

# Social Activities

The Kenwood Group is communicating with stakeholders to maintain high customer satisfaction and provide products and services as responsible members of society.

Stakeholders		
Kenwood Group	Customer	At the core of the products and services we provide is our company vision, "Reaching out to discover, inspire and enhance the enjoyment of life". Towards this end, we are reflecting the unique ideas and comments of our customers through market research, showrooms, and customer support centers.
	Stock holders, financiers	We are working to secure appropriate profits and provide a return on investment by building our business. We are publicly reporting company information in a timely manner through shareholder meetings, annual reports, and our home page.
	Employees	Kenwood is working to increase the satisfaction of every employee by creating an open corporate culture and a stable work environment where employees are excited to work.
	Business partners	We are developing a procurement system that facilitates fair and impartial business deals which are mutually beneficial to all parties while adhering to green procurement guidelines.
	National and local government	Delivering products in accordance with all regional laws.
	Consortiums	Helping to develop new technical standards through active participation in industry groups.
	Universities	Collaborating with universities to educate the next generation through our Industry and Academic Research program.
	Local communities	Actively contributing to society to help make our company more a part of local communities.

## Working with Our Customers

### Giving our customers peace of mind

Stemming from our corporate vision of, "Reaching out to discover, inspire and enhance the enjoyment of life", we at Kenwood are striving to produce products and services that satisfy our customers by putting ourselves in their shoes.

Our goal is to continually boost customer satisfaction by treating customer comments obtained at showrooms, customer service centers, and service locations as an important resource.

### Quality products and safety

The Kenwood Group is going the extra mile to improve the quality of products throughout their entire lifecycle, from planning and development, to production, shipping, sales, use and disposal, all to provide products that people will love and can use worry-free for many years.

### Quality

All of our employees are working to improve the quality of our products, instilling the idea of insisting upon uncompromising quality and performance in our products, our people and our business practices" as a core value.

- Developing activities based upon clear objectives as set down in the midterm plan for quality reforms.
- Striving to design quality into every product through quality reviews by management at the planning, development, and design stages.
- Linking the business and production facilities to promote on-going activities that seek to improve quality.
- Putting the customer at the end of every stage of production to ensure quality products.

● **Safety**

At Kenwood, we believe that providing safe products that customers can use worry-free is our most important responsibility and we are working daily toward that end. We have established a Product Liability Committee with the CEO as its chair. On the rare chance that there is a problem with one of our products, a plan is quickly developed to recall the product and take measures to prevent further risk.

● **Educating Employees**

Looking to improve our employees' skills and enhance their awareness of quality, Kenwood holds educational activities, such as a "Lecture on Reliability" for our engineers and the Kenwood Group Quality Awareness Month held every November.

**Customer support and after service**

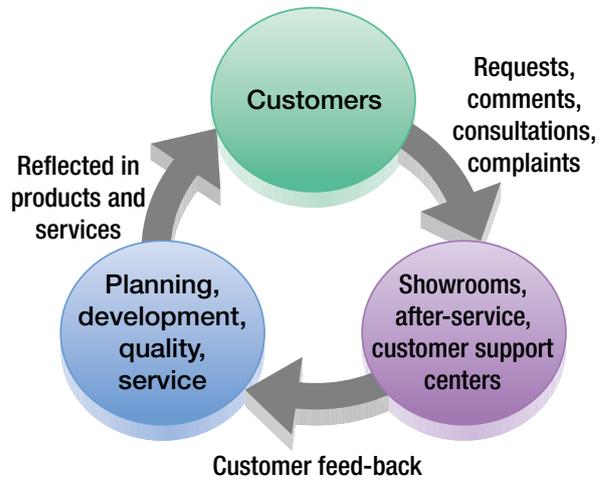
● **Customer support center**

Kenwood's Customer Support Center was created to build trust, satisfaction, and give peace of mind to our customers through pre-purchase consultations and product support.

Kenwood has established a feed-back system, where customer comments, requests, and complaints, are quickly sent to the appropriate division and then put to use improving product quality and business operations.



Customer support center



● **After service**

Kenwood's service division provides training on checking soldering, service technologies, and responding to customers. This lets our employees provide quick and precise service to increase customer satisfaction, trust, and peace of mind. Also, the large amounts of service information in the market is quickly circulated within the company to improve the quality of products.

Kenwood is actively working to save the environment based upon our corporate environmental guidelines. Our business is environmentally conscious and conforms to ISO 14001. We instituted the use of lead-free solder in early efforts to protect the environment.

For our older and physically challenged customers, we provide home service to help people move, setup, and connect our products.



Customer service representative explains the nature of the malfunction to the customer.

## Connecting with customers

In August 2007, Kenwood reopened its newly renovated Kenwood Square Marunouchi as a place where stakeholders can interact with our innovative products and services through various events in a bright and open environment.

### Activities at Kenwood Square Marunouchi

#### (1) Music and friends

Visitors enjoyed live entertainment from music producer Yukio Iwata and folk singer Mariko Aoki. The event featured Aoki's vocals and guitar playing with high-quality Kenwood audio equipment over a variety of genres, from pop, to rock and folk.



