused by products over the life cycle and disclose such information. In order to comply with the EuP directive, we designed the scheme to conduct the product assessment and are carrying out preparations for the information disclosure.

● Efforts for reduction of polyvinyl chloride resin and bromine-based flame retardant

JVC not only regulates chemicals regulated by laws but also implements the reduction of the polyvinyl chloride resin and the bromine-based flame retardant as a part of independent efforts. In addition, with regard to the phthalate used as a plasticizer for the polyvinyl chloride, we have prohibited the use of it for parts which usually contact with the skin when products are being used. The product below is the example of such product.



GZ-MG330

*1: RoHS

It is the abbreviation of "Restriction of the Use of Certain Hazardous Substances in Electric and Electronic Equipment". It is the regulation on hazardous substance enforced by the EU and restricts the use of the six substance groups: such as the lead, mercury, cadmium, hexavalent chromium, PBB (polybrominated biphenyl), and PBDE (polybrominated diphenyl ether) for electric and electronic products that have put on to the EU market since 1st July, 2006.

*2: J-Moss

JIS C 0950 "the marking for presence of the specific chemical substances for electrical and electronic equipment" (its first edition was issued on 20th, December 2005 and amended on 21st January, 2008).

It is the abbreviation of "the marking for presence of the specific chemical substances for electrical and electronic equipment" and regulates seven articles of home electric appliances and computers specified by the Law for the Promotion of Effective Utilities of Resources. The six regulated substances are the same as those of RoHS, and if electric and electronic products contain any of those substances they need to state so on their casing. J-Moss is quoted in the ministerial ordinance related to the Law for the Promotion of Effective Utilities of Resources which was revised and announced in April 2006.

*3: The Electronic Waste Recycling Act in California (SB20/SB50)

Similar to EU's RoHS directive, this law provides that the Department of Toxic Substances Control introduces a control on hazardous substances for the applicable articles and also proposes a scheme that retailers charge consumers the recycling fee from 1st January, 2007 is to be introduced. In the case of JVC, this law is applicable only to the display products such as TVs.

*4: China RoHS (the Control of Pollution Caused by Electronic Information Products)

This regulation is intended for electronic information products including electric parts which are different ones regulated by the RoHS of the EU. The regulations are divided into two stages. The 1st stage does not ban the use of restricted substances. However, it is required to indicate information about their presences in parts and materials. Although the details have not yet been determined, the second stage will require companies to obtain the CCC certification (China Compulsory Certification) and prohibit the inclusions of restricted substances.

Achievements in recycling of home electric appliances in Japan

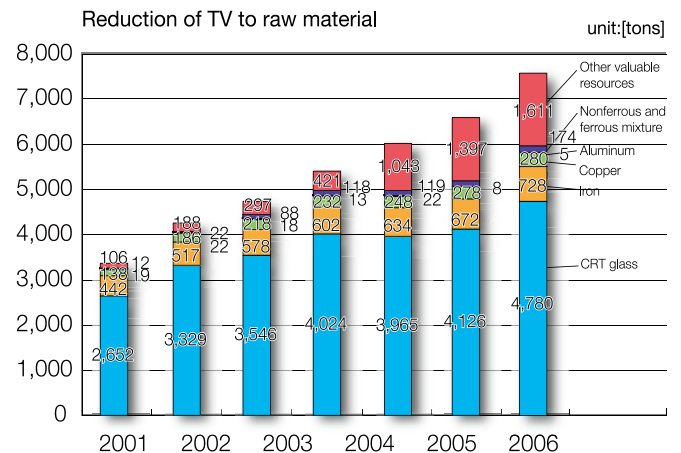
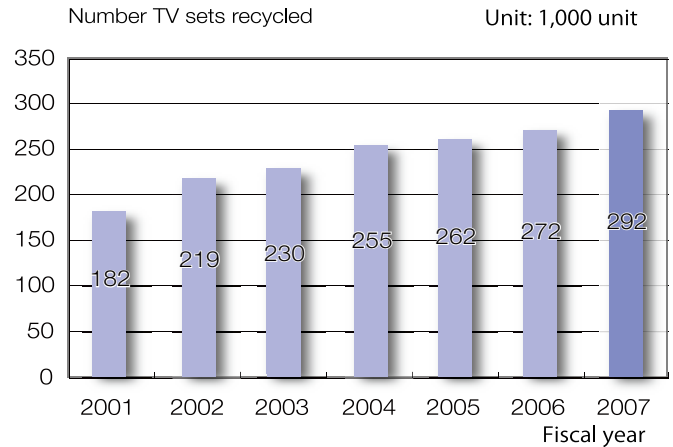
Since April 2001, JVC has been bringing forward the recycling in accordance with the Home Appliance Recycling Law which is intended for TV sets, refrigerators, air conditioners and washing machines.

Result of recycle in FY 2008 in Japan

No. of units collected at designated sites	293,399 units
No. of units recycled	292,336 units
Weight processed including recycling	8,960 tons
Weight recycled	7,578 tons
Recycling rate	84%

In the case of JVC, the applicable products are used CRT TVs. Waste generators, retailers (local governments) and manufacturers assume their respective roles and are committed to "recycling used products" in order to make best of limited earth resources. In FY 2008, the A group, in which we participate, accepted 293,000 units of used TV sets at nationwide 190 designated places and recycled 292,000 sets at nationwide 23 recycling facilities.

This represents an increase of about 7% on the basis of the number of recycled TV sets compared with the previous year and a year-on-year increase of 14% on the basis of weight of TVs recycled. Although the recycling rate required by the law is 55%, we managed to reduce 84% of the total weight of TVs collected (a 4% increase compared with the previous year) materials due to the increase in the amount of plastic we collected.



Annual changes in the volume of reduction to materials are shown in the chart above.

Recycling small rechargeable batteries

According to JBRC, approximately 1,400 tons of rechargeable batteries were collected at about 38,000 collection sites located all over Japan and recycled to recover valuable metal resources last year on our behalf.

The regulatory recycling rates are provided as; 60% for nickel-cadmium rechargeable batteries;; 55% for nickel metal hydride battery;; 30% for lithium-ion rechargeable batteries;; and 50% for small sealed lead batteries. JVC has already achieved all of these rates. We have registered 10 of business locations of Victor Service Engineering Co. Ltd. all over Japan as collection sites for used small rechargeable batteries and contribute to the collection of those batteries.

Home PC recycling

In accordance with, the Law for the Promotion of Effective Utilization of Resources, the collection and recycle of the home PC by PC manufactures and has been started since October 2003.

JVC has been a member of the JEITA's (Japan Electronics and Information Technology Industries Association) PC 3R Promotion Project and collects used PCs (personal computers) through the cooperative collection route established by Japan Post and JEITA. We promote the recycling of those collected used PCs at four recycling plants nationwide.

We are accepting MSXs and mobile PCs manufactured and sold

by JVC in the past.

In FY 2008, we collected only 26 units, which may seem a small number as we just started merchandising mobile PCs. Details of our achievement can be seen on the following website.

http://www.jvc-victor.co.jp/company/envirom/pc_recycle.html

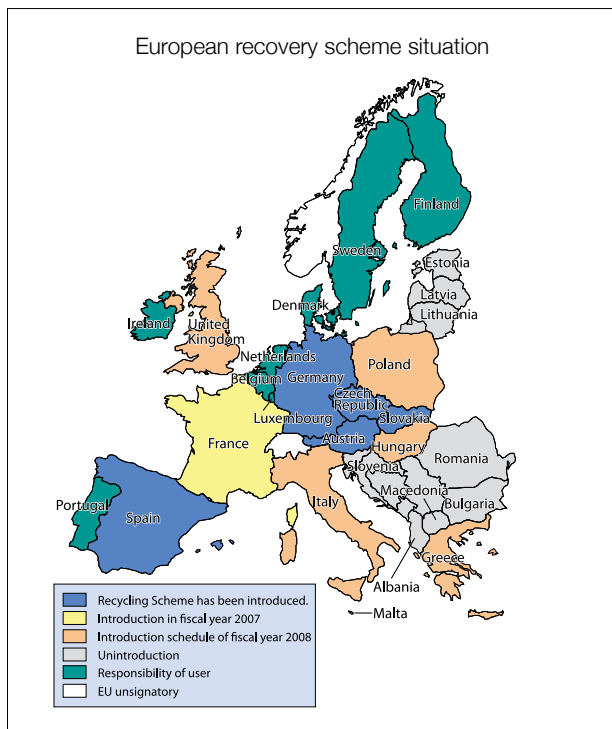
Recycling containers and package

The Containers and Packaging Recycling Law was fully enforced in April 2000. Accordingly, JVC, as a designated manufacturer, is obligated to recycle plastic and paper containers and packages used in Japan. We estimate the generation volume of these items which we will recycle every year and make an "outsourcing contract for recycling" with the Japan Containers and Packaging Recycling Association. We have introduced the 3R design to reduce the generation of waste as much as possible, and make efforts to minimize packaging materials and reduce the volume of waste.

In FY 2008, we have outsourced 281 tons which is less by 19% compared to the last year.

Measures intended for European market

In the EU, as for our applicable products such as TV sets and AV equipment, we are enhancing our achievements in the recycle through respective collection schemes in accordance with laws and regulations of various EU countries.



To start with, we, in May 2005, participated in ENE (Ecology Net Europe) in order to establish the scheme of collection and recycle and have taken part in the collection schemes of 16 companies including the followings:

France: Echo-Logic Company

UK: REPIC Company

Italy: Consorzioimedia Company

Germany: e-back Company

In FY 2008, we processed approximately 5,500 tons, which includes the weight converted on the basis of the number of unit, of wasted electric and electronic equipment and paid 1.86 million Euros.

Applicable products to WEEE (Waste Electric and Electronic Directive)

WEEE is applicable to 10 articles in total including (1) large electric home appliances; (2) small electric home appliances; (3) information technology and telecommunication products; and (4) consumer use devices. All of JVC's AV equipment comes under the scope of WEEE.

WEEE stipulates:

*A recycling ratio to be 65% or higher (the ratio of the weight of reused and recycled materials to the product weight)

*A recovery ratio to be 75% or higher (the ratio of the weight of reusable and recyclable materials plus heat energy generated from combustion to the product body weight)

Efforts in 3R design

We, as a manufacturer, have designed products in such a way that they have less number of parts and that they are easy to be recycled in accordance with the order of priority of the 3R: Reduce, Reuse and Recycle.

In addition, we have promoted the 3R design considering the overall optimization of products, since it affects not only our recycling rate and recovery rate provided by the WEEE but also environmental risks and recycling costs.

We also try to reduce the weight and volume of product packages from the stage of product design. We set out the following objectives and standard design criteria so as to make improvements.

1. Reductions in quantity and volume of products
2. Increase in use of recycled materials
3. Improvement in recyclability
4. Improvement in the degradability and the easiness for dismantling
5. Reduction and recycling of packaging materials
6. Discontinuance and reduction of chemicals that have an

environmental impact

7. Product assessments in term of energy saving performance and such.

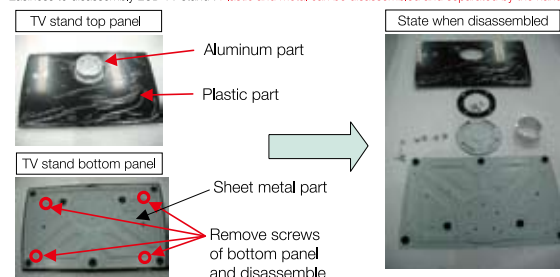
Reduction of material use

We are working on product packaging from the stage of designing new products of respective categories.

For instance, as for TV sets which are getting larger and larger, we have uniquely designed the stand and used weight saving design technique for the body in such a way that the package volume and the material use of the 42 inch class LCD TVs are reduced. Consequently, we have reduced the volume by 46% and the per unit weight of the package material from 3.8Kg to 2.4Kg which makes the reduction by 37%, and improved transportation efficiency by 125% (the number of unit load on the container) when compared with the equivalent previous year model. In this way, we are reducing the environmental burdens such as CO₂.

Example of improvement in easiness to disassemble

Easiness to disassembly LCD TV stand : Plastic and metal can be disassembled and separated by the hands.



Example of the packaging materials for the liquid-crystal TV set.

There has been growing concern on the global warming crisis. To achieve the goals of the Kyoto Protocol, we are continuing to work on reducing greenhouse gas emissions. In Japan, in FY 2008, our emissions of greenhouse gases fell by 47.8% compared with FY 1991 in terms of crude oil equivalent. We are trying to reduce the energy consumption by setting a target of 10% reduction compared with FY 2001 by FY 2011. We have already achieved 25.1% reduction compared with FY 2001 in FY 2008. We have also been taking measures to reduce other greenhouse gases as well as the CO₂ which is generated by energy consumption.

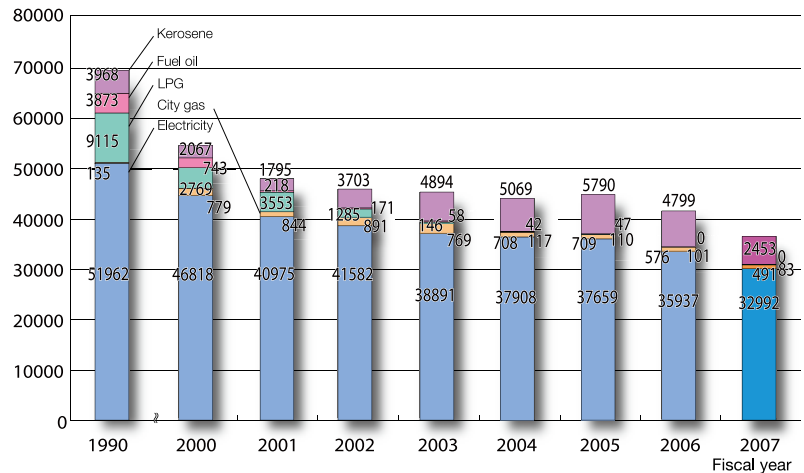
Efforts for energy saving

The chart on the right shows the change in energy consumption by business locations in Japan including affiliates. JVC relies on electricity for about 92% of its energy supply in FY 2008. In 2006, the use of the fuel oil became none and the use of LPG became minimal.

In FY 2008, the energy consumption is reduced by 13.0% compared with the previous year, by 32.3% compared with 2000 and by 47.8% compared with 1990. The large reduction in FY 2008 reflects, to a large extent, those events such as the large reduction in the production output, the renewal of the air conditioning facilities of the Rinkan plant and the introduction of the VOC facility in the Mito plant.

Change of energy consumption (In Japan)

Crude oil equivalent [kℓ]



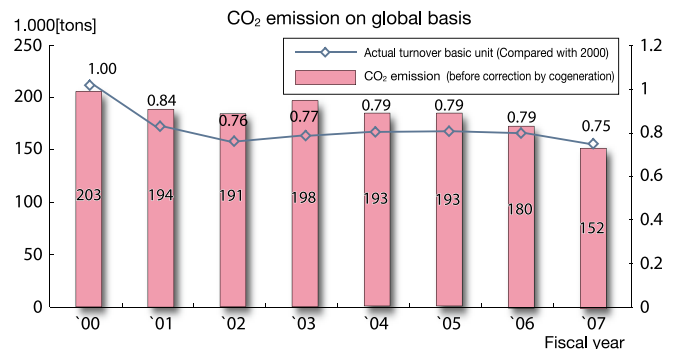
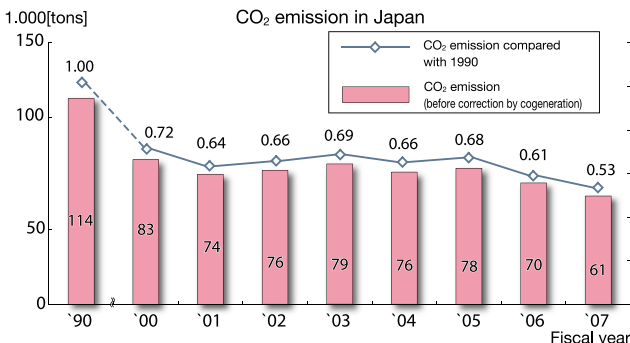
Control of CO₂ emissions

The chart on the lower left shows the change in our energy consumptions calculated by using the CO₂ conversion factor proposed by the Ministry of Environment depending on the type of energy. The CO₂ due to the electric power is calculated by using the conversation value which was announced by Federation of Electric Power Companies in October, 2007. Since the value is not announced in FY 2008, we calculated by using 0.42kgCO₂/Kwh.

