

RHYTHM

CSR REPORT 2013

April 1, 2012 – March 31, 2013



The
25th Anniversary

 avex group

The Source of the Beat

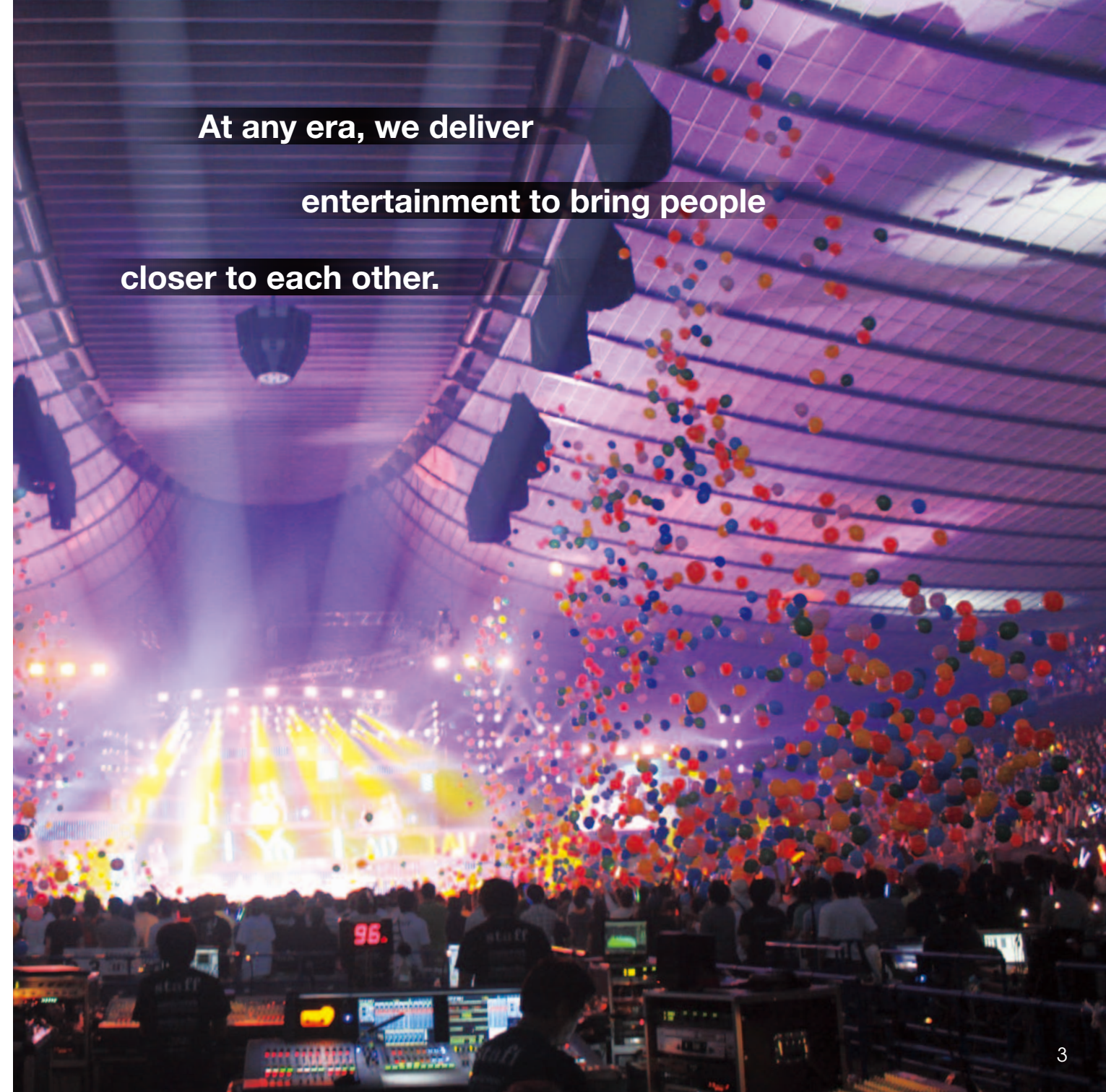
In a society undergoing dizzying change,
we have always considered about what we can do best
as a comprehensive entertainment corporation.

Donations and volunteering are activities that we do on a daily basis at the Avex Group.
However, we recognize these things are common practice for our corporations.