Mariko Aoki singing and playing her guitar

#### (2) The Sound Meister Lecture

This event featured analysis and explanations of sound from Kenwood's own sound meister.

#### (3) Promenade Concert

With a history of over 35 years, this concert provides an avenue for people to experience the sound of Kenwood audio during the noon-time hour at Marunouchi. Although there is no lecture, adults can enjoy a selection of songs tailored to create a relaxing lunch-time atmosphere.

#### (4) Twilight Live

People can enjoy live music by popular artists, centering on classical, jazz, pop, and world music. This live event provides a comfortable environment for artists and the audience to coalesce.



Live performance at Twilight Live

#### (5) Jazz Collectors Club

This event has been held over 400 times for jazz music fans who are members of the club. People from the music industry and jazz connoisseurs meet here to exchange commentary on selections.

Visit Kenwood's home page to see the current schedule of events.

### Participating in Events Around the Globe

Kenwood has exhibited at the 2007 Tokyo Motor Show, CES 2008, and a variety of other events worldwide, talking with customers and introducing them to the fabulous products Kenwood has to offer.



**Providing enticing products through our core business**

Kenwood has received numerous awards around the globe for developing superb products. We will continue to create enticing and superior products to further enhance customer satisfaction.

**High praise from Germany's premier car audio magazines**

Articles from the German car magazines *auto hifi* and *CAR & HIFI* evaluating the sound quality and performance for different price ranges have a major influence on customer purchases.

In January 2008, *auto hifi* gave our car audio digital power amp KAC-PS4D its highest praise, the "editor's choice", and certified it as an "Absolute Top Choice (*Spitzenklasse*)". Among systems 1000 Euros or less, the KAC-PS4D received high praise for its sound quality and DSP operability, and its overall rating was the highest of any Japanese manufacturer.

Among mid-priced CD receivers, the KDC-W4537UA and KDC-W4037 received the highest overall ranking from *CAR & HIFI* and the May/June edition of *auto hifi*.



German audio magazines *CAR & HIFI* (above) and *auto hifi* (below)



Articles from *CAR & HIFI* ranking Kenwood top

*auto hifi* declares Kenwood the winner



**auto hifi TESTURTEIL**  
**Absolute Spitzenklasse | 71**  
**Preis/Leistung ★★★★★**

KAC-PS4D  
 Winner of the Absolute Top Choice award from auto hifi

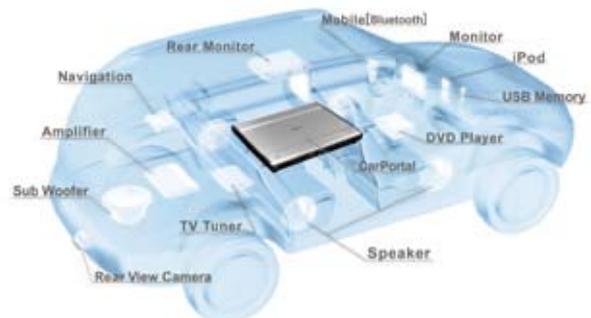
**CarPortal, which allows integration with existing car stereos, receives awards at CES and the SEMA SHOW**

CarPortal is a product highly popular in Europe and the U.S. designed to work with your existing car stereo system to add external devices such as an iPod, car navigation, international satellite radio, and amplifiers. For its high-level of expandability, it received the CES Innovation Award at the International Consumer Electronics Show (CES), and the Popular Mechanics Editor's Choice Award at the Specialty Equipment Market Association Show (SEMA).

We are extremely pleased to have received these awards at these annual shows that are popular with both dealers and customers. It encourages us to continue providing products with a high level of customer satisfaction.



Senior Vice President Keith Lehmann (center left) and Product Manager Rick Noetzli (center right) receiving the Popular Mechanics Editor's Choice Award



Use CarPortal to add a variety of external devices to your existing car stereo system

**All-in-one navigation and entertainment systems providing a high level of satisfaction in foreign markets**

There is an increasing demand for the Japanese-style all-in-one navigation and entertainment systems in foreign markets where the navigation system monitors often block the driver's view.

In 2006, Kenwood began selling its car AV systems integrated with Garmin's\* navigation systems in the U.S. and European markets. In 2007, we moved towards an all-in-one navigation and entertainment system and quickly expanded our sales area from the U.S. and Europe to include Asia, the Middle East, Oceania, and South America. We concluded an exclusive sales agreement for the commercial market with Garmin in 2007, with plans to strengthen our collaborative efforts and gradually introduce products into the world market. As a result, the superior operability and the unique functions incorporated into our products have earned a high level of satisfaction and support from our customers.



\*Garmin Ltd.

Garmin is a U.S.-based navigation system manufacturer that maintains a vast database of maps for foreign markets, holds the largest share of portable navigation systems, and is experienced with business navigation systems.



All-in-one navigation and entertainment systems

**Home audio amplifier earns the bronze medal at Japan's "2008 Audio Excellence Awards".**

Kenwood's Sound Meister-edition K1000 series pre-main amplifier, the R-K1000-N, went on sale in November of 2007 and received the bronze medal at the 2008 Audio Excellence Awards sponsored by Ongen Publishing's *Audio Accessories Quarterly* magazine.