In February 2007, the electrical and electric industry has made an upward revision of the goal of FY 2011 from 25% to 28% reduction in terms of actual output basic unit in comparison with 1990. Further, in November 2007, it changed to the higher target value of 35%. In FY 2008, JVC's emission in Japan was

reduced by 47.1% compared with 1990. When this is converted to the domestic actual output basic unit, the reduction represents 13.4%. Since business locations in Japan are mainly engaged in the design and development in accordance with overseas transfer of production functions, the basic unit is affected by the reduction of domestic output. In this connection, the transition on global basis is shown by the graph on the lower right. The emission in FY 2008 is 15.9% less compared with the previous year and 24.9% less compared with FY 2001. When this is converted to the actual consolidated turnover basic unit, it represents the improvement by 25.3% compared with FY 2001.

Since our business structure has been changing, the evaluation will be different depending which basic units is used.



Greenhouse gases other than CO₂

The global warming prevention law mandates to reduce 6 kinds of gases such as the CO₂, methane, N₂O, HFC, PFC and SD6. Currently, production processes in which those gases are used are totally abolished. However, beside production processes,

we use a small quantity of HFC (1.2kg) for the test and analysis. In addition, the methane generated from the digestion tank is minor and amounts approximately 50 ton – CO₂ per year when calculated based the personnel working at the H.Q. Yokohama plant.

The Japan Federation of Economic Organizations (JFEO) has decided to review the plan on the basis of the entire industries, since the target of FY 2011 has been achieved ahead of schedule for three consecutive years. The electric and electronic industry to which JVC belongs has set a target of reducing the final quantity of waste disposed to less than 46,000 tons (a reduction by 89% compared with FY 1991) in FY 2011. Further, this target is subject to the secondary index that the rate of final waste disposal is to be less than 2%. Although we already achieved this new target set by the industry, we will work harder than ever to materialize the zero emission. In addition, we, including overseas plants, will make efforts in making best use of resources.

● Status of waste generation in FY2008

In FY 2008, JVC has set targets of 2% reduction rate and 99% or higher recycling rate compared with the previous year in order to reduce the waste we dispose of. With regard to the total generation amount including our affiliates in Japan, it has fallen by 2,309 ton (20.8%) compared with the previous year.

The main causes are substantially linked with the situation of the production in Japan.

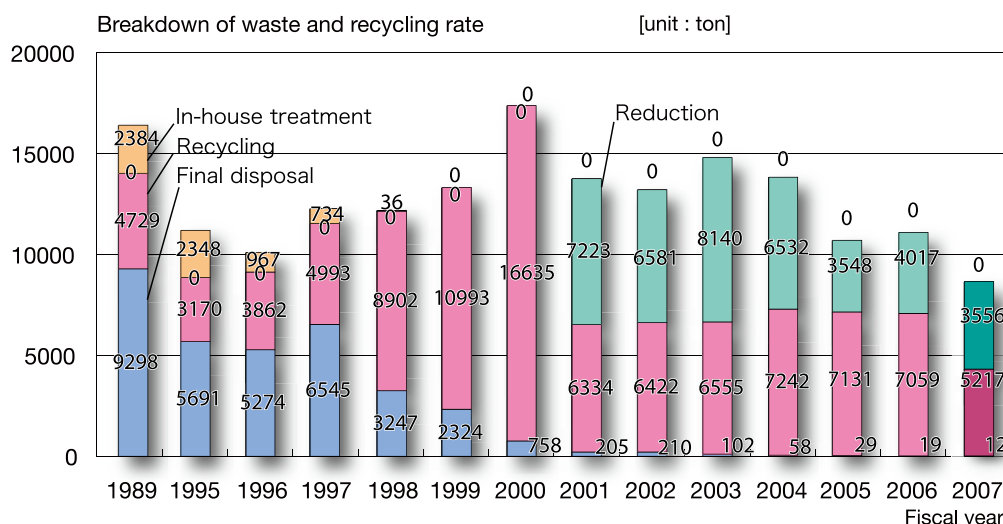
At the H.Q. Yokohama plant, the generation of waste acid and alkali was reduced by more than 500 ton. Further, at the Yamato, Yokosuka and Hachioji plants, the generation of waste plastic and paper was reduced by more than 1,000 ton in total. The recycle rate is 99.8% which is a slight improvement and we are continuing the Zero emission (JVC's standard: 99%).

In addition, the waste was reduced by approximately 1,300 ton overseas in total. Like in Japan, it is also affected by the reduction in the output. The reduction of waste plastic and paper account for approximately 800 ton. In addition, the figure is affected by the shutdown of the Shanghai JVC, the Fujian JVC and JEM due to the elimination and consolidation of plants.

FY 2008 Amount of waste generated

	Domestic Consolidated	Oversea affiliates	Global total
Total amount generated[t]	8,785	5,385	14,170
Amount recycled[t]	5,217	4,874	10,091
Amount reduced[t]	3,556	19	3,575
Final disposal Amount[t]	12	492	504
Recycling rate[%]	99.8	90.8	95.2

*Recycling rate = amount of waste recycled/(amount of waste recycled + amount of final disposal)



● Breakdown of waste and recycle rate (Japan)

The table below shows the transition of the breakdown of waste and the recycle rate totaling JVC and all affiliates in Japan. There have not been major differences for the composition ratio from last year. The items such as sludge, metal scraps, others have slightly increased. However, the paper waste, plastic waste and oil waste was considerably reduced and the reduction

amounted 2,309 ton in total. The recycle rate is as high as 99.8% in total. As for the item of others, the recycle rate has fallen in FY 2008. This is due to that we have conducted the final disposal of approximately 10 ton burnt residue by means of land filling. We will make further efforts in the reduction of waste generation and the recycling of resources.

FY 2008 Total of business locations of Japan.

	Amount of waste generate[t]	Composition ratio[%]	Transition of recycling rate [%]							
			FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Sludge(inorganic, organic, and mixed)	543	6.2	75.0	81.0	97.0	97.2	95.6	100.0	100.0	100.0
Waster paper and wood chips	2,783	31.7	92.0	98.0	98.0	98.8	99.4	100.0	99.9	100.0
Waste plastic	1,689	19.2	95.0	98.0	99.0	99.2	99.6	100.0	99.7	99.8
Waste liquids (waste oil, waste acid and waste alkali)	3,197	36.4	99.0	94.0	96.0	92.5	98.5	94.0	98.5	99.5
Metal scraps (iron, nonferrous metals)	487	5.5	98.0	96.0	85.0	99.5	100.0	100.0	100.0	100.0
Others (Animal & vegetable residues and others)	86	1.0	65.0	92.0	93.0	95.7	90.2	99.6	99.3	88.8
Total	8,785	100.0	96.0	97.0	97.0	98.5	99.2	99.6	99.7	99.8

JVC has participated in the PRTR system since 1997 beginning with its pilot project. Since the enforcement of the PRTR law in 2001, each business location has been making reports to the Ministry of Economy, Trade and Industry through its local prefectural governor. FY 2008 saw three business locations which handled 1 ton or more of applicable substances. The H.Q. Yokohama factory, the Rinkan factory and the Mito factory have submitted reports.

Emission and transfer volumes in FY 2008

The table below shows the main chemicals used by JVC that are subject to the PRTR. The consumption volume refers to the volume contained in products, the removal treatment volume refers to the amount of substances detoxified by means of the chemical reaction or degradation, and the transfer quantity is the amount of substances transferred to the outside of our business locations for the purpose of disposal.

The volume which we handled in FY 2008 decreased by 13.6% compared with the previous year and the volumes released and transported also drastically decreased by 92.0% compared with the previous year. This was caused because the atmospheric

emission of the toluene used in the production process of the recordable media was greatly reduced.

The amount of the toluene handed was considerably reduced thanks for the VOC treatment facility which started operation in the last half of FY 2007.

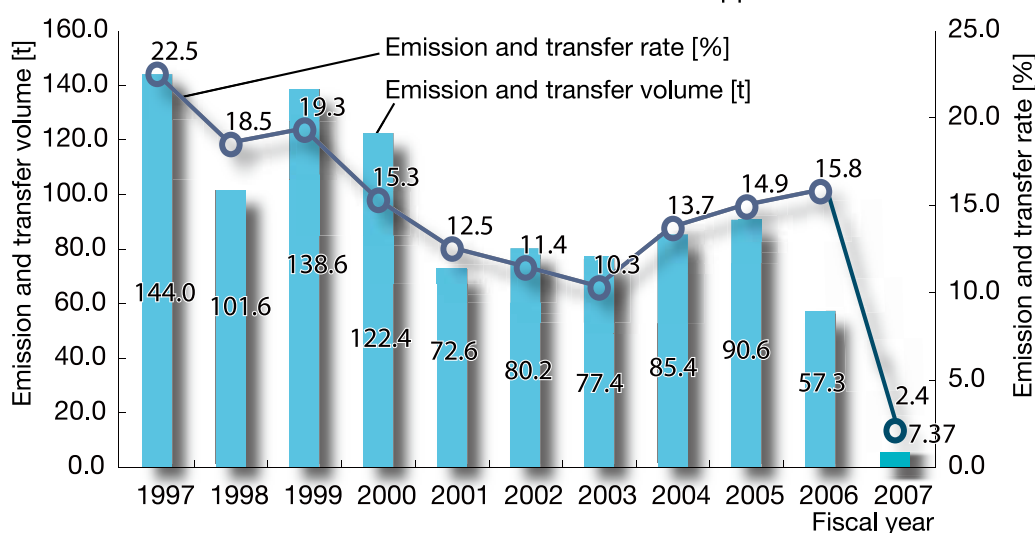
As we can see from the transition graph of the emission and transfer volume, both volumes and rates decreased considerably showing that measures have been very successful.

As for other PRTR applicable substances, the volume of the copper water-soluble salt (copper sulfate) used has returned to the level of FY 2005. However, it's the emission and transfer volume did not make a big change.

PRTR survey results (Results in FY 2008 and FY 2007: main chemical substances used in volume: Substances listed in the PRTR regulation)

Name of substance	Number of sites	Volume processed [t]	FY 2008 performance							FY 2007 performance	
			Volume released [t]			Volume consumed [t]	Removal treatment volume [t]	Volume transferred [t]	Volume recycled [t]	Volume processed [t]	Volume released and transferred [t]
			Atmosphere	Water	Soil						
Copper water-soluble salt (excluding complex salt)	1	141.04	0.00	0.02	0.00	48.87	0.00	0.00	50.54	67.83	0.01
Cobalt and its compounds	2	102.98	0.00	0.00	0.00	13.49	0.00	0.00	89.49	113.47	0.00
Toluene	8	41.83	3.94	0.00	0.00	0.00	33.99	0.00	3.89	154.50	54.54
Formaldehyde	2	8.61	0.00	0.20	0.00	0.95	0.01	0.00	6.51	9.26	0.25
Manganese and its compounds	1	7.96	0.00	0.00	0.00	0.00	0.00	0.00	7.96	3.42	0.00
Silver and its water-soluble compounds	7	3.12	0.00	0.00	0.00	0.55	0.00	0.79	1.78	4.36	0.08
Bisphenol A type epoxy resin	3	2.72	0.00	0.00	0.00	1.36	0.00	0.08	0.00	3.23	0.09
Nickel and its compounds	5	2.24	0.00	0.00	0.00	0.18	0.00	0.00	1.61	2.92	0.00
Polyoxyethylene=Nonyl phenol ether	4	1.12	0.07	0.10	0.00	0.00	0.12	0.91	0.00	1.09	1.08
Chromium and chromium (III) compounds	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.59	0.00
Others	11	1.58	0.24	0.05	0.00	0.10	0.21	0.98	0.52	1.80	1.25
Total		313.20	4.25	0.37	0.00	65.50	34.33	2.76	162.30	362.47	57.30

Transition of emission and transfer volumes of PRTR applicable substances



On May 26, 2004, the amendment to the "Air Pollution Prevention Law" was proclaimed and it mandates to conserve the air against volatile organic compounds (VOCs) that cause the formation of photochemical oxidants and suspended particles in the atmosphere by means of good combination of voluntary actions and the regulatory restriction.

On September 30, 2005, the electric and electronics industry launched the voluntary action plan to contain the atmospheric emission of VOCs. JVC participates in this plan and are making efforts to reduce the VOC emission.

Control plan for atmospheric emission of VOC

According to the amendment of the Air Pollution Control Law, the electric and electronic industry set a target of reducing the amount of substances released into air by 30% compared with the reference year (FY 2001) by FY 2011 in terms of 20 chemical substances. This is to respond to the request of authorities to prepare a plan to reduce the VOC (volatile organic compounds) discharged from permanent emission sources by 30% in accordance with the estimation by authorities.

Since JVC uses applicable substances, we are working to reduce the amount of relevant substances released into the air. The table below shows results since FY 2005 compared with of FY 2001

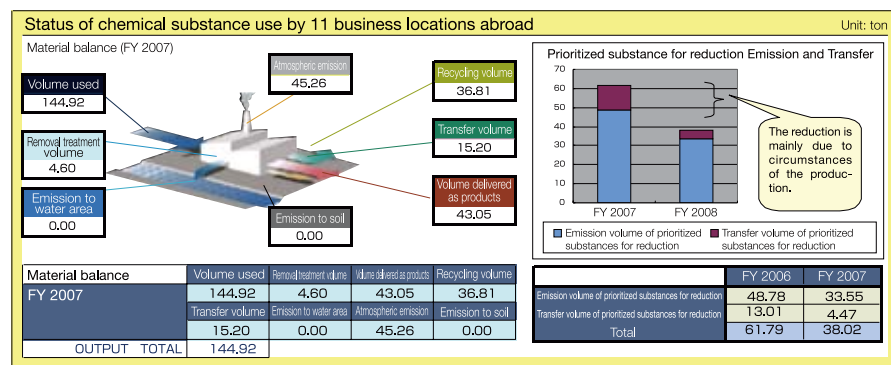
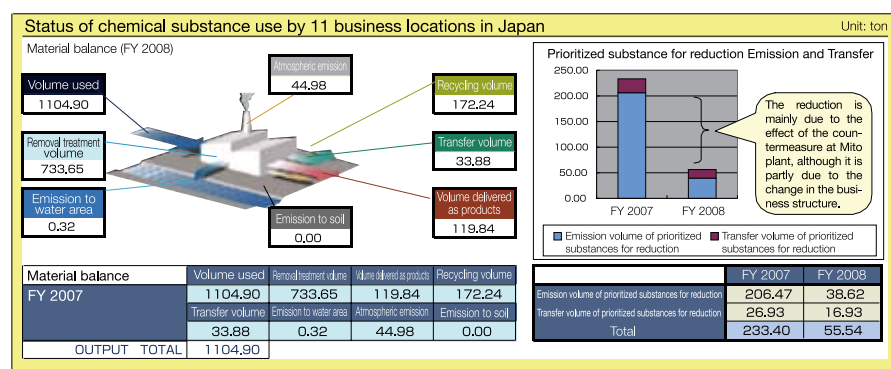
and the reduction targets for FY 2011. In FY 2008, the amounts of substances used and emitted are considerably decreased. This is mainly because amounts of methyl ethyl ketone, toluene, isopropyl alcohol (IPA) and cyclohexane used and released into the air were significantly reduced. Although we have used these solvents in the coating of recording media, the decrease in the production output of the recording media and our introduction of a VOC treatment facility caused a significant effect on their reduction. However, at some sites, the amount of IPA used increased since we started the production of new products. Although we have attained the goal of FY 2011 in large excess, we will continue measures to reduce the atmospheric emission.