Our business is to excite people's emotions: to evoke empathy,
to provide hope and the joy of living, and to impart dreams for the future.
If we dare to speak without fearing the possibility of being misunderstood,
the business itself might be a form of CSR.

To do so, we prepare the environment for people producing entertainment. In short,
Avex will continue to be a place where each employee can work with enthusiasm.
That is also a form of CSR.

We put our knowhow to good use and shake up people's emotions,
pursuing CSR that only Avex's entertainment can achieve.



At any era, we deliver

entertainment to bring people

closer to each other.

Special Feature: Improving the Working Environment

Opening the Popolar Day Care Center for Staff and Community Use

Recently, the issue of children on the waiting list to enter day care centers has turned into a problem for an increasing number of people who would like to work, but cannot for the lack of day care facilities. Aiming to allow staff members on child care leave to return to work when they wish without being troubled by this problem and to improve the working environment, the Avex Group invited TASK-FORCE Co., Ltd. to set up one of its nationwide Popolar Urban Day Care Centers in the Avex Building. The center opened on March 25, 2013. The day care center is not only intended for Avex employees, but it is also available to residents of the Minami-Aoyama area, where our head office is located. We believe it will contribute to a better working environment.



When we were setting up the day care center, we visited licensed and certified day care centers in the area, as well as day care centers on the premises of other companies. In the process, we thought that rather than creating a facility for the exclusive use of Avex employees, it would be more meaningful for both the children and the company to open up the facility to members of the public. Therefore, we were determined to bring in an operating company with knowhow of running day care centers. We will continue to support the compatibility of work with having children, and to make efforts in order to build a society where children grow up healthy.

Hitomi Maede
Career Support Section, Personnel Resources,
General Affairs and Personnel Administration
Avex Group Holdings Inc.

Background

Women account for approximately 40% of the workforce at the Avex Group, and every year, an increasing number of them become pregnant and give birth. The ratio of employees returning to work after child care leave is nearly 100%, but a little less than 50% extend the leave because they cannot find a day care center. So, as a result of studying arrangements to improve the working environment and to make it easy to return to work at the preferred time, we were determined to invite a day care center to set up on the company premises.



Features

When we invited the day care center, we thought about improving the working environment not only for our own employees, but also for people in the local community. The features of the center are: anyone can use the facilities; child care is available until 9 in the evening, and temporary care is also available.

Outlook for Supporting Work-Life Balance

The day care center has made it easier to plan the time for employees to return to work. It also simplifies career planning with children. For women who wish to continue their careers not to perceive childbirth and child care as a career hurdle, we arrange an environment where they can work independently. In addition to child care support, we would also like to support the work-life balance for employees who are confronted with nursing care of the elderly or the ill or other life events.



Other Initiatives

Mama Fes

"If mom is not doing well, Japan will not do well!" This was the spirit behind the launch of "Mama Fes" in 2010. We provided a stage where mothers and children can enjoy themselves through entertainment. At the 2010 fall event, we organized the Memories and Stories exhibition. Celebrity mothers showed articles they used for their babies and communicated "the memories and stories" to new mothers in the Mama's Smiley Project. We contributed to the Great East Japan Earthquake relief efforts by donating a portion of the sales at the Mama Fes totaling 85,407 yen to the Hatachi Fund. * We will continue to arrange activities to make moms happy.

Comment by organizer

The more we repeat the event, the stronger the interest from celebrity mothers become. These celebrity mothers are models, people at corporations, and many others. I think it is because many people feel that the strength of mothers is the power that will support Japan. With Mama Fes, we will continue to provide a venue for mustering the power of everyone.



* Hatachi Fund: Established as a fund for children who were newborns at the time of the Great East Japan Earthquake. The fund provides ongoing opportunities for study and independence as well as care for the psychological wellbeing of the children until the time they turn twenty (hatachi in Japanese).

Health Insurance Society

We have set up an independent health insurance society within the Avex Group to allow Group employees and their families to work while feeling secure about health issues. The entertainment industry is influenced by popular trends, but as a Group with many young employees, the Avex Group is the first company in the entertainment industry to allow employees to choose their own insurance premiums and aspects of the physical checkup with the approval of the Ministry of Health, Labour and Welfare. We will continue to make improvements to maintain and promote health in the future.