It also received a special award for Best Music Tool for combined use with the Sound Meister-edition K-series CD receiver R-K711-N, released in October, and the LS-K711 speaker system.

After receiving the bronze medal for the R-K1000-N in an open competition with high-end models from around the world, we are even more committed to consistently producing and selling these types of products.



The R-K1000-N pre-main amplifier (above) and the DP-K1000-N CD player (below)

**Providing high-quality sound technology to miuro, a robot that moves to and plays music from a location of your choice**

The miuro from ZMP Inc., is a network audio robot that can play net radio and music stored on a PC or portable music player such as an iPod. The miuro is built around the advanced high-quality speaker system jointly developed with Kenwood, and the advanced autonomous motion robot technology that includes



a high-speed sensor and a gyro that allow the miuro to sense the beat and dance to the music. This new listening style of enjoying music while moving garnered high praise and won the miuro the 12th annual Technological Innovation Award from the Robotics Society of Japan.



Kenwood's Sound Meister Mr. Hayakawa receives the Technical Innovation Award for providing the high-quality sound technology for the miuro

**Singapore plant receives the MAXA 2007 Innovation Award at MAXA 2007**

On November 12, 2007, the Singapore Plant received an Innovation Award at MAXA 2007, an award for excellence in manufacturing sponsored by the government of Singapore. This award is managed by the Economic Development Board, a governmental group, and business consultants who evaluate companies on "innovation in manufacturing", "excellence in management systems", and "sustainability". Companies are not only evaluated on the low rate of defects and market share, they are also evaluated on their management techniques, their streamlined corporate structure, their low rate of employee attrition, their benefits program and their employee evaluation system. It is also a recognition of a corporation's continual drive for improvement and the unified vision of the company and the employees. Receiving this award has caused us to redouble our efforts to produce products that customers enjoy.



Senior Executive Manager Aigami (left) of the Communications Division receiving



Presentation to the MAXA judges

**Kenwood ec direct - Providing incredible and original products**

Kenwood ec direct is more than just an Internet shopping site that allows customers to order a product directly from Kenwood and have it delivered. Customers can also order products available only online and participate in the "Monitor Campaign" where answering surveys about new products leads to special discounts. Customers benefit because optional or even hard-to-find products are sent directly from our warehouse for quick delivery. We hope that this will continue to be a gateway for customers to directly interact with Kenwood.

<http://www.ec-kenwood.com/>



The K-series Silver Limited model only from ec direct. Only 50 were available.



The Monitor Campaign from Kenwood ec direct

## Next-generation product development

Kenwood is developing the latest cutting-edge technologies to bring unique products to the marketplace.

### Exhibited Smartway 2007, a prototype that supports next-generation ITS services, at the Tokyo Motor Show and the World Congress on ITS

This system provides new services such as information to support safe driving, paying of parking fees, and Internet access. The system utilizes new wireless technologies and is based on existing services such as VICS and ETC. Kenwood has developed this cutting-edge system to make driving safer and more enjoyable.

#### ● Smartway 2007

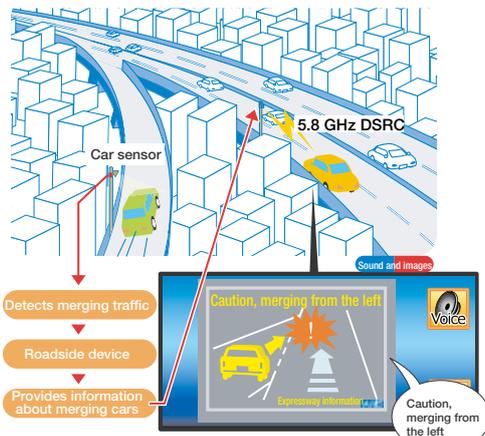
From October 14 through the 17, 2007, we presented the results of this jointly developed project with the Ministry of Land, Infrastructure, and Transport at the Tokyo International Forum. Participants were able to take a test drive on parts of the Tokyo Metropolitan Expressway and test parking at the Marunouchi Kajibashi parking area.

This next-generation ITS service uses Dedicated Short Range Communication (DSRC) in the 5.8 GHz range, an upgraded ETC standard, to transmit road information. It also pays parking fees with an IC credit card and provides information about roadside facilities and other points of interest.



Prototype ITS car product

Testing of the service is scheduled to start in mid-2008 between Tokyo, Osaka, and Nagoya and then across Japan in 2009. There are also plans for a host of new services for this system.



Example of information provided to support merging into traffic

#### ● Tokyo Motor Show

The success of Smartway 2007 was on display at the 40th Tokyo Motor Show. Many of the participants experienced first hand Kenwood's prototype and new information service.



40th Tokyo Motor Show 2007

#### ● World Congress on ITS

Smartway 2007 was at the forefront during the World Congress on ITS in Beijing. ITS members from around the globe, including academics, ITS-related ministries, and businesses were in attendance and participated in lively discussions, presentations, and exhibits.

Kenwood exhibited its system for supporting safe driving with voice guidance in Japanese, English, German, French, Chinese, and Korean at the Ministry of Land, Infrastructure, and Transportation's booth.