Voluntary action plan to control atmospheric emission of VOC

Unit: Ton per year

Name of VOC	FY 2000 result		FY 2004 goal		FY 2005 result		FY 2006 goal		FY 2007 result		FY 2010 goal	
	Volume used	Volume emitted	Volume used	Volume emitted	Volume used	Volume emitted	Volume used	Volume emitted	Volume used	Volume emitted	Volume used	Volume emitted
Methyl ethyl ketone	368.0	91.4	280.7	79.4	249.4	80.9	147.3	51.5	38.7	3.9	120.0	35.0
Toluene	361.9	90.4	288.8	82.3	263.2	87.0	154.7	54.5	41.8	4.0	130.0	35.0
Isopropyl alcohol	31.6	26.6	100.6	79.3	131.1	111.2	112.0	89.2	103.4	10.0	150.0	73.0
Cyclohexanone	28.3	7.0	38.7	10.9	29.7	10.2	21.4	7.8	6.8	0.6	15.0	5.0
1-methoxy-2-propanol	22.0	6.6	6.8	2.0	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Methyl isobutyl ketone	20.5	5.1	0.0	0.0	0.0	0.0	1.0	0.7	0.7	0.7	0.0	0.0
Acetone	3.7	2.1	5.8	3.3	6.6	4.5	8.3	7.4	6.4	5.1	7.5	4.0
Ethanol	3.2	3.2	3.1	3.1	3.1	3.1	2.5	2.4	2.6	2.4	3.0	3.0
Butyl acetate	2.9	2.9	4.0	4.0	7.6	5.3	12.2	8.5	8.0	8.0	3.0	2.8
Ethyl acetate	0.9	0.9	1.3	1.3	2.4	1.8	4.2	2.9	3.0	3.0	2.5	2.5
Total	843.0	236.2	729.7	265.6	695.9	304.0	463.5	225.0	211.3	37.7	431.0	160.3
Ratio to reduction target reference year %	100.0	100.0	86.6	112.4	82.6	128.7	55.0	95.2	25.1	15.9	51.1	67.9

20 applicable substances: Substances other than above 10 applicable substances are methanol, xylene, dichloromethane, styrene, ethylbenzen, tetrahydrofuran, n-butanol, chloroform, n-heptan and trichloroethylene. (Use and emission volume is 0.14 ton) (Substances which are used in 1 ton or above in FY 2001 and FY 2005 are listed as applicable substances.)



The chart on the left shows statuses of the use of chemical substances in Japan and abroad. We set out the "ranking guide line for the chemical substance control, Ver.4.0 (factory version)" to execute the control over the broader range of substances which are required to be controlled not only for environmental reasons but also for reasons of occupational health and safety. The prioritized substances for the reduction are intended for substances subject to the PRTR and the VOC reduction which hold great environmental risks. The achievement of the reduction in Japan is due to the effect of the VOC treatment facility at Mito plant which was presented in "the Environmental Sustainability Report 2007". Although the prioritized substances for the reduction have been decreased in overseas operations, reductions are dependant upon production items and production statuses.

JVC has been working on the prevention of the air pollution due to the emission gas from boilers. Moreover, while making efforts in reducing the water resource consumption, we have set voluntary standard values which are more stringent than ones set out by the central government and local governments in order to enforce the control of the industrial wastewater released to the public water area so that the environmental pollution is to be prevented. In the case where the pollution incident which exceeds our voluntary standard values takes place, it is a basic rule to report the incident to the competent local government, restore the environment to the original state and enforce permanent countermeasures.

● Change in amounts of air pollutants released from boilers

This table shows changes in the amounts of nitrogen oxides and sulfur oxides discharged from boilers used by JVC. Its outlook has made a lot of changes in the last 10 years. As we no longer use heavy fuel oil, we have not discharged any SOx since FY 2004. We can also point out that NOx was reduced by about 70% considerably thanks for the abolishment of boilers in Japan.

We had mentioned the management standard of the Moriya boiler in the H.Q. Yokohama plant until last year. However, we no longer

have any boilers for which we need to measure the gas emission and to do particular management. In this connection, we do not describe the data any longer.

In addition, the electricity, the city gas and LPG accounts for more than 99% of the energy used by our overseas operation and the emission of NOx is 0.01 ton or less (the total of 11 overseas business locations). Thus, the amount of the gas generated from the energy source emitted directly from our plants has significantly reduced.

Transition of amount of air pollutants released from boilers

Unit: ton/year

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Nitrogen oxides(NOx)	23.4	18.9	12.6	4.1	9.1	10.6	11.3	11.5	11.7	7.3
Sulfur oxides(SOx)	3.7	4.2	1.8	0.5	0.5	0.0	0.0	0.0	0.0	0.0

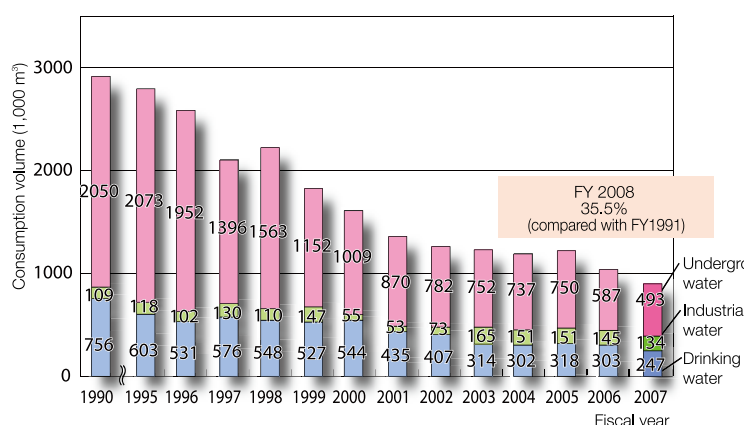
● Reduction of water consumption

JVC has been working to save water to by setting a target of globally reducing its water consumption by 10% compared with FY 2001 by FY 2011.

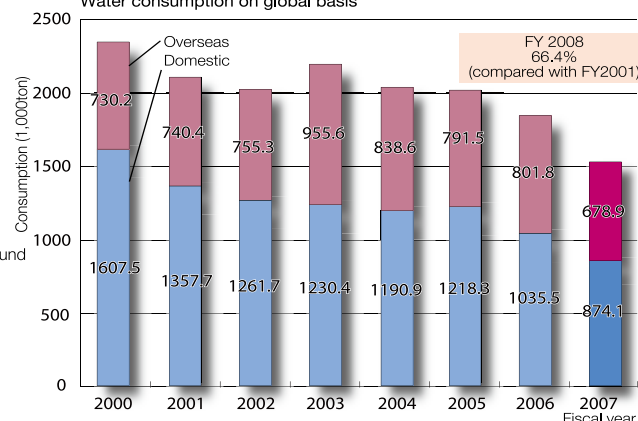
In Japan, our plants use drinking water, industrial water or underground depending on their location and the water consumption has been extensively decreased since 1990 as shown by the bar graph. Especially, the consumption of the underground water has been reduced significantly. This is caused largely by changes in the business structure. However, the result also reflects effective use of water. Compared with previous year, FY 2008 saw the significant reduction of the water consumption by 15.4%, in which the drinking water accounts for 56,000m3 and the underground water accounts for 96,000 m3. Although

this is partly due to the reduction of the plant operating ratio, the significant contribution was made by the 28,000 m3 reduction of the underground water consumption at the Rinkan plant due to the abolishment of the boiler for the air-conditioning. In the case of plants in Japan, the ratio of the daily life water tends to be larger compared with the water used for the production. In the case of plants abroad, although there are some variations depending on locations, it was reduced by 123,000m3 in total, which makes 15.3% reduction compared with the previous year. Globally speaking, it was reduced by 15.5% compared with the previous year and by 33.64% compared with FY 2001. Since the result substantially exceeded the target for FY 2011, we set the succeeding reduction target of 1% or above for 3 years from FY 2009 to FY 2011 and will continue the efficient use of the water.

Transition of water consumption in Japan



Water consumption on global basis



Industrial wastewater control

The wastewater from the plants are either released to the sewage system or discharged to the public water system after being purified. In Japan, we conduct the treatment by the water-purifier tank at 4 plants which are the H.Q. Yokohama plant, Mito plant, Fujieda plant and V-Interior And as for other plants, the wastewater is released to the sewage system. All business locations carry out the facility management in accordance with the regulation and control the quality of the water released.

The table below shows the control criteria of the H.Q. Yokohama plant, which release it to Tokyo Bay, and measurement values in FY 2008. With regard to the control criteria, we set out more stringent criteria than regulatory values provided by the central government and local governments. The major measurement items and measurement values of the No. 3 drainage outlet, which is the main outlet, in FY 2008 are shown. The general measurement items shown in the table have been stable and are below voluntary standards even when we look at maximum values.

However, in 22nd August, 2007, we have happened to discharge the water of the copper concentration of 0.42mg/ℓ exceeding 0.3mg/ℓ, which is the standard provided by Yokohama City Environment Conservation Agreement, from the No. 3 drainage outlet. This was caused by that the polluted water seeped out of the used active charcoal, which was produced from the work to change over the active charcoal used in the waste water treatment process,

leaked out of the work pit. Although this was an accident under the voluntary supervision, the incident was reported immediately to the City of Yokohama and the countermeasure was put into force.

In addition, on 13th September 2007, it came to our notice that the rainwater of pH10 to 11 runs out of the parking lot of the Hachioji plant. The cause is assumed to be that the lime spread as the soil modifying agent was dissolved in the rainwater and seeped out of the permeable pavement. We have consulted with the administrative authority and are monitoring the status of the pH on rainy days.

Further, with regard to the overseas operation, at JEIN (Indonesia) on 28th January, 2008, it was found out, that the ammonia nitrogen and the hydrogen sulfide concentration of the digestion tank exceeded the standard. We made an adjustment to the system to correct the insufficient aeration of the digestion tank.

Measurement result of plant effluent (main measurement items for No. 3 drainage, at H.Q. Yokohama plant)

Item		Regulatory value			Measurement (maximum value)
		Regulatory value	Yokohama City Environment Conservation Agreement	Voluntary standards	FY 2008
Plant waste water	Hydrogen ion concentration (pH)	5.8-8.6	6.0-8.0	6.0-7.8	7.1-7.7
	Biochemical oxygen demand (BOD) [mg/ℓ]	60	20	5	2
	Chemical oxygen demand (COD) [mg/ℓ]	60	20	15	15
	Suspended solids (SS) [mg/ℓ]	90	30	20	19
	n-hexane extracts [mg/ℓ]	5	4	2.5	3
	E-coli (count of bacilli/cm ²)	3000	—	100	0
	Total nitrogen * [mg/ℓ]	60	25	20	16
	Total phosphor* [mg/ℓ]	8	2	1.5	1

*Regulatory standard values were revised on 1st April, 2001

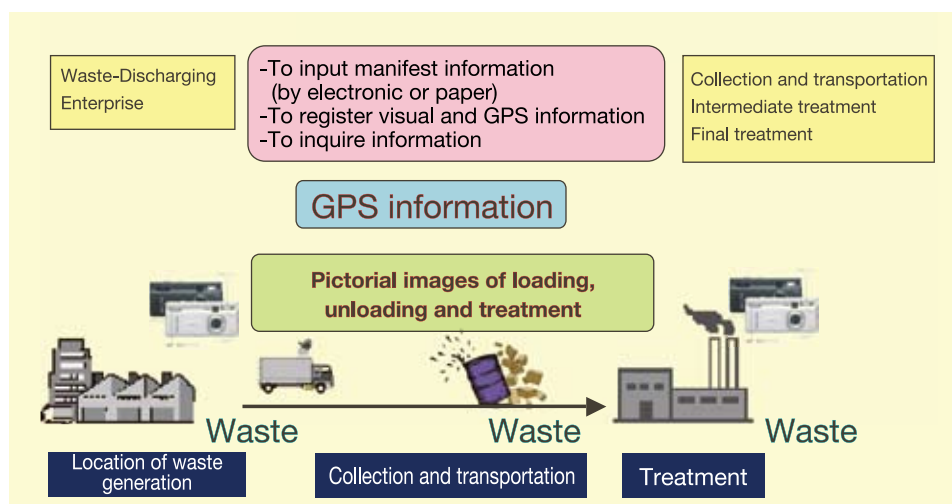
Enhancing appropriate waste management by introducing ET manifest

All manufacturing locations in Japan and the Kurihama R&D Center completed the introduction of the electronic manifest system in FY 2007 and have been promoting thorough execution of it to enhance the appropriate waste management. We understand that it is better to computerize the system in order to properly and efficiently check the status of the waste treatment for which we are responsible. By the end of FY 2008, nearly 100% of cases are being handled by the electronic manifest. Thanks for the understanding of sub-contractors, the efficiency

of the manifest management made progress. It shall be noted that the system, in which the reports on the delivery status of the electronic manifest and such are made, was commenced since FY 2009. Since the subject matters, for which the electronic manifests are to be delivered, are directly reported to the administrative authority through JW-Net, this reporting is no longer required for business locations which fully computerized it. Electronic manifest conceptual diagram

<The information which was filled in the paper manifest is to be registered electronically by the internet>

Waste generator



Our CO₂ emission caused by the transportation in Japan in FY 2008 was approximately 2,900 ton and the total transportation weight was 15.2 ton-kilometers. 99.6% of the CO₂ emission was generated by the truck transportation. In accordance with the green logistic policy, JVC set out the goal to reduce the CO₂ emission by 4% in terms of the turnover basic unit compared with FY 2007 by FY 2011. However, the turnover basic unit has already turned into 85.2% in FY 2008. The business structure reform and the change of products happened to be main causes to achieve the goal. We will continue the 1% reduction compared with the previous year by surely implementing 3 measures such as “the reduction of the transportation distance and the number of trucks”, “the improvement of the load efficiency” and “the reuse of the package”.

Efforts in green logistics

1. Measures to reduce transportation distance and number of trucks

- 1) Landing of import containers at ports near to consumption area (localization of landing)

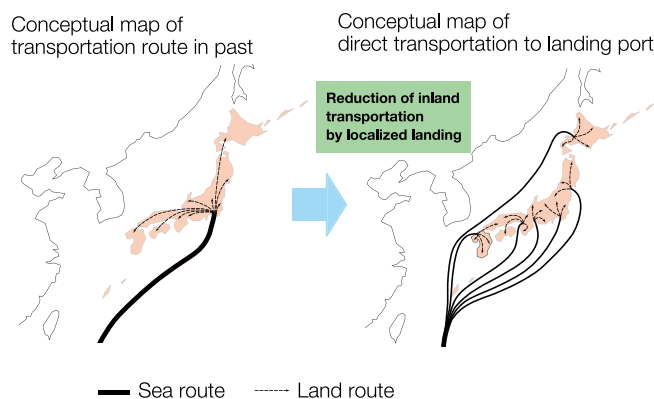
The total cargo volume imported in FY 2008 was approximately 20,000 ton that represents significant reduction by 60% compared with the previous year. Although this was largely due to the change of the business structure, the effects of the improvements in the product specification and the efficiency of the package can not be underestimated. We will continue to reduce the inland truck transpiration by landing imported cargos at local ports whenever possible. Approximately 140 ton of CO₂ can be reduced provided that the inland truck transportation is reduced by landing approximately 6,000 ton of cargos at local ports.

(50% of the landing volume X the conversion in CO₂ of the average of our logistics in Japan)

- 2) Reducing number of drayage containers
We are promoting the reform to reduce the number of containers by putting cargos of various consignors together at shipping ports mainly in southern China.
- 3) We have started the use of Japan Railway's 5 ton container for arterial transportations in Japan.