Rhythm of Frontline

Endorsing the Asian International Children's Film Festival

Avex sponsors performances and messages by signed artists and provides sponsorship funding to endorse the spirit of the Asian International Children's Film Festival, commissioned by the Agency for Cultural Affairs with the backing of the Ministry of Justice, the Ministry of Foreign Affairs, and the Ministry of Education, Culture, Sports, Science and Technology. For the event, children from Japan and other countries produce films from the viewpoint of children about issues that occur around the world, communicating the depths of their hearts and thoughts. Through the films, the festival seeks to promote understanding among children of the cultures in the participating Asian countries, and to provide opportunities for broadening minds. Through these activities, we would like to continue to give dreams and hope to Asian children who will be the leaders of the next generation.

2 years running



Promoting Mental Health with the Power of Music

There is an increase in social concern for the mental well-being of workers in recent years. To respond to this trend, the Avex Group has released "Cocoro Stretch," a compilation album aimed at working men and women in their 20s and 30s, and based on the idea that forming the habit of listening to music on a daily basis protects mental health. Mental health specialists selected the songs and supervised the compilation of the album.

Music has the effect of easing tension and anxiety in mind and body, and creating feelings of relaxation. For these effects, we asked the help of a psychologist and a clinical psychotherapist to prepare two titles: a healing title for the evening to reduce anxiety, and a cheering title for the morning to increase exhilaration. We believe this is an opportunity to feel an intimate connection with music as well as an initiative to protect mental health through music, which is the strength of the Avex Group.

NEW!



I have an interest in mental health in the workplace and qualifying as an industrial counselor inspired me to plan this product. Unlike other healing music, we spent a great deal of time examining and selecting songs to produce a CD that young people would find approachable. I am convinced that using pleasant music as a form of daily self care will help everyone to enjoy their work.

Hiroimi Uchida
Production and Planning I, Planning and Development, Supply Chain Division
Avex Marketing Inc.

Distributing Dance Kits and Free Instructor-led Workshops

NEW!

Dance has been a required subject in junior high schools since fiscal 2012. As a result, Avex has been running free instructor-led dance workshops at Avex Artist Academy, our school for training entertainers, for approximately 700 PE teachers in the areas where we have academies (Tokyo, Osaka, Nagoya, Fukuoka). To make it easy for the participants to teach dance lessons, we distribute lessons and study materials in the form of the Dance Training DVD, planned and produced by the Avex Group to support school education. In Fukuoka, we have also worked together with the Board of Education to distribute the DVD to all teachers at junior high schools in the city. We provide this support so that future entertainers among the students will at least have a chance to experience the joy of dancing.



Previously, I worked as a PE teacher in schools for five years, so I am really happy to have this opportunity to support the world of education through the business. When they dance, students become bright and cheerful, which is connected to building character and a rich expressive power. In the future, we will continue to actively support the world of education through dance.

Hiroshi Kamada
Dance Master Section, Content Agent Division
Avex Planning & Development Inc.

Setting up Helplines

In case the officers or employees of the Avex Group, regardless of whether they are internal or external, become aware of acts that are materially detrimental to morals and manners, laws and ordinances, or company regulations, or in case of confusion over judgments due to ethical doubts, the parties directly concerned may notify or consult with helplines set up inside and outside the company (for notification and advice). Established in May 2007, the helplines provide a clear point of contact, and contribute to creating an environment where employees feel secure to work.

*The helplines are operated according to internal communication rules to protect whistle-blowers so that filing a report is not detrimental to their careers.





5 years running

Hiring Disabled Athletes - Three Avex employees participated in the Paralympics -

The Avex Group has been proactively hiring disabled athletes since 2008. At present, we retain 10 athletes in six events: Alpine skiing, Nordic skiing, wheelchair basketball, wheelchair marathon, wheelchair tennis, and track and field. For a period of twelve days from August 29, 2012, three of the athletes competed in the London Paralympics where they performed well. As the official sponsor of the Japan Paralympic Committee, Avex will continue to pin its hopes on the efforts of the athletes while employing disabled athletes in order to provide a venue for the athletes to show and express their talent.

The Aoyama Christmas Circus

This year again, we attracted a lot of people to the Aoyama Christmas Circus event, which aims to turn Aoyama-dori, the vanguard of information and fashion, into a popular venue for the Christmas season (November 16 to December 25, 2012). The symbol of the event, a giant tree, was installed in front of the head office building. For decoration, we used 90,000 LED lights that consumed 3.8 kWh * of power during the event period. In the future, we would like to collaborate with local residents and deliver Christmas entertainment that warms the heart, while considering the environment.