Ministry of Land, Infrastructure, and Transportation's booth at the World Congress on ITS in Beijing

**Synchronizing paper maps and navigation -  
Development of SMART INTERFACE**

This is an entirely new interface technology that allows the driver to make course decisions by tracing desired routes and specifying destinations with a digital pen on a paper map.

A prototype was on display at the 40th Tokyo Motor Show in 2007.



Prototype on display at the 40th Tokyo Motor Show 2007

**Introducing products that provide a seamless digital world of entertainment**

All around us, products that include DLNA\*, a technology for freely sharing content over a network among digital home electronics, mobile devices, and PCs from different manufacturers, are steadily increasing.

The DLNA logo, shown to the right, can be seen on products and in catalogs, indicating DLNA compatibility.



Kenwood has been a promoter of DLNA since its inception in 2004, actively working to develop guidelines, testing, and certification programs. We demonstrated our "seamless entertainment world" by sharing digital content over a home network using our NMD-000 small data communication module in our showrooms across the globe. The unit is compliant with the 2007 DLNA

guidelines and is just one way that we are creating a more convenient space for living.

Kenwood is committed to developing new products that integrate into everyday life using new technologies from our three core businesses.



NMD-000 small data communication module incorporating the 2007 DLNA guidelines

**Prototype equipped with the NMD-000 exhibited at CEATEC 2007**



DLNA network amplifier



DLNA network car audio



DLNA network cradle for a digital audio player

\*DLNA (Digital Living Network Alliance)

DLNA is a group of leading companies in consumer electronics, computing, and mobile devices that are working together to advance standardization to achieve interoperability and connectivity in the digital age.

## Well-known business radios with high reliability used around the globe

There are many people working to maintain the safe living environment we take for granted everyday. Police, fire, and emergency services are ready to respond 24-hours a day and they choose business radios over regular cell phones.

### Benefits of Business Radios

- (1) Communication with the press of single button. There is no need to wait for the other person to answer as with a cell phone.
- (2) While cell phones are limited to one-to-one communication, the zone programming option on business radios allows calling of groups or all parties.
- (3) A direct mode of communication, rather than through a base station, guarantees reliable communication in an emergency.
- (4) The heavy-duty design gives them strong impact-resistance against drops on even the hardest surfaces.
- (5) Explosion proof business radios are available for use at chemical and oil plants.
- (6) Water resistant business radios are available for fire fighting and use in other severe environments.

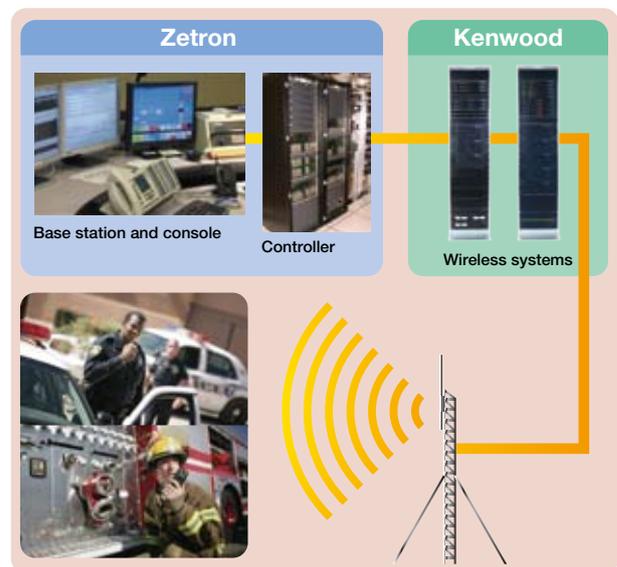


Because Kenwood business radios provide analog and digital communication under harsh environmental conditions, they are used around the globe to support activities guaranteeing the safety of assets and human life. Moreover, the famed high reliability of our radios has led to their use by first responders, fire, at malls, events, hotels, schools, factories and for shipping. This is yet another way that we are contributing to a multitude of social and business activities.

## Developing total system large-scale wireless solutions

Zetron, a company in the Kenwood Group, is well regarded in the areas of wireless network systems and wireless command and control systems used by airlines and government agencies around the globe. It provides business radios with the high reliability and fault tolerance\* for communications pathways demanded by the market. As the business radio market moves from analog to digital, Kenwood is at the forefront, providing total wireless system solutions that integrate Zetron's command and control systems, and network systems.

\*Fault tolerance: Establishing a backup system to respond to major device malfunctions using 2 to 3 redundant wired communication circuits.



## Next generation digital radio system "NEXEDGE"

Kenwood is developing a wireless system utilizing the latest digital business radio formats and terminals optimized for the business and industrial markets. The NEXEDGE series digital business radios, introduced in 2007, is an extremely popular next-generation system in this market. The series combines the advantages of transmission scrambling and low-noise communication that only digital wireless can provide with a simple and low-cost method of migrating from existing analog systems.



**Amateur radios are loved even in space**

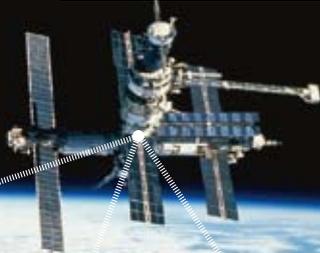
You can find Kenwood amateur radios even on the International Space Station. To be used on the space station, products must pass a number of strict tests. Kenwood radios were selected because of their high reliability, multitude of functions and superior operability. Amateur radios are recognized as a way to facilitate communication to help maintain the mental stability of astronauts working in such a unique environment and to stimulate education about both radios and space.