2. Measures to improve load efficiency

- 1) Improvement of load efficiency of marine containers by consolidation at shipping ports
Similar to the measure of 1-2), the per container load volume was increased thanks for the consolidation.
- 2) Minimizing packing size
We will try to save energy and reduce the physical distribution cost by minimizing products in such a way that containers and pallets most efficiently accommodate those.



- 3) Review of loading method
We are improving the efficiency of the use of pallets and the product package in order to increase load capacities of the marine container and the truck.

3. Reuse of packing material

- 1) We reduce the total volume of the packing material by sorting out various packing materials generated in the process of the distribution and reusing them in accordance with respective usages.
- 2) By sorting out the waste packing material generated in the process of the distribution likewise, we are actively promoting the recycling of the resource.

4. Compliance

With regard to the system for specific export declaration, we were officially approved as an “authorized exporter”. We will realize the improvement of the security and swift custom clearance by the voluntary control based on the observance of the compliance. Thus, we will materialize the smooth and efficient distribution.

Green procurement in offices

At JVC, not limited to our environmental actions in processes of the manufacturing and distribution, all employees in various offices are making efforts in consideration for the environment. As a part of such efforts, we have been promoting the procurement of office supplies such as stationeries and consumable goods which are environmentally friendly (green procurement) since FY 2000. In FY 2008, although we are not able to determine the green procurement rate, as we had to exclude the papers, which consist a major part of the green procurement, from the scope of the green procurement due to the recycle paper problem

of the paper manufacturing industry, the green procurement rate excluding the papers is 71.4%. As for divisions related to the sales, we are promoting the introduction of eco-cars to reduce the environmental burden as much as possible when we purchase vehicles. In addition, in conjunction with the team minus 6% activity, we are asking employees to ensure drive in environmentally friendly manners by practicing the idling stop and so on. We will further expand items, which are subject to the green procurement, and improve the green procurement rate by enhancing the awareness of each employee to the green procurement.

Environmental Accounting and Risk Management

Since FY 2000, JVC adopted environmental accounting in keeping with the guidelines set by the Ministry of the Environment, and we are seeking greater transparency in our business operations by actively disclosing the information. Since there is not evaluation criteria in terms of the expense related to the environmental conservation activity, it is not possible to represent the entire performance by monetary amounts. However, we understand that this is the important indicator and will continue to improve its accuracy.

Environment conservation cost analysis

In FY 2008, JVC's environmental conservation costs on a global basis were 101 million Yen in terms of the capital investment and 1,798 million Yen in terms of the expenditure. In FY 2008, there was no large scale capital investment in the light of costs within premises of business locations. However, we have implemented the improvement of the energy efficiency in conjunction with the renewal and consolidation of the PWB production line at Yokohama plant. Consequently, we have invested 64 million Yen

for implementing the repair to improve the insulation efficiency of the electric furnace.

Further, Victor Interior Co., Ltd has introduced the facility that utilizes wooden scraps by turning those into chips to fuel the boiler. Similar to last year, expenses related to costs of the up and down streams account for large value. It is due to expenditures related the recycling which also include, burdens of the recycle of the containers and packaging imposed on the business by WEEE in EU.

Environment conservation cost: Capital investment and expenditure for environment conservation activities (Unit: 1 million Yen)

Environment conservation cost: Capital investment and expenditure for environment conservation activities (Unit: 1 million Yen)					
Item		Content	Capital investment	Expenditure	Total
Costs within premises of business locations	Pollution prevention	Expenditure and capital investment required for prevention of air and water pollution	30	275	305
	Global environment conservation	Expenditure to be spent on global warming prevention and ozone layer protection	66	101	167
	Resources recycling	Expenditure for waste reduction, reuse and recycling	4	274	278
	Sub-total		100	651	751
Up and down stream costs		Cost to purchase ecological and green products, countermeasure for waste home electric appliances, recycling of containers and packaging,	0	681	681
Management activity cost		Management cost related to environment, acquisition and maintenance of ISO, training, labor cost	1	380	381
R&D cost		Costs for developments of ecological products and technologies of power saving and hazardous chemical substance substitution	0	46	46
Social activity cost		Costs related to measures for amenity, donations, supports, information disclosure, environmental advertisement and environmental exhibitions	—	0	0
Environmental damage cost		Cost to restore soil pollution, compensation, fines and other costs	0	40	40
Total			101	1,798	1,899

Scope of Environmental Accounting

Period: 1 April, 2007 to 31 March, 2008

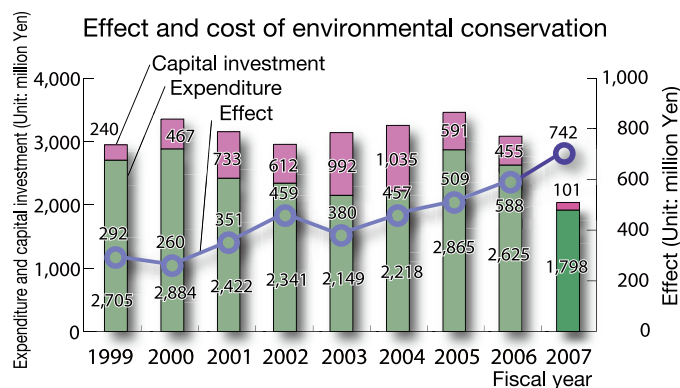
Business locations covered: Business locations under direct control in Japan (8 factories + 1 laboratory),

Affiliates in Japan (2), Overseas affiliates (12)

Environmental effect analysis

With regard to costs within premises of business locations such as the energy saving and the waste reduction, new capital investments was significantly reduced compared with past years as shown the following graph. This directly affected by our business condition that the restructuring and consolidation of plants were implemented and no new environmental investment was carried out as a consequence. Although the capital investment and the expenditure were reduced, the effect was improved substantially. This shows that the energy saving measure by abolishing boilers (Rinkan plant) implemented from 2005 to 2006 and the countermeasure for the VOC (Mito plant) have made a large contribution to the cost to reduce the energy use. In addition, the recycling of the waste to produce valuable

materials at the clean center of the H.Q. Yokohama plant brought about an effect, although they are small by quantity.



Environmental risk management

JVC checks and monitors the soil pollution and underground water pollution due to our business operation.

We have investigated soils and implemented countermeasures at 10 locations nation wide in FY 2008.

In addition, although the detoxification treatment of PCB contained in equipments used in plants and business locations is expected to be delayed from the original schedule, we will continue to properly manage and store it as in the past.

We conduct investigations on buildings of plants and sales offices to check the use of asbestos as the insulation material. In FY

2008, we have investigated 5 locations and found out that the asbestos was used for the insulation material of the exhaust flue of the old company building in Fukuoka. It was treated by the very careful work method and the safety was secured. We have completed the reporting of the investigations on the soil pollution and the asbestos to authorities concerned.

The expenses spent on investigations and analysis of those are shown as "Environmental damage cost" in the table. This became less than one fifth compared with the previous fiscal year because there was no place for which the soil purification work was required.

Commitment to Environmental Management

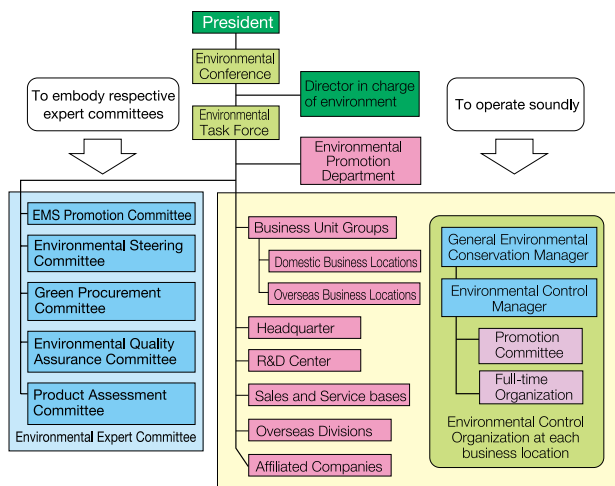
In addition to the establishment of the organization and mechanism, a company needs a management system to continuously and effectively carry out the environmental management. At the same time, we need a set of rules to review the organization, system and mechanism on an ongoing basis., we continuously review them to reflect changes in the society and improve them so that we can carry out highly effective activities.

JVC establishes the environmental management system as an important tool to proactively work toward realizing environmental management and promotes the ISO 14001 certification. All of the staffs will ensure the cycle of PDCA (Plan-Do-Check-Action) and promote the environmental management.

Environmental management promotion system

JVC's organization to promote environmental management consists of the Environmental Conference which is the top decision-making body headed by the president as the chairperson; the Environmental Task Force which is led by the director in charge of environment; and expert committees set up respectively in accordance with the type of issues.

The measures and policies adopted at the environmental conference are conveyed to the top level officers of each business unit to be incorporated into the daily business and respective expert committees will reflect them into concrete activities. Further, each site ensures to execute them through their ISO 14001 organization.



Environmental Management Promotion Organization Chart

ISO 14001 certification

Aiming to continuously promote the environmental management, we have been striving to be certified for ISO 14001, the environmental management system certification. Beginnings with the certification of the Hachioji district in 1997, all our manufacturing sites have obtained the ISO certification on global basis. In Japan, in addition to the headquarters and laboratories, we provide that sales and service bases and distribution bases are to be certified.

As for domestic affiliated companies and local sales companies abroad, we are working to, in a well-planned manner, promote the ISO certification. In FY 2008, our affiliated "Victor Interior Furniture Co., Ltd" in Japan obtained the ISO certificate. And in FY 2009, "Video-Tech Co., Ltd" is expected to be certified.

Activities to lessen environmental burdens

We continue activities to directly reduce environmental burdens such as saving the energy and reducing the waste and chemical substances. In addition, we set out environmental objectives and targets (subjects for environment improvement activities), which are directly associated with the principle business, by analyzing business missions of respective departments from the environmental point view. The prioritized activities associated with the principle business are such as the research and development and the developing and selling products which are conducted with least environmental burdens and the promotion of environmentally friendly services.

Compliance with Environmental Laws and Regulations

We collect and analyze applicable laws and regulations and set out voluntary standards that are more stringent compared with those stipulated by law. By observing those, we make sure to comply with the standards provided in laws and regulation.

In addition, we have the system that the headquarter exclusively collects the latest developments in environmental laws and regulations and post on JVC's website (in-house LAN) so that every site are able to comply new changes without fail.

Environmental monthly report

Each site monitors the operation of the environmental management system and the results are summarized as the environmental monthly report. Those are disclosed to only all members of the site but also to the headquarters and other sites so that the environmental information are shared internally and the level of activities are raised.

The image shows a screenshot of a Japanese environmental report titled "環境月報" (Environmental Monthly Report) for March 2008. It includes a table with columns for various environmental metrics and a summary of the group's performance.

Example of Monthly Environmental Report issued by Headquarter group

Commitment to Environmental Management

Environmental audits

We conduct environmental audits to confirm the effectiveness of the environmental management system and our improvements in environmental performance.

(1) Internal environmental audit

Each site conducts an internal audit every year to check and improve its system by identifying problems and flaws concerning systems and operations to take corrective measures. In FY 2008, the internal audit was conducted by focusing on the education, the accomplishment of the goal, the confirmation of corrective actions and the regulatory compliance. Major comments are made on the education and the industry waste disposal. Therefore, we have taken corrective measures by restructuring and fortifying the management organization..

(2) Audit by external agency

Business locations that have obtained the ISO 14001 certification will go through audits (annual surveillance audit or triennial audit for the renewal) by the external certification authority and will be evaluated by external experts in terms of whether the systems are working effectively or not. In FY 2008, all business locations were rated as "made improvement" or approved as being qualified for the extension of the certification".

Environmental education

The environmental efforts in conducting the business operation are of growing importance for the environmental management. As a company that has the responsibility to develop, manufacture and sell environmentally friendly products, it is important that all employees positively perform environmental activities, while recognizing the impact that their work has on the environment. JVC is working on the environmental education to build up the fundamental on which each and every employee carry out his or her business with being aware of environmental issues.

(1) General environmental training

For the purpose of realizing JVC's environmental policy, we provide the training to deepen the understanding on the importance of the environmental activity, the role and responsibility of each staff, and the activity in the workplace. The training is provided with all employees and people who work within the periphery of business locations. Since FY 2007, we introduced and operate the e-learning system on our intranet that enables all employees to have the training anytime and anywhere.



Environmental basic course by e-learning system

(2) Job class based training

Managers of various business locations, who are actually located at sites, undergo the training to understand the environmental management system of the site. By incorporating the environmental training into the training for newly appointed managers, employees of the management level will be made aware that they need to take a leading role in moving forward with environmental activities.

(3) Training for specific work

People who are engaged in specific work, which is likely to have a considerable impact on the environment, are required to have certain capabilities. We provide the training to all applicable staffs to ensure their capabilities. This training also contributes to thorough observance of the environmental compliance.

(4) Emergency simulation training

As for accidents and emergencies that are likely to have an impact on the environment, we provide preventive measures by setting out the work procedure so that those will not be caused by any chance. As a precaution, we have developed the procedure to cope with accidents and emergencies and conduct the scheduled test and training once a every year.



Simulation training for tumbled drum

(5) Internal auditors training course

To work as the internal environmental auditor, we educate trainees on standards and internal auditing procedures and nurture their auditing abilities a through the practical training of the auditing.

In addition, to nurture leaders for auditing, we provide the environmental auditor training course of the external training organization to increase of the number of certified environmental management system auditors. In FY 2008, the number of However, we have the plan to increase the number of auditors from this time forward. certified auditors was reduced by half due to a large number of retired employees.



Staffs attending the training course

Those who completed auditor training course.
FY 2008: 51 persons
Certified EMS auditors
As of the end of FY 2008: 4 persons

Awards related to environment

The Head office and Yokohama plant has been working to thoroughly sort, reduce and recycle the waste. In recognition of its achievements, it was awarded "Yokohama environmental activity award, Excellent business establishment in waste sorting" in 2007. Under the catchphrase of "Yokohama is G30", Yokohama City is promoting the reduction and recycling efforts to achieve the goals of "Yokohama G30 plan" that is to reduce the volume of the garbage by 30% compared with FY 2002 by FY 2011. This is the effort started in January, 2003.



- Gomi**Japanese word for 'garbage'
- Garbage**English word for Gomi
- Genryou**Japanese word for 'reduction'
- 30**The target to reduce waste by 30%

In FY 2008, the Yamato plant was ranked as 20th place on a nationwide basis in the small size rechargeable battery collection and recycling promotion campaign, successfully collected 4,686kg, and was given a prize by the limited liability intermediate corporation, JBRC. JBRC is legal entity established in accordance the Law for the Promotion of Effective Utilization of Resources for the purpose of recycling batteries.



In the case of the overseas operation, JVC Mexico was awarded for the recycling of the waste by the State government. The prize was given for good recycling practices concerning waste generated in the plant from 2003 to 2006. It makes contribution to the recycling of resources by recycling cardboards, plastics and aluminums.



Environmental sustainability report

In 1999, JVC has started reporting of its activities to the society in the form of an environmental report. In 2004, we have renamed it as the Environmental Sustainability Report which is intended to be the CSR report covering the social and economic aspects so that the communication with the outside world is improved and its publication has been continued then on. In conjunction, its English version has been published to present information abroad.

Site report

Since FY 2002, we have been posting the Site report on our web site to present environment performances of our manufacturing establishments at home and abroad.

Environment activity web page

We present information concerning our efforts in the environmental management, green procurement and recycling on our web page. Please visit our web site for the latest information of our environmental management.

Participation in "Team minus 6%" national campaign

The Kyoto Protocol, which aims to stop global warming, took effect on February 16, 2005. Japan promised to the world that it would reduce greenhouse gases by 6% (compared with 1990). The "Team minus 6%" national campaign was launched in April 2005 to achieve this target with the participation of everyone at grass-roots level.