10 years running

Every year, we create a Christmas tree in the spirit of Avex so that the giant tree that suddenly appears at Christmas time will act as a reminder of the season for the Aoyama area. Another high point is the lighting ceremony, which pleases everyone who stops to see the moment when the tree is lit up. I strongly feel that as a company, we express something of ourselves by providing eco-friendly entertainment through a Christmas event that takes us back to the sensations of childhood.

Kenichiro Kurahashi
General Affairs Section, General Affairs,
General Affairs and Personnel Administration
Avex Group Holdings Inc.

* 3.8 kWh is the amount of power used when thirty-eight 100W bulbs are lit for one hour.



At a workplace visit

NEW!

The Revised Copyright Act and Awareness Campaigns

The Copyright Act was revised on October 1, 2012 to impose "imprisonment for a term of not more than two years, or a fine of not more than two million yen, or both, on any person who knowingly downloads music or video that have been illegally uploaded." As a result, the Avex Group carries out awareness campaigns using materials and pamphlets aimed at the high school students who come to our company on workplace visits (3,576 students from 284 schools). All corporate websites, service websites and artists websites associated with the Avex Group also carry a warning message that says, "Illegal downloading of music or video is subject to criminal penalty." As a corporate owner of entertainment content, we will continue these activities in the future.

NEW!

Establishing Internal Rules for Social Media

These days, with the rapid spread of smartphones, more and more people use Twitter, Facebook and other social media. At the Avex Group, we encourage the use of social media from the perspective of business development in light of the advantages of using social media to draw attention to artists, celebrities or products, as well as the interactive communication that social networking services (SNS) have characteristically allowed us to discover new business opportunities that have gone unnoticed in the past. However, if someone makes a mistake in the content or method of transmitting information, there is a risk of lost trust and appreciation, and bad reputation. For this reason, we have formulated the Avex Group Social Media Policy to make sure employees understand the characteristics of social media and to demonstrate skillful use. We have posted the full text of the policy and a video to promote understanding on the company intranet to facilitate effective use of these tools by employees. We have also set up a help desk in case someone hesitates to make a judgment. To promote understanding among our employees, we will make sure everyone is familiar with the material by including it in future staff training.

NEW!

Carbon-offsetting at the Avex Building

On May 24, 2012, the Avex Group offset the entire 5,000 tons of CO₂ credits purchased to offset CO₂ emitted from the office buildings.

* The head office building emits approximately 1,907 tons of CO₂ in a year.



Messages to Avex

We asked people involved with Avex to tell us what they expect from CSR at Avex.

Since music has the effect of easing tension and anxiety and relaxation, I think we can say it is the simplest way of incorporating a method of stretching the mind in daily life.

The “Cocoro Stretch” series suggests two ways of relieving stress: listening to the Healing CD before going to sleep because the words and the “fluctuating” motion of the alpha waves have a pleasing effect on body and mind, and listening to the Cheering CD at the start of the day to boost the spirit with cheerful rhythms and words. Having worked together with Avex on producing these CDs,

I expect that awareness of mental health among working young people in their 20 and 30s will change.

Haruyoshi Yamamoto, MD
Director, Workers' Mental Health Center
Yokohama Rosai Hospital

The Asian International Children's Film Festival aims to create exchanges between children in Asia through video images, and to contribute to a sound upbringing for young people. As a contributor and sponsor,

Avex is a major force at the start of a new contribution to society.

These days, the entertainment industry ranges broadly, extending from elementary school students to adults, and it is highly involved with the important years from elementary school to high school when body and mind are formed. I strongly believe that music enriches the human spirit, creates bonds with peers, and brings vitality for tomorrow. This film festival happens to combine the sentiment of two proverbs “Slow but steady wins the race” and “Rome was not built in a day.”

I would be very pleased if we could work with Avex to build lasting peace in Asia in the near future.

Yosuke Kawakami
Secretary General
The Asian International Children's Film Festival

We asked Avex if they could arrange an opportunity to send dancers to teach the children at our school who love music and to dance together. The dancers came to our school ahead of time to meet the children. I was very impressed by the kindness they showed and the simple choreography they had planned for the children. On the day, you could see how the kids had even more fun than usual.