TM-D700E



Astronaut using the TM-D700E on the International Space Station



Australian students talk with the International Space Station

**Digital communications support famed F1 team**

In the world of Formula One where g-forces and vibrations are extreme while racing at speeds in excess of 300 km/h, maintaining stable communication is difficult and radio makers who can meet this challenge are few.



Kenwood has long been the official supplier for the famous Vodafone McLaren Mercedes team, contributing to this winning team by developing and supplying a digital radio system for their exclusive use under these extreme conditions.



New wireless headset provided to the Vodafone McLaren Mercedes team in 2008

**Emergency broadcast systems for schools**

Kenwood has developed an emergency broadcast system for schools that acts as a safety net providing safe learning environments for our children. It was introduced in the "Collection of Initiatives for School Safety Management" published by the Ministry of Education and has been employed in many schools around Japan. In the event of an emergency, evacuation instructions can be broadcast to every room. It facilitates communication on a daily basis between the pool, the gym, the school yard, and the teacher's room and can be used on a wide variety of other occasions such as school sports and culture festivals, and even on off-campus excursions.



**Working to protect our customers from inferior imitations**

In September and October 2007, Kenwood won three favorable decisions from the Beijing First Intermediate People's Court in China for trademark infringement and violation of the Act Against Unfair Competition, Copyright Infringement, and Design Patent Infringement. The companies were ordered to pay damages totaling 4.3 million yuan (approx. 66.65 million yen). Counterfeit products have a significant negative impact on the level of satisfaction of customers who have purchased the real product. Kenwood has taken a harsh stance towards counterfeiters, working through litigation to expose them. We are increasing these efforts and expanding them globally by actively pursuing administrative measures, litigation, and trade regulations to prevent infringement on our intellectual property rights and protect our customers from mistakenly purchasing inferior copies.

Examples of typical counterfeit products

KENWOOD



Kenwood TK-2118/3118

KENWEI



Counterfeit model Kenwei KW-5118

## Working with Our Employees

Kenwood strives to enable each employee to attain their full potential by incorporating various programs and building an excellent work environment. We want them to grow as individuals to work as a team in an energized workplace.

### Kaizen

#### Vigorous *kaizen* activities at the US office

Although these activities are familiar to Japanese companies, employees at the U.S. sales company in Long Beach, California participated in business improvement activities with a special flare. The Kaizen committee selects the best suggestions from all employee submissions and presents the winners with a monetary prize. At the awards ceremony, all employees gathered together for a simple yet sociable lunch party. As a result, these activities help foster communication among departments and paved the way for an active and smooth exchange of suggestions for improvement.



Monthly Kaizen Newsletter published by the Kaizen Committee



Employees enjoying the lunch party after the awards ceremony in December 2007.



Awards ceremony  
U.S. sales company president Mr. Eguchi presents a certificate of appreciation and a reward

### educating employees

#### Evaluation and HR systems that recognize initiative and foster success

Kenwood's personnel evaluation system seeks to develop, train, and employ people who can think and act on their own to resolve problems. Kenwood motivates its employees in a number of ways. During annual evaluations, employees can apply to work in the department or location of their choice based on their career plans. In addition to this Self-recruiting Application System and the company's Internal Recruiting System to find employees to fill company-wide openings, Kenwood instituted the Free Agent (FA) System in 2007 to allow employees to move to the department of their choice. In these ways, we aim to provide an environment where each employee can become a self-motivated professional who can act autonomously with confidence. By highly evaluating the employee's subsequent contributions, the person's skills and actions will in turn contribute to the company's business. At the same time, the individual employee will gain a sense of accomplishment and become even more motivated which contributes to their personal growth. These two cycles of growth and achievement contribute to the vitality of the employee and the organization.

#### Outline of the FA System (introduced in September 2007)

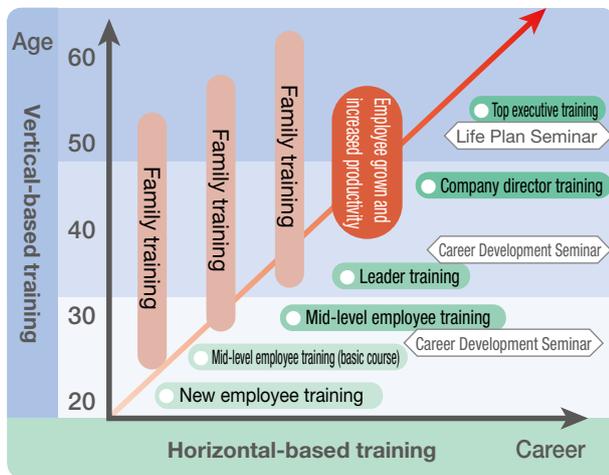
<b>Requirements</b>	Employees with over 5 years at the company and over three years in the same department
<b>Application period</b>	FA declarations every August and September (Directly apply to the personnel department)
<b>Date changes effective</b>	Every October
<b>Fiscal 2007</b>	11 of the 22 employees who applied passed and changed jobs

**Unique education & training programs foster employees**

Kenwood emphasizes employee training because we understand the value of good employees.