JVC has been involved in this campaign since its inception, and we are continuing with the following activities:

Internal measures

- To dress lightly in summer (Cool Biz)
- To dress heavily in winter (Warm Biz)
- To set thermostats to 28.C in summer and 20.C in winter
- Water conservation campaign
- To switch off neon signs and signboard illumination (Light Down)

Most important mid- and long-term themes for JVC

- To offer energy saving products (top-of-the-line products that help conserve energy at home).
- To save 1% or more on energy use at factories.
- To promote the use of eco-cars.

Activities pursued by the employees of JVC at home

- To set thermostats to 28.C in summer and 20.C in winter
- Water conservation campaign
- Idling stop
- To Disconnect plugs whenever electric or electronic equipment is not in use
- To join the Eco Life 21 campaign

In FY 2008, we reduced electricity consumption by about 57,000 kWh and carbon dioxide emissions by about 25 tons as a result of the Light Down campaign.



Participation in exhibition

Japan's largest environmental exhibition, Eco Products exhibition is held annually in December. We have been participating 5 times in a row since 2002 and introduced the environmentally friendly manufacturing and our environmentally friendly products. Although we suspended our participation in 2007 due to circumstances,



we will make a presentation in 2008. In conjunction, we are planning to make a presentation on JVC's ecology design at IFE in Europe and CES in the U.S

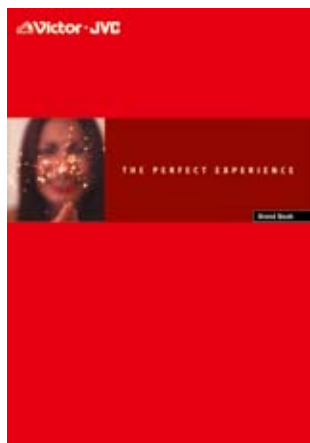
ECO-Products 2006

We compile the “Brand Book in which the management philosophy, operating policy and brand policy are stated and distributed it to all employees. This booklet is intended to make our employees aware of the management policy and “commitment of the JVC brand for the customer” so that we gain the customer’s confidence through all business activities. In addition to being routinely utilized in workplaces, we enhance the awareness of every class of employees through the class based training such as the new employee training and the new manager training and the type based training such as the special training for salespeople. We also often use the booklet to explain the business stance of JVC to stakeholders such as shareholders and suppliers

● Brand Statement

“The Perfect Experience”

The Brand Statement stands for JVC’s vision, stance and commitment for the customer. These words convey our passion to bring the customer the great excitement and full satisfaction.



Brand book

● Management Policy

JVC clarifies the management policy that JVC must pass onto the next generation and the good “genes” (Corporate DNA) that JVC needs to carry on, and stipulates “Management Vision” including the Corporate stance and policy and “Business Vision” which describes JVC’s business strength. Basing on those, all employees share the future direction of the Company and consistently carry out business activities.

● The Victor - JVC Way

The JVC Way explains the stance which each employee should maintain when performing his or her job to put the brand statement into practice and enhance the brand value. JVC will continuously meet the expectations of customers and offer high quality products and services which stand for “Corporate DNA” to give full satisfaction to the customer.

In this way, we will further contribute to society and meet our responsibilities.

● Code of Corporate Conduct

We formulated the Code of Corporate Conduct to make it the standards and policy for the employees to perceive what is required of them from society and to put those things into practice. After its establishment in 1993, we revised it for the third time in January 2007 in response to the increased awareness of CSR (corporate social responsibility) and the further progress of globalization and enforce and promote it globally and on across-JVC group companies basis.

The Code of Corporate Conduct sets out the activities that are required of each employee in keeping with the following guidelines:

- All employees should uphold the spirit of “customer first” and aim to gain the customer’s increased confidence both on a personal and corporate level.
- All employees should further contribute to society and meet their responsibilities as corporate citizens of the 21st century by responding to globalization and meeting the needs of the times and society.
- Each employee should recognize that he or she is playing the leading part in corporate management and act not in the pursuit of his or her own personal or departmental interest, but in the best interest of all.

Outline of the Code of Corporate Conduct at JVC

1. Compliance and CSR
2. Management that upholds the principle of “customer first”
3. Management that respects people
4. Coexistence with the global environment
5. Awareness of being a good corporate citizen
6. Cooperation with and contribution to the international community
7. Fair business transactions
8. Active disclosure of information
9. Rigorous management of information and assets
10. Activities and responsibility of managers and controllers

The Code of Conduct applies to all directors, officers and employees (including temporary staff and non-regular staff) of JVC and its affiliates.

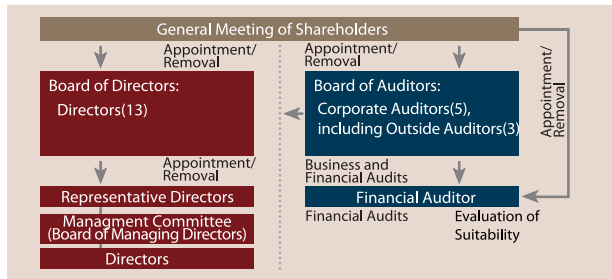
● Corporate Governance

We aspire to be a high performance global company by responding to increased demand for effective corporate governance. We attach, therefore, the highest priority to the realization of fair management by further enhancing the transparency of business to our shareholders and other stakeholders.

● Corporate institution

JVC has adopted an auditor system. Three of the five auditors are external. They oversee the way that directors execute business from an objective standpoint.

When executing business, the board of directors and the executive committee hold meetings, at which auditors attend, once or twice every month to make prompt and timely decisions.



Progress status of establishment of internal control system

JVC's internal control system is designed to ensure the check and balance by means of the internal audit by the executive office, the decision making system linked to the business division system, the management conferences to communicate management information and various corporate compliance systems. The revision was adopted at the board meeting March 2008.

Compliance

JVC defines the corporate compliance as that "we sense requirements and expectations by the society and responding to them on the premise that we comply with laws and regulations", and continues to educate our staffs. The legal and intellectual property department established the Corporate Ethics Office which are staffed with lawyers as external experts and continuously enhance the corporate compliance. JVC distributed the third revision of its Code of Corporate Conduct, which was revised in January 2007, to all employees in Japan to educate them. For overseas operating bases, JVC translates into major languages and distributes them. We have also prepared the Compliance Guidebook, which gives a detailed description of the corporate compliance and the practice of the Code of Corporate Conduct from the viewpoint of the practical business, and distributed it to all our employees. At the same time, we conducted the training in which employees review the compliance issues by the use of the intranet. Since the end of 2002, we have been operating a "Corporate Ethics Help Line" by providing the Corporate Ethics Office with the private line and the dedicated e-mail address. We advise employees to consider certain ethical questions by themselves before using the Help Line. These questions are:

- Would I be ashamed to discuss this problem with my family members?
- Do I think I can get away with it if I am not found out?
- How do I feel when I see this issue reported in the TV news?

In the first place, we ask our employees to nurture the corporate culture that people continuously learn and correct, for the purpose of governing themselves, by freely discussing on what is felt to be strange in the work place. However, in the case where one have questions or matters to consult that can not be settled in the work place, the Corporate Ethics Office shall take care of those so that consultants will not be disadvantaged and that our organization shall maintain sound functions.

questions they cannot solve in the workplace without putting themselves

at a disadvantage so that they can learn and change.

Information Security

In 2004, JVC set up the Information Security Project Committee as an internal cross-functional organization in consideration for social expectations and requirements concerning information security. We identified the personal information, corporate information (business information) and information infrastructure as information assets that we protect. Furthermore, we continue to build up rules, organizations and systems to maintain and enhance the social credit and to protect and utilize corporate assets.

For example, we issued the Information Security Control Basic Regulations in September 2004 and the Information Security Guidelines in November 2004 as a set of basic rules. In conjunction, we also continue to educate all employees about the information security by giving understanding verification examinations in December 2004 and May 2007. With regard to the protection of the personal information, in accordance with the full enactment of the Personal Information Protection Law in April 2005, we have made other rules such as "the personal information protection rule" clearer and continue to develop a system in which the awareness of employees is enhanced and our social responsibility is fulfilled.



Information security understanding check sheet

Risk management

JVC gives priority to practicing the compliance through the risk management.

We held "the Compliance Risk Management (CRM) Conference" and started the CRM system which is mainly made up of members of the management conference. In addition, we amended "the company-wide risk management rule" in such a way that we shall also be prepared at ordinary times. We will hold this conference on a regular basis and strengthen the linkage with across-the-board conference bodies and each business unit. By doing so, we shall establish the risk management in which the PDCA system functions properly.

Report Economic Characteristics

JVC has made the capital and business alliance agreement with Kenwood Corporation in July 2007 and commence the study on the business collaboration and management integration in the area of the car electronics business and the home and portable audio business. In conjunction with this, we have prepared the management reconstruction plan called "Action plan 2007" and worked on the structural reform. Consequently, in FY 2008, we have yielded an operating profit of 3,200 million Yen and returned to a positive figure for the first time in 3 years.

FY 2008 Business overview

The JVC group has stepped up the existing business operation reform, and set out and worked in full power on the management reconstruction plan called "Action plan 2007" which focuses on reforms of the business structure and the management practices. To be more precise, in order to secure the growth potential and the profitability, we have fundamentally reviewed the business structure of the entire company and defined the industrial device business as the key business to be focused and strengthened, on the top of the consumer use equipment business and the entertainment business which are our roots and identity. With regard to other businesses, we have reviewed each field of business with a view to the transfer of a business in order to prevent further decline of the business performance. In addition, to realize the strong management vitality and the speedy business operation, we have been exerting oneself to quickly restore the earning power by reforming the employment structure, reviewing wages and benefits, consolidating the head office organization and overseas sales bases. However, the slump of our core business division of the consumer use equipment business due to the tough competition at home and abroad, the decrease in the sales amount of the industrial equipment in Japan, and the slump of the entertainment business had significant impact and the turnover of the JVC group has resulted in as little as around 658,400 million Yen (89% of the last year's result which is around 742,600 million Yen) regardless of the steady performance of the car mounted optical pick up and the growth of the industrial equipment

As for the profit and loss, we have yielded an operating profit of approximately 3,200 million Yen (last year recoded the operating loss of approximately 5,600 million Yen) and returned to profitability for the first time in 3 years thanks for the significant effect of the reduction of the fixed cost by the advancement of the structural reform, the promotion of the profit oriented sales policy, and the improvement of the prime cost due to lowering of the purchasing cost, in spite of the decline in the sales price due to tough competitions and reductions of sales amounts by various business divisions.

With regard to the ordinary profit and loss, it turned out to be

the loss of approximately 7,900 million Yen as the non-operating profit and loss was resulted in the loss of approximately 11,200 million Yen (last year recorded the loss of approximately 11,600 million yen). In addition, with regard to the net income of this year, although the special profit was accounted for selling fixed properties and securities, we have reported a loss of approximately 47,500 million Yen (last year recorded a loss of 7,800 million Yen) due to that the special loss was generated by the structural reform and that the deferred income tax asset was partly broken off.

Long and mid term management strategy

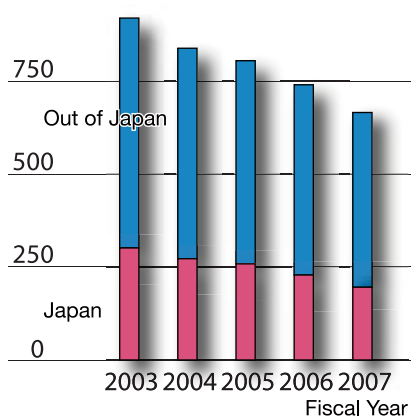
In FY 2008, we have returned to profitability as a result of promoting "the business structural reform" and "the management vitality reform". However, there were some problems such as the declines of the sales amount from the previous year and the rough going of the LCD TV business left unsolved. In the light of those, we have newly set out the mid term plan to be completed by FY 2011 in order to quickly normalize the management and to return to growth.

This new mid term plan is centered on "the completion and continuation of the structural reform" and "the promotion of the growth strategy". With regard to the structural reform, we will implement the fundamental reform of the LCD TV business, whose profitability has been declining, by means of downsizing the consumer use LCD TV business in Japan and discontinuing the in-house production in Europe. Moreover, we will make our business portfolio sound to restore profitability of all of our businesses and further improve our financial strength by improving the inventory practices and depressing interest-bearing liabilities in succession to FY 2008 in order to make a shift to highly profitable business organization. In terms of growth strategy, we will fortify our overseas business, and specify and invest in the growth business in FY 2008. And by FY 2011, we will reap reward of those and make preparations for the next growth strategy.

We aim to achieve the sales amount of 611,000 million Yen and the operational profit of 20,000 million Yen in FY 2011 in accordance with above mentioned outline.

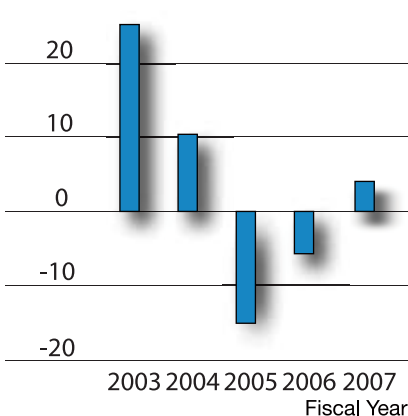
Sales amount

[Unit: Billion Yen]



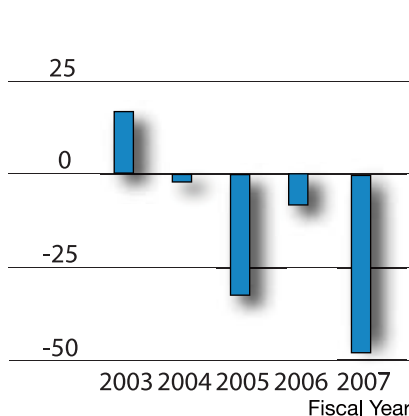
Operational profit (or loss)

[Unit: Billion Yen]



Net income (or profit) for the year

[Unit: Billion Yen]



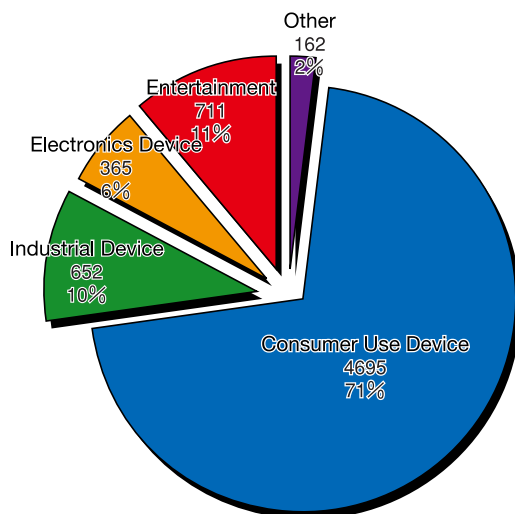
*Victor Company of Japan, Limited and Kenwood Corporation agreed on May 12, 2008, on the implementation of management integration (hereafter referred to as the "Management Integration") by establishing a joint holding company, to be named JVC KENWOOD Holdings, Inc. (hereafter referred to as the "Joint Holding Company"), on October 1, 2008 through a share transfer, which means that the Joint Holding Company will hold 100% of the shares of both companies, subject to approval of the matter at the General Meetings of Shareholders of both companies. Since the share transfer plan for the Management Integration was approved and adopted by the General Meetings of Shareholders of both companies held on June 27, 2008, and it is now predicted that the Management Integration will be brought into effect as of October 1, 2008, as planned.

For details, please refer to our IR information site at the following URL.