Kenwood's education and training programs aim to strengthen the employee's ability to handle on-the-job situations. While the employees study on their own, they improve their ability to resolve problems and think independently.

To attain this goal, Kenwood's education and training programs are provided according to the employee's company position (vertical-based training) and job responsibility (horizontal-based training). This is a unique system.



**Vertical-based training: Family training (training of workplace teams)**

Family training has the boss and subordinates at the same workplace staying at the training facility where they cook, clean, etc., together while discussing predetermined work-related topics and finding solutions. The objective is for them to find solutions themselves and learn from each other.

During this training period, everyone does the household chores fairly, regardless of job title, whether the employee is the department/section head or a new employee. In the work-related discussions, everyone is free to air his or her own opinions regardless of one's position in the company. Current work-related topics are discussed, and by working together as a team and fostering open communication, they can find solutions and strengthen their workplace teamwork.

**Horizontal-based training: Hierarchy-based training**

Hierarchy-based training has groupings for new employees, mid-level employees (basic course), mid-level employees, leaders, company directors, and top executives.

The training aims to instill the Kenwood way of thinking and mental attitude within the group. It conducts "Basic Ability Development Training" to develop and expand the basic abilities required by that group. Also, "Practical Training" focuses on business skills, compliance, and essential knowledge and skills for daily work. The planned "Career Development Seminar" will help formulate the employee's career plan and life plan. A "Life Plan Seminar" is also offered to employees.

**Human Resource Development Center Activities**

Since its inception in April of 2007, the Human Resource Development Center has been tirelessly working to improve the work environment and atmosphere. In addition to conducting educational training that fosters a free and open company by enhancing a person's inner strength, communication skills and organizational abilities, the Human Resource Development Center also organizes the following activities.

**Activities of the Human Resource Development Center for 2007 (excluding education)**

<b>Hearings for group employees in Japan</b>	Kenwood carries out workplace surveys and hearings (over 160 times) for all group employees of any department (in all locales) in Japan. Over 860 employees, about 1/3 of the personnel in Japan, have participated.
<b>Workplace Consultation Room</b>	Employees can voice their concerns about the workplace and receive advice by sending them to a special email address. The Human Resource Development Center then works to resolve the problem. In some cases this involves working with the department.

As part of its continuing mission, the Human Resource Development Center feeds back the problems learned through workplace consultations and hearings to managers to improve the overall company.

## Balancing work and home

### Support for child rearing and nursing care

To cope with changes in the work environment due to fewer children and the aging population, Kenwood has developed a Balanced Work and Life Program. Various programs are provided to support employees who are raising children or caring for a family member (elderly parent, etc.) so they can pursue both work and home life. These programs are available to both male and female employees.

#### Kenwood's Child Rearing & Nursing Care Support Systems

Name	Explanation	Program record (fiscal 2007)
Child care leave	Leave of absence is allowed up to the end of March following the child's first birthday.	3 people
Shorter work hours during child care	The daily working hours can be shortened by up to 2 hours, in addition to the child-rearing hours set by law up to when the child enters primary school.	2 people
Childbirth leave	A five-day leave is allowed for an employee whose spouse gives birth.	Avg. of 3.3 days (43 people)
Rehiring of employees who resign due to childbirth or child care	Employees who leave the company due to childbirth or child care can be rehired upon applying.	Unused
Nursing care leave	Up to 1 year of absence is allowed for nursing care.	Unused
Shorter work hours during nursing care	Together with nursing care leave, the daily working hours may be shortened by up to 3 hours per day for up to 1 year.	1 person

### Flexible working hours and vacation time

To enable employees to make good use of their off-hours, flexible working hours and vacation time are provided to support diverse working schedules. The flextime system enables employees to flexibly adjust their working hours to suit their current workload, based on the number of hours in a standard working day. Also, the half-day off system enables employees to attend school activities or run errands at the local city hall. These systems have been in place for 15 years, and are well established amongst employees.

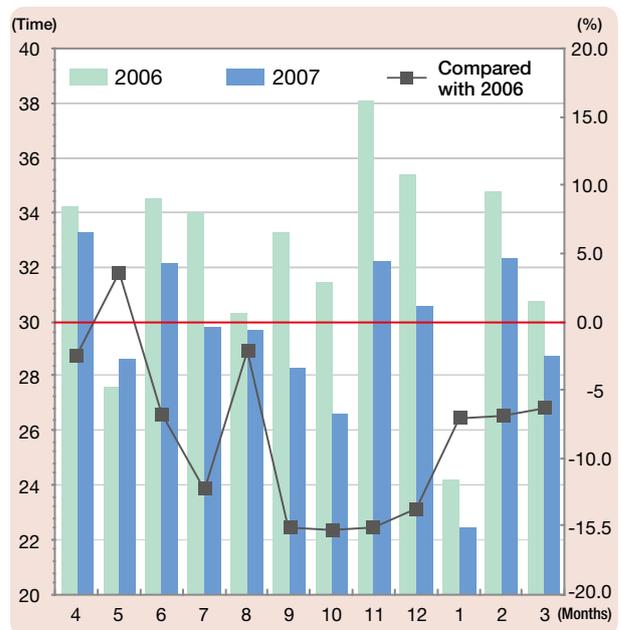


### Renaissance Project

In response to the continuing trend for extremely long working hours, especially in the design and development departments, Kenwood's management and the union jointly established the "Renaissance Project" in 2007. The project is designed to reduce overtime work and increase employee use of paid vacation time.

As part of the project, Kenwood has strengthened enforcement of rules agreed upon with the union and related to working hours. We have also proactively worked to re-evaluate work processes and use of vacation time by creating a framework for supervisors to be more aware of how often their employees are working late or on their days off. As a result, employees in 2007 worked an average of 33 hours less per month than they did in 2006.

Comparison of employee overtime for fiscal 2006 and 2007



### Re-employment of Senior Workers

To provide more choices for life after retirement and to pass on the senior employee's valuable skills and experience, Kenwood has a re-employment program for senior workers. As long as the person is healthy and motivated, he or she can continue working in the same group after reaching the retirement age of 60.



## Safety and health for workers

Kenwood is revising its corporate structure and organizing committees of experts to help preserve the health and safety of its most important asset, its employees.

### Maintaining our safety and health system

The Kenwood Group saw an increased expansion of the safety and health system in 2007.

We have clarified the roles of and strengthened cooperation between employees and departments that manage safety and health in an effort to



Yokohama Office Ms. Osumi (registered nurse)

improve the working environment and secure the health and safety of employees.



Headquarters From left: Ms. Nishino (registered nurse), Dr. Arai (occupation counselor), Dr. Taniguchi (industrial physician), and Ms. Wakamatsu (public health nurse)

#### Maintenance of the safety and health system

<b>Improvement of the Safety and Health Committee</b>	Clarified the role of the Safety and Health Committee with the advice of experts and proactively expanded its activities.
<b>Expansion of the health management system</b>	Made the health supervisors full-time in order to better recognize everyday health and safety problems.
<b>Access to various counselors</b>	Remodeled the health center and expanded the medical staff to include occupational health specialists, public health nurses, and registered nurses. We have also improved support for problems related to long working hours.
<b>Utilization of outside resources</b>	Added more avenues for employees to get advice on their problems through individual counseling at the Workplace Consultation Room (see the section about the Human Resource Development Center on page 25), the Health Center, and with occupational counselors, resulting in flow more tailored to employee needs.

### Featured health supervisor

**Jun Sakamoto, Administration Dept., Corporate Administration Division, Hachioji Plant**

The Safety and Health Committee has been actively re-evaluating the health management system at Kenwood, placing special interest on mental health and metabolic syndrome measures. As for mental health, we've placed emphasis on protecting those people most at risk by working with other departments to attack the problem from multiple angles.

I believe that the remodeling of the Health Center and increasing the number of medical personnel has been a significant improvement for the Kenwood employees.



## Working with Our Suppliers

As part of its social responsibility, the Kenwood group continues to improve its environmental management system for the entire supply chain, including its suppliers.

### Promotion of green procurement

The Environmental Philosophy of the Kenwood Group states that, "As we aim to expand our business around the world, we will help create a society with sustainable growth while acting responsibly to preserve and improve the Earth's environment."

Kenwood believes that preservation of the environment is the most important problem the human race will face in this century and we are working towards realizing a renewable society by pursuing the development of environmentally conscious products.

Towards this end, Kenwood is pursuing the procurement of products, parts, and materials with minimal environmental impact, as defined by local law, from environmentally conscious suppliers. This "green procurement" is based on our Green Procurement Guidelines\*.

\*Our Green Procurement Guidelines specify 16 prohibited substances and 25 controlled substances including those to be eliminated. (The 5th Edition was published May 2008.)



Meeting explaining the Green Procurement Guidelines in Japan



Meeting explaining the Green Procurement Guidelines in Malaysia

### Communication with suppliers

Close communication with our suppliers is absolutely necessary to the pursuit of green procurement.

As part of our pursuit of environmental preservation in the Kenwood Group, we require all our suppliers to have an environmental management system that meets ISO 14001 standards and be certified. Through our environmental management system and management of pollutants, we are actively working with our partners to help preserve the environment.



Suppliers join an orientation about Kenwood's business policies

## Acting Locally

Aiming to be a good corporate citizen in local areas where we operate, we hold various activities to deepen our relationship with the local communities.

### In Japan

#### Kenwood Service receives the bronze prize for safe driving

The Kenwood Group issues drivers licenses based upon company standards to employees at sales and affiliated companies around the nation who drive for work-related purposes as part of our commitment towards safe driving. As a result of its efforts to prevent traffic accidents while on the job, Kenwood Service received the bronze prize for safe driving from the Kanagawa office of the Japan Safe Driving Center. We will continue to make strides toward accident prevention by increasing employee awareness of safe driving.