<http://www.victor.co.jp/company/ir/080603.html>

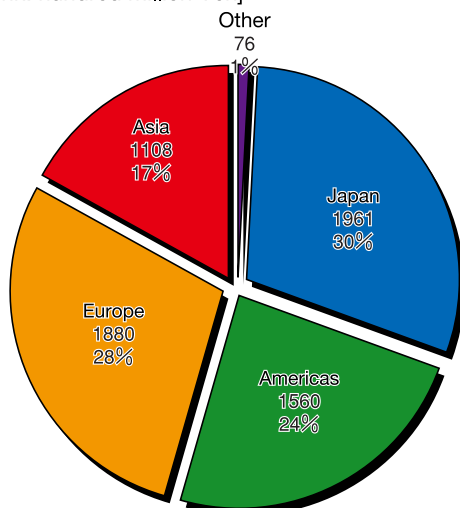
Sales by Business Unit (Consolidated)

[Unit: hundred million Yen]



Sales by Region (Consolidated)

[Unit: hundred million Yen]



Our Potential

- High quality video and sound technology cultivated through years of experience and by the technology oriented corporate culture.
- The power of brand backed up by the globalized manufacturing organization and independent sales network.
- The modality of business to have both software and hardware technologies and the collaboration of the software and hardware by virtue of it.

Our Foundation

The Brand Statement The Perfect Experience

The best excitement and 100% satisfaction for the customer

Business vision

To materialize new type of communication by music and video

JVC brings people higher level of excitement by the music and video and offer the new type of communication among people.

Market Expectations

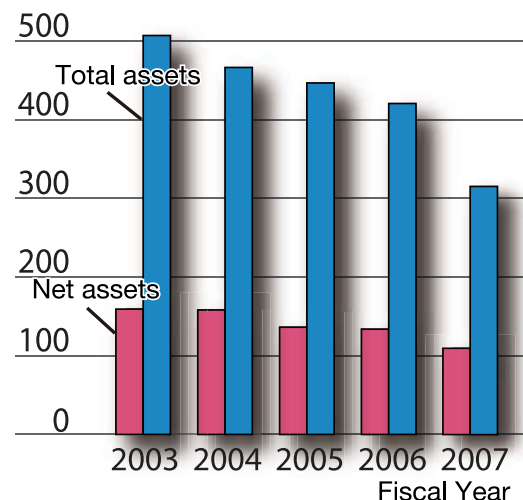
- To deliver AV products which take the lead in market by the advanced technology.
- The culture of the recording established by VHS and the policy to stick to the compatibility.
- To deliver unique products differentiated from big enterprises
- The unique line of products which come from the original modality of business to have both software and hardware.

Our image we are aspiring for

- 1 Going back to our basics to search for the original sounds and original color where our company was founded on, we offer new excitement in the era of HD.
- 2 We wish to be a manufacture, though it is small, essential for customers who have a taste for the high quality and are of high sense.

Net Assets and Total Assets

[Unit: billion Yen]



JVC believes the concept of “Customer first” is the foundation of our management and is making efforts to provide customer-oriented, reliable and safe products and services

- Our wish is to turn as many customers as possible into JVC fans.-

It is our mind-set to establish the brand which makes people feels that “I want to go for JVC again for the next time”.

Quality policy:

“We do our best to enhance customer satisfaction through high quality products and service.”

● Creating reliable and safe high-quality products

● Commitment to product safety activity

Placing the highest priority on securing safety and reassurance of customers, we set out “Basic Policy on Product Safety” and announced it to the public by posting it on our website.

In order to materialize those, we scheme out the organization, system and various measures as a part of “the product safety voluntary action plan”, and implement and improve it continuously.



<http://www.victor.co.jp/safety.html>

To ensure product safety, we establish and enforce thoroughly rules for producing safe products which cover the design, production, sales, service and suppliers.

In addition, we organize and ensure to manage the system in which information concerning product defects is reported promptly from various service bases. In the case where serious defects are found, we shall immediately conduct analysis and determine appropriate countermeasures by involving the top managements. In accordance with the decision, we disclose information to the customer and the dealer, and promptly conduct the inspection and repair. We disclose information by the public announcement on various new papers, the press release or the web site depending criticalities of respective issues. In FY 2008, we have made 4 public announcements concerning serious defects on the news paper and are working on free inspection and repair of products. (URL <http://www.victor.co.jp/support/info/index.html>). In addition, we run “the educational and promotion leaflet to prevent accident of the home electric product due to aged deterioration” and “the precaution for the battery of the video camera” in order to promote awareness in using products safely.

● Quality improvement activities

We introduce the quality planning sheet system in which the quality target is set and anticipated problems of new functions and parts, and countermeasures for problems of exiting products are made clearer for the design process so that we maintain the high level of design perfection.

As digital products become prevalent, the quality of the software incorporated in the hardware is getting increasingly important. We are implementing improvements in our software development process and introducing techniques of the quality assurance.

In addition, to comply with laws such as, the fire service law, the PSE Law or the Premium and Representation Act, and industry's standards concerning the fair competition convention, we have provided internal industrial standards and thoroughly control the observance of details of standards concerning the product development. In releasing of a new product, we make it a rule to go through the product review by the head quarter before it is put into the production after various divisions have completed examinations and evaluations. The product review is a system of quality assurance that a product can not be put into product unless it is approved by the product review in the light of its operability by virtue of the customer's point of view, quality, safety and serviceability are examined.

The product review covers not only the product itself but also the instruction manual, packaging, service manual, and brochure.

In accordance with the globalization of the production, manufacturing locations have spread all over the world, and the overseas production now comprise 80% of overall output f our group companies in terms consumer use products.

To respond to changes in our manufacturing systems and in order to offer the same high-quality products to customers around the world without distinction of production locations, all business locations at home and abroad obtained ISO 9001 certification, a quality management standard. The car AV division obtained the ISO/TS 16949 certification as well.

We have established a quality information analysis system called G-QDAS* with which signs of quality problems are detected at the early stage and are fed back to the product development division by means of collecting and analyzing world-wide repair information on a daily basis any quality problems at an early stage and give feedback. By doing so, we ensure to prevent recurrences.

*Global Quality Data Analysis System

● Creating products that reflect customer's comments

In order to give customers the full satisfaction with the JVC products and services, JVC believes that it is crucial to incorporate customers' comments into the product and the service, and to establish the confidential relationship with the customer by promptly and empathetically responding to their requests. As a part of our activities to reflect customers' comments in products, we are working on the customer-oriented product development based on the philosophy of the international standard ISO 13407, "Human-centered design processes for interactive systems". In each process of the product development, in addition to making use of customers' comments which are sent to us on a daily basis, we implement the product planning, design and evaluation only after we conduct questionnaire surveys to external and internal monitors, and evaluate product usability to comprehend situations in which customers actually use our products and their requirements. Furthermore, we conduct product usability tests by using prototypes and simulators operated by the screen operation in order to carry out examination from customers' perspectives.

We conduct periodical satisfaction surveys for customers who have purchased our products and completed a user registration every 6 months. By this survey, we investigate customer satisfaction regarding repairs, after-sales services, and brand image, in addition to customers' satisfaction with the product itself. We utilize the results for the product development, sales, service, and future strategy and activities by sharing them internally.



Scene of user test
(operation test of video camera using eyemark recorder)

A case of product development in which customers' comments were reflected

Stereo headphone "stays securely in ear while remaining comfortable"

As the digital audio player become common, our in-ear canal style headphones too are used by so many customers. However, in accordance with the recent customer inquiry survey, approximately 50% of customers who have a complaint about the in-ear headphone feel dissatisfied with that "it falls off an ear" and that "it is not comfortable when fits in". With that, we have adopted the "newly developed air cushion" that is soft silicon earpiece body in which air is enclosed. Consequently, it fits in nicely while staying securely in an ear in such a way that you feel comfortable. Thus, it allows you to listen for many hours.



Model installed: HP-FX66

● Improvement of response to inquiries

"The customer care center" responds to customers' queries under the motto of "the accuracy, kindness and promptness". In FY 2008, our customer care center annually has received over 340,000 requests and queries concerning the operation of the product, purchase, the combination of the AV equipment, and repair

To respond to the increase in the number of queries and the queries unique to the digital equipment, we are promoting the human resource development to improve the knowledge on the digital equipment and the skill in the response while increasing the number of staffs

In addition, we organize and analyze comments and requests with the use of the customer information system called "Customer information portal" and give feedbacks every day to divisions

concerned in order to reflect them into improvements of products and services.



Customer care center

● Enhancing the service system

Victor Service Engineering Co., Ltd., which is in charge of servicing in Japan's domestic market, operates a total service and support system from "before-purchase" service to "after-purchase" at 73 locations throughout the country. The service is based on the concept of "with promptness, correctness and kindness to bring each and every customer satisfaction". Since April this year, we have been trying to improve the promptness of the on-site repair service by consolidating on-site repair inquiry offices in Tokyo and Osaka and working together with the customer care center. In addition, we are giving support to the dealer service by providing spare parts and technical assistance with dealers. JVC makes available the 362 days repair reception system in terms of consumer use products and the 365 days maintenance system in terms of professional use products so that the customer can rely on our products without anxiety. In addition, sales or

service overseas subsidiaries are performing their community based sales and service activities.

● Improvement of communication with customer

JVC's website provides the latest information on products and the company at any time. For customers who purchased our products and completed the user registration, we directly advise them of the updating information of the products, the product deficiency information and information of other our products. We are also trying to improve our relationship with customers through a member community and events on the website. We offer opportunities such as experience sessions and audition and preview sessions which is to familiarize customer with our products and where we propose new ways of enjoying the audio-visual entertainment.



Audition session for "SX-M3" Speaker



Workshop for assembling wood cone speaker SX-WD1KT kit

● Establishing culture which appreciates customer's point of view

● Recognition system

"The manufacturing achievement exhibition" is held once a year as a company's event and awards are given to cases, in which the product that meets the satisfaction of the customer when it is used by incorporating customer's opinions into various processes of the product development contributed to the business operation is made with respect to "the field of customer's point of view".

● Promotion of official certification

In order to develop employees who have the mind-set of customer-first, we encourage our employees to obtain the consumer adviser certificate, the home electric appliance adviser certificate and engineer certificate, and see newly certified employees every year.

● Customer care center training

We provide the on-site training at the customer care center for all employees including engineers to hear firsthand customers' voice, and encourage them to learn the importance of CS. For our

managers, we have set up a special desk which enables them to hear customers' voice at any time. For engineers, we provide the field service training to make contributions to the product design.



Customer care center training

"Universal design" is intended to create products, services, and life environments that can be easily and comfortably used regardless of whether one is aged or not and whether one is disabled or not. At JVC, we strive to create products that are better liked by the customer in accordance with requests and comments we receive from them, and to work on the universal design which makes products easy-to-use for everyone.

Viewpoints concerning Universal Design

JVC gives consideration to the universal design on the basis of two major viewpoints as follows.

- Easy to operate and use.
- Indications and expressions which are recognizable by all.

For instance, we think it is necessary to design the size and shape of control buttons so that they are easy to use even for people who are powerless or not skillful.

In addition, functions and operation methods need to be recognizable not only by sight, but also by various manners such as the touch and the sounds.

Our Activities for the Universal Design

- We have established the UD promotion department under the control of the Engineering Division, the Engineering Reform Department so that it takes a lead in promoting the universal design across the company.
- We provide the usability training for engineer, the usability seminar and the in-house universal design training.
- We are undertaking "User's Eye" product development.
- We are developing products in collaboration with welfare organizations and facilities for the elderly.
- We reflect the experience gained through simulation of inconveniences caused by age or handicaps into our products.
- We are actively publicizing our universal design activities at exhibitions and at our website.

International welfare equipment exhibition



Simulation



Facility for aged people



UD training



Points to be considered for Universal Design

JVC clearly sets out points to be considered in view of the universal design in developing products. Those points are concisely summarized into 4 points.



We design products in such a way that things can be recognized by the "touch" and the "sound" to assist the vision.



We design products in such a way that things can be recognized by the "vision", the "illumination" and the "vibration" or "movement" to assist the audition.



Complex operations become more difficult as one grows older. Therefore, we design products to avoid manipulations which require complex actions such as "turning things while pushing them" in consideration for traits of elderly.



We design product in such a way that it can be used with "either the left or right hand", "without power", "without being skillful with fingers" or with the fist.

Current Products developed in view of Universal Design

The television will tell you how to do the initial set up and functions of the remote control buttons.

The TV integrated with "Audition assistance system" which enables you to hear clearly and catch up easily.



The line of radio products which are easy to use, have the high sound quality enabling you to listen for many hours and display easy-to-read large fonts even when they are hazed or blurred.



The radio integrated with the "Audition assistance system" which enables you to hear clearly and catch up easily and the "Repeat system" which helps you when you missed hearing.

Employee Relations

The personnel system is to hire, place evaluate and treat personnel, and to develop ability based on the long term perspective by assuming the human resource as the most important asset and corresponding to the management strategy. In short, the personnel system is to fully develop, foster and make use of employees' ability by motivating them to work through fair and accurate evaluation. By doing so, we will improve the Company's performance and strengthen the corporate foundation by effective utilizing the human resource and establish purposes in life and work of every employee.

Personnel policy

The basic objectives of the personnel system are to nurture employees who understand the management policy of JVC and constantly endeavor to carry out their mission in keeping with the policy. In accordance with this basic personnel policy, we have provided "the ideal staff" and "the basics for managers taking care of and nurturing" and deem those as core elements of the personnel system.

● People who try to practice the basic management policy

It is the basic requirement for employees to develop themselves and make efforts to meet the expectations of the society by acquiring basic business skills and practicing the basic management policy which is compatible with the new era.

● Independent person who makes challenge

People who act on their own initiative, without fear of failure, with creativity and a challenging spirit are the driving force of the Company's new development.

● Specialists who keep abreast of trend of the times

It is important that all employees make constant efforts to gain recognition as specialists in society through their work.

● International minded person having broad outlook

It is important to be international minded person who can work together with people from different cultures for the purpose of mutual prosperity with permitting the difference in each other's standpoints and trusting each other.

● People with rich creativity and positive personalities.

If people correctly understand their own individual characteristics while respecting those of others, people respect each other and individualities are harmonized, they can create an organization that has strong creativity.

● People who value the company's social responsibility

Each employee is strongly expected to have the self-discipline and high ethical standard, take a sensible course of action in accordance with the corporate ethics, and fulfill the mission as a good corporate citizen in the global community.

Human resource development

In accordance with the personnel policy, the human resource development division is trying to develop human resources who can improve themselves and contribute to the corporate management. The basic philosophy of the human resource development is to nurture "staffs who strongly make challenges" and establish "single-minded group of peoples" while respecting the individual personality. Further, according to "Image of engineering staff" authored by Kenjiro Takayanagi, the importance of the vision that the staff should have and of "harmonious engineer's group" are emphasized.

Our ability development system, which should be the foundation of our human resource development, is based on "Skills of an Effective Administrator" authored by Robert. L. Katz. In other words, it is a foundation of the human resource development to improve abilities in expertise, conceptualization and human relationships. We concretely classify this skill model into 3 stages, and design and provide trainings in accordance with objectives suitable for each job classes.

We focus on developing the expert ability for respective job types in the case of new employees up to mid-level staffs and make "the intensive expert ability training" available for 50 job types in 10 job categories. In the case of mid-level staffs up to managers, a set of trainings in which staff can learn basics of the corporate management and the business is available.



6 fields for human resource development



Job class based training

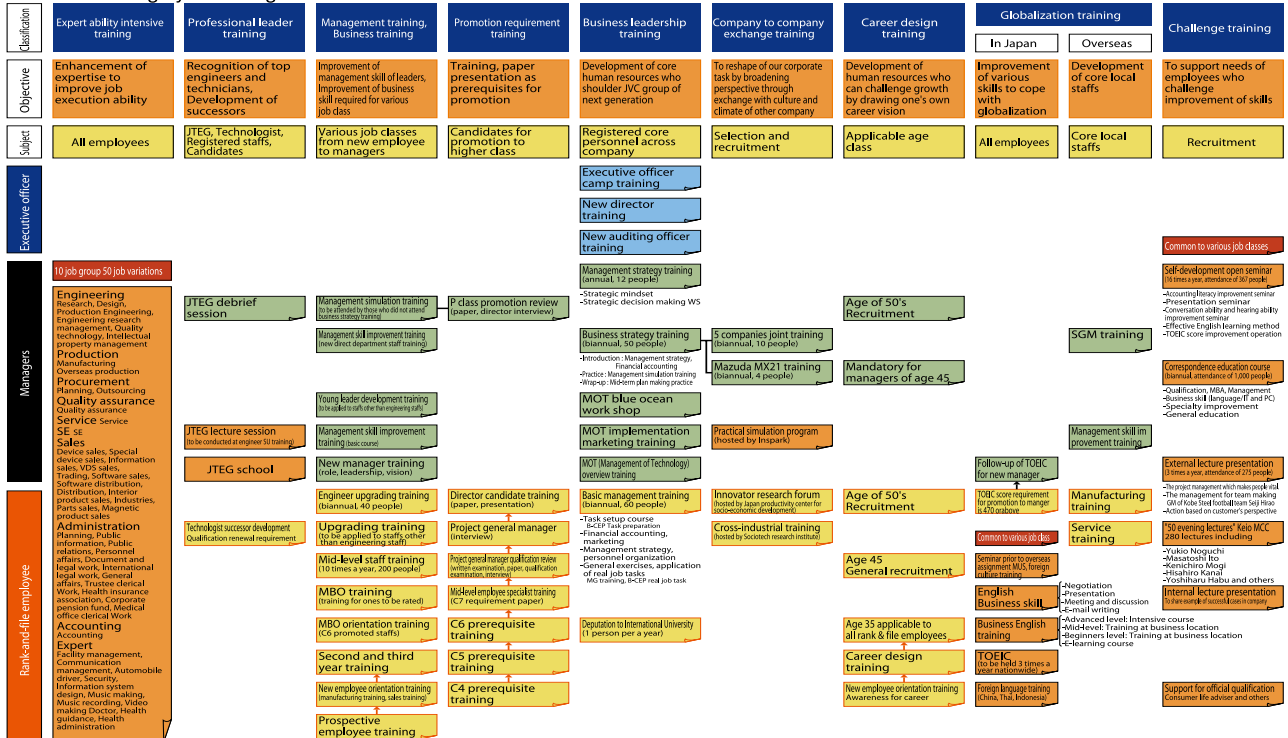


New employee training



Production practice

JVC's training system diagram



JVC Training Organization Chart

As for the set of "Business leader training" to strengthen the leadership, which is essential for managers, we have recently introduced many elements of MOT (Management Of Technology) to increase trainings in which staffs can learn in practical manner as to how to come up with subjects, form the vision and design the strategy.

In many training courses, rather than doing only lectures, we try to improve the ability in human relationships by allocate longer hours for the group discussion.

In addition to the job type based training and job class based training, we also provide "Career design training" formulated individually for each age group so that our staffs will be able to challenge the self-development by drawing his or her career vision. Without respect to job types or job classed, many staffs are challenging to establish his or her career.

Personnel system to improve satisfaction

Aiming to nurture the culture where all employees recognize the organization's goal and their own roles and strive to achieve higher goals, JVC reformed its personnel treatment system in March 2004. The new system focuses on performance and process more than ever before and realizes "appropriate treatment for employees who show remarkable participation in and significantly contribute to the management" and "clearly differentiated bonus". We try to enhance staffs' understandings on the system itself and their ratings by disclosing the evaluation method and criteria, setting up a team meeting at the beginning of the quarter and a personal meeting to set goals, and reviewing not only the achievement but also the process to give a feedback on the rating at the quarter-end personal meeting. In addition, by setting the management hot line, leveling ratings by means of rating adjustment and providing rater with the management skill improvement training in order to better the rating and education ability, we try to improve the

understanding of both raters and ones to be rated.

To provide employees with opportunities to improve their abilities and to grow, we will try to make the system work effectively by organically linking the three personnel system operations of "evaluation and treatment", "ability development" and "job placement and nurture".

Career design training

The world is now changing faster and faster, and such trend is prevailing globally. Living in such world, it is imperative that every employee adopt themselves to changes to circumstances, think on their own, have the courage to challenge the unknown work and improve themselves with vital energy.

JVC provides "Career design training" for employees aged 35, 45 and 55, which are considered to be turning points, in order to nurture independent person who makes challenge. We intend that participants will recognize changes of circumstances as their own problem in this training. In addition, we intend to enhance awareness of the career and ability development which are needed for themselves.

● Commitment to positive action

The revised Law for Equal Employment Opportunity of Men and Women was enforced in April 1999. Accordingly, JVC have been proactively promoting positive actions. We are facilitating an ideal working environment for anyone regardless of their gender.

○ Expanding recruitment

By adding female employees to the recruiting team, we are proactively employing women. In our recruitment information (on our website), we proactively introduce female employees who are active at work.



Female employee explains some company information



Active female employee (from our website)

○ Expanded job categories

We have instituted an Open Challenge System and invite JVC's employees to try out any job position or section they wish, two times every year.

○ Elevation to management position

JVC actively promotes female staffs by monitoring if capable and qualified female employees are equally promoted and by giving an advice to their superiors, when needed, in the light of the list of candidates prepared by the Personnel Department, with advice from relevant superiors when necessary. We also provide the training for the promotion without distinction in terms of gender. In recognition of its outstanding achievements, JVC was awarded the Company of the Equal Employment Promotion Prize from the Director of the Kanagawa Labor Bureau in 2004.

● Commitment to work-life balance

With the Family and Medical Leave Act which was enacted in 1991, JVC has also introduced a childcare leave system and a family-care leave system to start work on the issue. Since then, in accordance with changes in regulations and discussion with the labor, we have reorganized working systems by introducing a "short-time working system for childcare" and a "short-time working system for family care" which enable employees to shorten their daily working hours, and a "reemployment system for ex-employees" intended for those who resigned because of pregnancy, childbirth, childcare or family care. In 2001, we were awarded Kanagawa Labor Bureau Manager's Award for Family Friendly Company by the Kanagawa Labor Bureau.

In May 2006, we revised our childcare leave system and our short-time working system for childcare and introduced a "staggered hours system for childcare" as a new option, which enables employees to work full time while taking care of children. We continuously provide the environment in which it is easier to continue the career even while taking care of children.

We are currently posting the "work-life balance follow up program guide" prepared by the labor and management on the intranet to deepen understanding of systems related to pregnancy, childbirth and childcare. By doing so, we are following up workers who are taking care of children and implementing activities to deepen the understanding of work-life balance among their co-workers. In the future, we will study measures to improve the work-life balance in the broader sense in such a way that the overtime is reduced and more paid holidays are taken in addition to the work-life balance focused on the child and nursing care.

● Support for life & career design

JVC has introduced a reemployment system (the senior partner system) which enables applicants to work up to the age of 65 in addition to the existing 60 years old retirement system"; and since April 2001 we have been running a next-career support system, which supports people who change their career before reaching the retirement age of 60. We support employees to enable them to think about their life and career design, and have a fruitful working life. For employees aged 55, we offer the "Victor life plan seminar" every year, which provides employees with the necessary knowledge to consider their life plan and their future career including career after the age 60. In FY 2007, roughly 200 employees participated in this seminar.

● Labor union

JVC's labor union conducts activities to respond to changes in the working environment based on mutual understanding with the management. The union works on establishing internal rules through discussions between labor and management, responding to changes in laws and rules defined by the central government and local government which influence our working environment. We have also been continuously making efforts in the environmental issues and social contribution activities and conducting the tree-planting activity in the desert in China and the energy saving activity. We will implement activities to meet changes in circumstances in the future.

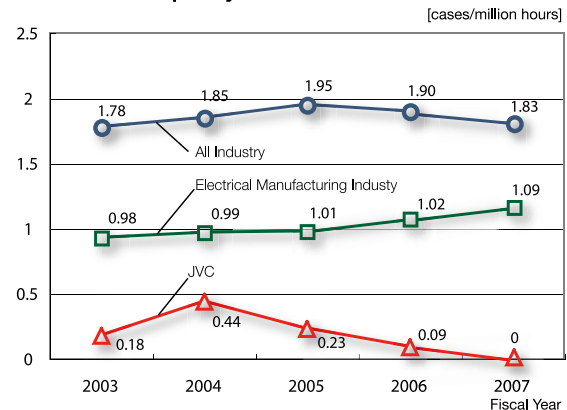


The energy saving activity by labor union

Occupational health and safety.

In order to put "the culture of occupational health and safety" into place, we implement activities which are designed in accordance with our philosophies of "complying with the regulation", "securing a healthy workforce", "creating a comfortable workplace", "improving services" and "placing great importance on occupational health and safety in terms of CSR". While businesses are concerned about the degradation of on-site performance of worker as the know-how about health and safety management is not being handed down to younger employees because of the aging of labor force and the massive retirement of skilled work, JVC promotes "Risk Assessment" to lower risks in terms of occupational health and safety with the spirit of "change "zero accidents to zero risks" and make efforts to prevent industrial accidents.

Accident Frequency



Safety management priority measures in 2008

- (1) Promotion of accident prevention by work place patrol
 - To introduce regular work place patrol
 - To enhance of safety patrol system
- (2) Preparation of establishment of occupational health and safety management system
 - To set clearer schedule to establish the management system
 - To participate in the management system training and visit companies which have introduced the management system
- (3) Introduction and establishment of risk assessment on dangers
 - To fix the risk assessment by divisions which have already introduced the risk management
 - To promote introduction of the risk assessment by divisions which have not introduced the management system
- (4) Regular occupational health and safety training
 - To regularly provide training with occupational health and safety

Health management priority measures in 2008

- (1) Specific medical check and specific health guidance
 - To conduct specific medical check of and specific health guidance for insured personnel an to sort out problems
- (2) Enhancement of mental health measures
 - To continue and implement various trainings and educations
- (3) Establishment of health disturbance preventive measure due to overwork
 - To continue and implement the interview by a doctor for ones who have worked overtime more than certain hours
- (4) Enhancement of risk assessment concerning chemical substances
 - To fix the risk assessment by divisions which have already introduced the risk management
 - To prepare for introduction of the risk assessment by divisions which have not introduced the management system

People, the most important management resource, are sustained primarily by their mental and physical health, and keeping employees healthy requires self-help efforts of each and every employee. To assist their awareness, which becomes the motivation for self-help efforts, we proactively provide opportunities and information.

Health examination

This includes taking measurements of body sizes and muscle strength, endurance, flexibility, agility and balance at company gymnasiums and conference rooms. For women, in addition to the above, the bone density measurement is to be carried out. We compare the results of employee health examinations with the national average and check the basic physical ability of individual employees. In conjunction, we investigate their lifestyle and advise them on the exercise, diet and relaxation suitable for each employee based on the results of these tests.



Health examination



Health improvement seminar



Mental healthcare training

Health improvement seminar

We hold health improvement seminars for employees on exercise, diet, lifestyle-related diseases and mental health. The participants stay overnight and have a great time in learning. We encourage employees to participate in this seminar with their family members and learn how to improve their health in a practical manner in everyday life.

Mental healthcare seminar

As we live in a highly stressful society, we need to have an accurate knowledge of mental health and be aware of small changes in the people around us. We hold regular seminar meetings for managers by inviting lecturers from external institutions and have them learn the communication method with their followers by utilizing the role-play so that they can properly deal with mental health problems. We have also introduced a self-diagnosis system so that enables each employee to check his or her accumulated stress at an early stage.

Engagement with Society and the Community

It is essential for companies to have something to do with their community and the society. You could say that company activities cannot be carried on without the understanding and cooperation of communities and the society. JVC think over ideal engagement with the community and society and puts those activities in practice without being influenced by commercialism. And we practice those activities not only in Japan but also around the world. At present, we are working on various community- and society-based activities in a broad range of categories, aiming to be a “good corporate citizen” trusted by the international society as well as to make artistic and cultural contributions in the field of music, films and sports.

● Activities for artistic and cultural contribution

JVC “wishes to share excitement and thrill with as many people as possible” and have been making the broad cultural contribution in terms of sports, music and art over a long period of time.

- Excitement of sports: Supporting international soccer tournaments

We believe the excitement and the thrill that accompanies sports are moments of “The Perfect Experience”. To have many people enjoy the moment, JVC supports various sports around the world. A typical one is the UEFA European Football Championship. JVC has supported this championship for various aspects as an official partner for more than 20 years since the Italian Championship in 1980. We provided our support with the championship held in Switzerland and Austria in 2008.



Action Images/Johon Sibley

UEFA European Football Championship

- Stimulation of music: The JVC Jazz Festival

The “JVC Jazz Festival” is a big international event which is well recognized in various places and supported as one of the world's largest jazz festivals. Under the policy of “cherishing the heart to love of music”, JVC has sponsored festivals around the world since 1984. We would like to continue our support for the jazz, a type of music in which artists' imagination and inspiration always brings about new impression and excitement. Many artists who share our point of view have performed at our festivals and we have sponsored over 160 jazz concerts. More than four million people have enjoyed the greatness of live music.



Christian Scott at the 2007 JVC Jazz Festival
JVC Jazz Festival

- Expanding the video culture: The Tokyo Video Festival

The Tokyo Video Festival (TVF) started in 1978 and is the international video festival hosted by JVC. We have received contributions of more than 50,000 video works from more than 100 countries and areas in total. This festival is characterized by its consistent concept of being a “video communication festival where you can express yourself through your work, and communicate and identify with many people.”

For TVF 2008, the 30th festival, we have received contributions of 2,010 works from 53 countries and areas.

We will continue to host this video festival, the world's largest, as a place to experience the fun of shooting videos and the joy of creating a piece of work, and as an activity to expand the fan base for further development of the video culture.



Tokyo Video Festival

● Social contribution activities

-Communication with community, social welfare, donation

● JAI and JDC (Tuscaloosa, Alabama, US)

The American Cancer Society holds a fund-raising campaign called “Relay for Life” every spring, and uses the money collected to fund the research. We have participated in this campaign for about 15 years and are recognized as being its best supporting organization. In addition, we have been actively participating in local festivals and trying to promote interaction with citizens of Tuscaloosa. The picture is a scene from the “Sakura festival” held in 29th March, 2008, at Alabama University. We have presented twigs of Japanese cherries which were blooming in the JDC's premise and had an interaction with citizens by the Everio drawing event.



Scene of “Everio” drawing event where we have invited a MC from local TV station.



Presenting Japanese Cherry twigs

● JIM (Mexico)

JVC Mexico participated in the cleanup activity of the Amistad park in its home town, Tijuana, Mexico in June, 2007. 45 people from employees of JVC Mexico and their family members collected 2 ton of the garbage.



Cleanup activity of park by JVC Mexico's employees and their family members

In August 2007, we have participated in the social day for JVC Mexico's employees, their family, and also for local residents. More than 300 people visited this event. This activity is hosted by the local social security office and JVC Mexico offered services such as the haircut, eye test, family planning assistance and immunologic test.



Further, JVC Mexico was awarded “the recycling prize” by the state government. It was given recognition of its great contribution to the environment by recycling 8,000 ton of cardboards, 1,300 ton of plastics and 40 ton of aluminum in the period from 2003 to 2006.



“Recycling prize” certificate issued by state government

● Beijing JVC (Beijing, China)

Beijing JVC has been accepting shop tours by suppliers and local organization through the year. The picture is when officials from Beijing's district environment protection agency visited us to survey the status of the environmental control in December, 2007.



Picture of survey by Beijing's district environment protection agency

Engagement with Society and the Community

Further, Beijing JVC has been supporting the foster home in the Sun village, Beijing over a long period of time. In 2007 too, the delegate including the president Hiraoka visited and contributed the donation by employees and the proceeds from the charity bazaar.



Child delighted, President Hiraoka and BJVC staffs

● **Head office and Yokohama plant (Kanagawa ward, Yokohama City)**
Since the head office and Yokohama plant is located in the restricted industrial district, those are encompassed by factory. "The Clean center", which is the waste collection, storage and recycling plant, sets up the "ecology exhibition room" and the "visitor walk-through" to accommodate field trips by mainly elementary and middle school students. We make presentations on our efforts in the 3R to peoples of the local community interested in visiting there.