Kenwood Service President Anzai (center left) and Mr. Miura (center right) from the Business Promotion Department accept the bronze prize for safe driving

#### Management and labor volunteer as part of the Minami Tama District Council's 2008 Asakawa Clean Campaign

The people at Kenwood and their families participated in the Asakawa Clean Campaign run by the Minami Tama District Council of the Japanese Trade Union Confederation (comprising Hachioji, Machida, and Hino Cities) as part of the Kenwood Union's local activities on April 5, 2008. This activity represents the fusion of Kenwood's social responsibility to preserve and beautify the environment as a corporate citizen of Hachioji City.



A trash truck running on biofuel from the city also joined in



Clean-up activities with the cherry blossoms in full bloom

#### Entertaining students on off-campus excursions

As a corporate citizen of Hachioji, we are cooperating with the environmental education activities of local schools. In February 2008, the Hachioji Plant was used to educate students from a local junior high school about the environment.

The Hachioji Plant also hosted young employees from the Hachioji City offices sent to study private business.



Students collect data about waste separation at the plant



Environmental education at the junior high school

#### Communicating with the community

Kenwood has participated in several activities designed to promote discussion about the current state of the area, and corporate and government interaction on the environment. Yamagata Plant President Takami participated in a symposium entitled "Toward a beautiful ocean in Yamagata" held in Sataka City on November 4, 2007. Then on December 22, Hachioji Plant Director Takeda joined a panel discussion entitled "What we can do to prevent global warming" held in Hachioji City. These events provided a unique opportunity for Kenwood to introduce its environmentally conscious activities to the residents. It also was a venue for Kenwood to raise awareness about the necessity for making changes in our overly convenient lives and the environment.



Panel discussion on the environment held in Hachioji City (Hachioji Plant Director Takeda is second from the right)



Symposium held in Sakata City (Yamagata Plant President Takami is in the center)

**Hosting Plant Tours**

Our Yamagata and Nagano Plants here in Japan host daily tours for local elementary, junior, and high school students. In 2007, 311 students visited the plants, learning about the product creation process by viewing actual production lines and they learn about measures Kenwood takes to prevent global warming such as waste separation for zero emissions.



**Kenwood Abroad**

**Shanghai Plant** 

● **Volunteer clean-up of roads around the plant**  
 Environmental pollution resulting from rapid industrial development has become a serious problem in China. In response, our Shanghai Plant conducts environmental beautification activities every three months, cleaning up around the plant and in nearby parks. Around 300 employees participate every time and through these types of regular volunteer activities, Kenwood seeks to be a green company while enhancing local beauty.



**Singapore Plant and Sales Company** 

● **Helping the community: Kenwood Community Service Day activities**

On May 5th, the Singapore Plant and the Singapore Sales Company co-hosted the 1st Annual Kenwood Community Service Day. As part of these activities, they cleaned up the Changi Beach Park on the eastern seaboard of Singapore. The National Environment Agency gave its approval to the plans for our activities. The 220 participants from both companies collected plastic, cigarette butts, styrofoam, and empty cans to beautify the Changi Beach Park which stands out in Singapore for its uncleanness. We plan to use the Kenwood Community Service Day Committee as a vehicle for continued activities that contribute to society.



**Malaysia Plant** 

● **Organizing and supporting a youth soccer tournament**  
 Employees volunteered as part of the Kenwood Union's continuing activities to contribute to the community to support the Johor youth soccer tournament. The event promoted the mental and physical health of the children through cooperation between the Johor government's Youth Sports Division and Kenwood Union staff from Japan. The competition included a team from the Japanese school and 14 junior high school teams from the state.



Opening ceremony



Champions, in front, and runners up, in back.

### Netherlands Sales Company

- Organized a marathon for city residents

Since 2002, the annual Kenwood Run marathon has been held to promote local sports. The marathon drew 1500 participants, an increase of over 200 people from last year, and was a huge success thanks to the help of Kenwood staff.



Netherlands Kenwood Run

### Italian Sales Company

- Main sponsor for the Cinque Mulini (5 mills) cross country race.

The Cinque Mulini is one of the most prominent cross country races in the world and is an IAAF World Cross Country event. Kenwood was a main sponsor of the February 2008 event and our logo was featured on the Raisat Sport satellite broadcast of the event.



Cinque Mulini



- Provided sponsorship for Paralympics athlete Fabrizio Macchi.

Kenwood provides continuing support to Fabrizio Macchi, the bronze-medal winner in bicycle racing at the 2006 Athens Paralympics. This sponsorship sends a message to our partners, customers, journalists, employees, and people everywhere to "believe in yourself and never give-up on your dreams".



Fabrizio Macchi

### U.S. Sales Company

- Support for the NASCAR Penske Racing Team.

In the extremely popular world of NASCAR racing, Kenwood provides support and wireless communications during races to the famous Penske Racing Team. NASCAR is supported by over 75 million dedicated fans and cars #12 and #77 bearing the Kenwood logo race all over the country.



First race, February 17, 2008: Daytona 500

### Canadian Sales Company

- Supporting solar car teams from universities.

Kenwood provides support for races and wireless communications every year for the solar car teams of the engineering departments at the renowned Queens and McGill Universities in Canada. Kenwood radios are used by both teams in races across North America and are essential to their success, providing communication between the driver and the support team.



McGill University



Queens University