Visitors at Clean center

Further, we support the "Yokohama is G30¹⁾" campaign and the management and trade union work together to conduct the cleanup activity, called "Clean Volunteers", for roads around the plant once every month after the office hour in the summer months. It has been 10 years since we started this activity.



The Yokohama plant was awarded by Yokohama City as the "excellent business establishment in the waste sorting" for its reducing, segregating and recycling activities of the waste that it generates. We make efficient use of the resource by thoroughly segregating and recycling the waste.



*1) Yokohama is G30

It is a campaign to reduce and recycle to achieve the goals, which is to reduce the volume of waste generated in the entire city by 30% compared with FY 2002 by FY 2011, of "Yokohama G30 Plan".

G o m i : Japanese word for 'garbage' **Garbage**: English word for Gomi
Genryo: Japanese word for 'reduction' **30**: The target to reduce waste by 30%

How to apply for the shop tour of the Clean center at the H.Q. Yokohama plant

Open day : Tuesday and Thursday

Content : You will observe JVC's environmental activities

Eligible : Children of school age or above. The presence of a supervisor (one major) is required.

Capacity : Approx. 15 persons

Application :

Please contact the Yokohama Administration Center, General Affairs Department, JVC
Please advise us by fax or email of the name of a supervisor, your contact information, date and time you wish to visit, the number of participants, and the purpose of your visit.

Fax : 045-450-1589 E-mail : yks-clean@jvc-victor.jp

Please be noted that we may not be able to accommodate your requested date and such owing to circumstances.



In order to contribute proceeds gained by the recycling, the H.Q. Yokohama plant, by working together with the waste disposal sub-contractor, collects caps of PET bottles and participates in the fund-raising for the vaccination for children in nations suffering poverty.

JVC recognize the importance to conserve the nature and the biological diversity and has been supporting the Keihin forest building project led by the City of Yokohama that is to improve environment of the Keihin water front area. And since 2003,



Dragon fly pond

JVC has been supporting the forum "How far do

dragonflies fly?" which has been undertaken jointly by citizens, local government, businesses and experts. We have built and maintain the ecology improvement green zone which includes the "Dragon fly pond" on the south of the new engineering building called the "Techno-wing". In order to provide the vegetation which is suitable for the inhabitation of the dragon fly and such and to maintain it, we plant water plants which grows naturally in the Keihin water front area and experiment its regeneration by virtue of the resilience.



The forum "How far do dragonflies fly?"
<http://tombo4.hp.infoseek.co.jp/top.html>

● Yamato and Rinkan plant (Yamato City, Kanagawa Prefecture)

In FY 2008, the Yamato plant was ranked as 20th place on a nationwide basis in the small size rechargeable battery collection and recycling promotion campaign and was given a prize by the limited liability intermediate corporation, JBRC. The Yamato plant took part in “Yamato industrial fair 2007” and had a interaction with citizens by giving a technical presentation titled as “the storage house of sound and video” and setting up a booth to introduce activities of “the society for the betterment of Yamato’s environment”.

“The society for the betterment of Yamato’s environment” was founded by 7 companies in the city and JVC, being in the position of a chairman, actively takes part in a broad range of activities such as the nurturing of fireflies, the environment summer school for parents and children, the conservation of the green zone and the beautification of rivers to make contribution to the community.



Cleanup work of Hikichi River running through Yamato City

Further, in every August, it holds the summer evening festival, in which neighboring residents participates, by setting up a stage on the turf of the plant for the band playing and the Bon festival dance.



◀ Children joined festival and enjoying game



▶ Neighboring residents enjoying staging

● Maebashi (Maebashi City, Gunma Prefecture)



Planting young trees of crape myrtle in green zone of plant

The Maebashi plant collectively and actively participated in “Maebashi City’s declaration for CO₂ reduction” 421 employees took part in the declaration and planted young trees of crape myrtle to reduce CO₂.

The Maebashi Plant invites the neighborhood community association of the Ohwatari-town to explain its environmental efforts and show them its environmental facilities. Thus, the plant is making efforts to interact with local residents. On 12th September, 2007, 2 administrators of the neighborhood community association visited us and had a shop tour.



Administrators of neighborhood community association of Ohwatari-town

● Yokosuka plant and Kurihama R&D Center

(Yokosuka City, Kanagawa Prefecture)

The Yokosuka plant and the Kurihama R&D Center has been continuously conducting the cleanup activity for city roads and sidewalks adjacent to their facilities every month for 13 years. Further, they plant flows of each season to



Cleanup activity

improve the image of the flower town Kurihama.

In every August, their premises have been opened to the public and the plant and the R&D center jointly have been giving the summer evening festival, in which local residents and peoples



from administrative authorities have been taking the trouble of participating, and maintaining interchanges. In 2007, the festival had 1,500 people participated and was very successful.



Waste collection and transportation vehicle managed by the electric manifesto in which the GPS is applied.

The Yokosuka plant, in collaboration with the waste carrier, is trying to reduce CO₂ by means of using environmentally friendly LNG vehicles for the transportation. In addition, it has promptly introduced the electric manifesto (with application of the GPS) to properly comply with the regulation.

● Labor union

JVC labor union has been engaged in greening of the desert in China since 1994. In 2008, it has a plan to depute volunteers for the planting in the Horqin desert.



Team of Horqin desert planting in 2006

Sites Relevant to Environmental Report

Business locations covered in environmental sustainability report

Type	Business location		Address	ISO 14001		Registration date	Site report presentation	Application of environmental performance data counting
	Abbreviated name	Main production item or business content		Certification authority	Certification No.	Renewal date		
Japan	Headquarter organization	Headquarter Yokohama plant	Yokohama City, Kanagawa Prefecture	JACO	EC98J1095	Nov. 1998	○	○
		H.Q Yokohama Components (High-density, multi-layer printed wiring boards, D-ILA device)					* 1	○
		Fujieda plant	Fujieda City, Shizuoka Prefecture					
		Fujieda Components (motors)				Jun. 2008	○	○
		Kurihama R&D center	Yokosuka City, Kanagawa Prefecture					* 2
		Kurihama Research and Development						
		Nationwide sales and service bases	Various places in Japan			Consolidated in Jun. 2007		* 2
		Sales and service					○	○
		Victor Logistics Inc.	Yokohama City, Kanagawa Prefecture			Consolidated in Sep. 1997 and Jun. 2008		
		VL Distribution					○	○
		Victor Interior Furniture Co., Ltd.	Fukuroi City, Shizuoka Prefecture					
		Interior Home furniture					○	○
		Yokosuka plant	Yokosuka City, Kanagawa Prefecture					
		Yokosuka Video Camcorders, TVs, Projectors, D-ILA devices, Components (PWBs)					○	○
		Video-Tech Co., Ltd	Shibuya Ward, Tokyo Metro.					
		Video-Tech Video editing						
	Other Japan	Hachioji plant	Hachioji City, Tokyo Metro.	JACO	EC99J2049	Jan. 1997	○	○
		Hachioji Professional use, educational use, and information-related equipment				Jan. 2006		
		Victor Creative Media Co., Ltd	Yamato City, Kanagawa Prefecture	JACO	EC97J1011	Apr. 1997	○	○
		VCM CD and DVD discs (pre-recorded software)				Jan. 2006		
		Mito plant	Mito City, Ibaragi Prefecture	JACO	EC97J1244	Mar. 1998	* 1	○
		Mito Recordable media products, pre-recorded video software (video tapes)				Mar. 2007		
		Yamato plant	Yamato City, Kanagawa Prefecture	JACO	EC98J1048	Aug. 1998	○	○
		Yamato DVD discs (pre-recorded software), FA systems, Molds, Electronics components (optical pickups)				Aug. 2007		
		Maebashi plant	Maebashi City, Gunma Prefecture	JACO	EC98J1051	Aug. 1998	○	○
		Maebashi Audio equipment				Aug. 2007		
		Victor Isesaki Electronics Co., Ltd.	Isesaki City, Gunma Prefecture	JQA	JQA-EM0276	Dec. 1998	* 1	○
		Isesaki Electronics VCR related devices, Components (PWBs)				Nov. 2007		
		Nippon Record Center Co., Ltd. (nonmanufacturing business)	Atsugi City, Kanagawa Prefecture	JACO	EC04J0052	May 2004		
		NRC Logistics of audio software etc.				May 2007		
	Overseas	JVC Disc America Co.	Alabama, U.S.A.	AWM	00086	Aug. 2000	○	○
		JDC CDs, DVDs(pre-recorded software)				Mar. 2006		
		JVC Industrial of Mexico,S.AdeC.V	Mexico	BSI	EMS38385	Dec. 1997	○	○
		JIM TVs				Feb. 2006		
		JVC Manufacturing U.K. Ltd.	U.K.	SGS	QAE1103	Mar. 1998	* 1	○
		JMUK TVs				Jan. 2006		
		JVC Electronics Singapore Pte. Ltd.	Singapore	PSB	98-0045	Dec. 1998	○	○
		JES Car AV products				Jan. 2005		
		JVC Manufacturing Malaysia Sdn. Bhd.	Malaysia	LRQA	772056	May 1999	○	○
		JMM Camcorder, Audio products				May 2007		
		JVC Manufacturing Thailand Co., Ltd.	Thailand	MASCI	EMS05020/1971	Apr. 1999	○	○
		JMT TVs, Professional use products				Jun. 2005		
		JVC Components Thailand Co., Ltd.	Thailand	SGS	E17387	May 2000	* 1	○
		JCT Components (motors, optical pickups, etc.)				Jan. 2006		
		PT. JVC Electronics Indonesia	Indonesia	KEMA	79964	May 1999	○	○
		JEIN Audio products, Car AV products				May 2005		
		JVC Vietnam Ltd.	Vietnam	TÜV	01 104 000711	Apr. 2001	○	○
		JVL TVs, Audio products				Feb. 2007		
		JVC Beijing Electronics Industries Co., Ltd.	Beijing, China	BVQI	60006	Aug. 1999	○	○
		BJVC Camcorders, VCRs, DVD recorders, TVs				Feb. 2006		
		JVC Guangzhou Electronics Co., Ltd.	Guangzhou, China	EPRE	03 1999 006	Nov. 1999	* 1	○
		GJVC Components (motors)				Apr. 2005		

*1: The presentation of the site report was suspended due to the structural business reform, the transfer of the business or the abolition of the plant.

*2: This location is partly counted in terms of the part related to the logistic.

The status of acquisitions of ISO 14001 certification is as of August 31, 2008

For further details, please visit the following websites:

JVC site report (for each business locations)

<http://www.jvc-victor.co.jp/company/environ/sitereport.html>

JVC's environmental activities

<http://www.jvc-victor.co.jp/company/environ/index.html>

History of Environmental Management Activities by JVC

Year	JVC	World affairs (Japan/Global)
1985		Vienna Convention for the Protection of the Ozone Layer adopted
1987		Montreal Protocol on Substances that Deplete the Ozone Layer Adopted
1988		Ozone Layer Protection Law
1991	Environmental Administration Department established 1st Environment meeting was held.	"Global Environment Charter" by the Japan Federation of Economic Organizations Law for Promotion of Effective Utilization of Recyclable Resources enacted
1992	Product assessment activities started Basic Environment Charter established JVC environmental logo established	United Nations Conference on Environment and Development (Earth Summit) Rio Declaration on Environment and Development, Agenda 21 Voluntary Action Plan on Environment by the Ministry of International Trade and Industry
1993	First voluntary plan formulated, Internal environmental audits started	Basic Environment Law enacted
1994	Specific chlorofluorocarbons was totally eliminated from production processes	Basic Environment Plan United Nations Framework Convention on Climate Change
1995	First internal environmental audit (in Japan) completed	Law for Promotion of Sorted Collection & Recycling of Containers and Packaging
1996	Basic environment policy (charter was revised) established Second term voluntary plan formulated	Voluntary Action Plan on the Environment by the Japan Federation of Economic Organizations International environment standard ISO 14001 become effective
1997	Hachioji district acquired ISO 14001 certification (first case in Japan) Use of dichloromethane in the company totally discontinued JIM (Mexico) acquired ISO 14001 certification (first case among overseas operations)	Kyoto Conference of the U.N. Framework Convention on Climate Change "COP3"
1998	Environmental Administration Division established Product recycling project started Green Procurement Guidelines established	Law concerning the Rational Use of Energy revised (top runner method introduced) Law for Recycling of Specified Kinds of Home Appliances Law concerning the Promotion of the Measures to Cope with Global Warming
1999	14 domestic business locations acquired ISO 14001 certification 10th Environment meeting was held First Environmental Report published	Policies for Investigation and Countermeasures for Soil and Ground Water Pollution Law Concerning Special Measures Against Dioxins Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in their Management (PPTR Law)
2000	Recycling Project Promotion Division established JVC Green Grand Prix program started 11th Environment meeting (Product Assessment Guidelines) was held	Law for Promotion of Sorted Collection and Recycling of Containers and Packaging fully enforced Basic Law for Establishing a Recycling-Based Society Law on Promoting Green Purchasing Law for Promotion of Effective Utilization of Recyclable Resources (3R Law)
2001	Collection and recycling of used TV sets started Completion of ISO 14001 certification by all manufacturing sites worldwide Registration of products complying with Law on Promoting Green Purchasing Lead-free Solder Introduction Promotion Project established Participated in portable rechargeable battery recovery and recycling program ISO certification for domestic sales and service bases completed	Basic Policy of Law on Promoting Green Purchasing Fluorocarbon Recovery and Destruction Law Law Concerning Special Measure against PCB Waste Specified Household Electric Appliances Recycling Law Agreement over the Kyoto Protocol reached at COP7 Mercury Control Bill in the U.S.
2002	13th Environment meeting was held Participated in Ecoproducts 2002 Exhibition	Japanese Government ratified the Kyoto Protocol Comprehensive Government Policies for Predicting Global Warming and Climate Change Construction Materials Recycling Act fully enforced Law Concerning the Promotion of the Measures to Cope with Global Warming amended World Summit on Sustainable Development (Environment and Development Summit)
2003	Green procurement standards was prepared and presentation meeting was held 14th and 15th Environment meeting was held The title was changed to the Environmental Sustainability report and its English version was issued. Participated in Ecoproducts 2003 exhibition	WEEE & RoHS Directives were announced in official gazette Soil Contamination Countermeasures Law came into effect Law Concerning the Rational Use of Energy was amended Home-use Personal Computer Recycling Law came into effect
2004	16th and 17th Environment meeting was held JVC was awarded for the 12th Yokohama Environmental Conservation Activities Award Participated in Eco-products 2004 exhibition and Eco-products International Fair (Malaysia)	POPs Treaty became effective JESCO started PCB waste treatment programs
2005	18th Environment meeting was held Basic Environmental Policy was revised Participated in Eco-products 2005 exhibition and Eco-products International Fair exhibition (Thailand)	Kyoto Protocol came into effect WEEE directive came into effect
2006	19th Environment meeting was held Participated in Eco-products International Fair exhibition (Singapore) Participated in Eco-products 2006 exhibition	The revision of the Energy Saving Law was enforced (Distribution and Products) RoHS directive came into effect. J-Moss came into effect.
2007	20th Environment meeting was held JVC became an associated company of Matsushita Electric Industrial Co., Ltd under the equity method. The management integration with Kenwood Corporation was announced.	China RoHS was enforced. Heiligendamm Summit
2008	21st Environment meeting was held	Entered into implementation term of Kyoto Protocol Hokkaido Toyako Summit

Prepared in August 2008

We would like to thank you for reading the Environmental Sustainability Report 2008.

Although the contents may not be fully satisfactory, we will further try to improve contents of the report.

It would be highly appreciated if you could give us straightforward comments and requests by the questionnaire on the left page.

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Please tell us your candid opinions and suggestions by filling in the questionnaire on the left.

<http://www.jvc-victor.co.jp/support/mail.html>