The children anticipated the visit for days, and experienced the joy of dancing....

Seeing how happy the children were, I was pleased to see that we had been able to arrange something fun for them. I heard many of the teachers say that we should do this again. If we can do it continuously, I think we will see something different next time. Thus, I hope to see another opportunity in the near future.

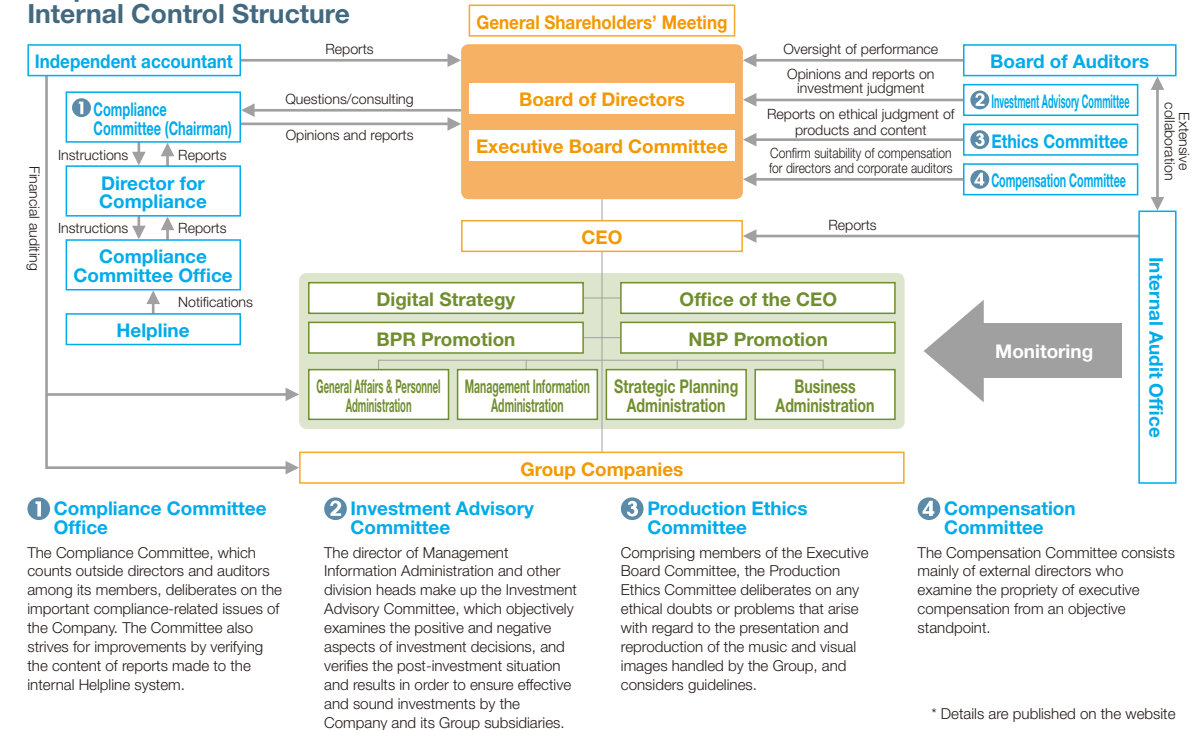
Hiromi Shiimoto
Instructor
Fujimi Municipal Fujimi Special Needs School

Corporate Governance

In the “Next Era 2014” medium-term business plan that was announced in December 2010, the Avex Group committed to working together to grow corporate value. In addition to the conventional businesses of music packages and online music distribution, the Group, for its medium and long term growth, focuses on expansion of its businesses of live entertainment and merchandising and promotion of digital platforms, including online video distribution. To push forward with these growth strategies, the Group recognizes that it is essential to build a more robust corporate governance framework in order to properly meet the expectations and trust placed in us by our shareholders and all other stakeholders.

The Group's basic philosophy of corporate governance is to build a management framework that provides accurate managerial decision-making, prompt and appropriate business execution, and adequate monitoring functions, while making efforts to maintain and improve corporate ethics.

Corporate Governance and Internal Control Structure



Compliance Policy

Don't cheat.

1. Engage in fair, transparent and open competition.
2. Do not contradict the legitimate interests of the company to promote your own or a third party's interests.
3. Do not employ dishonest means in business activities.

Don't bully.

1. Respect human rights and do not engage in acts of discrimination.
2. Interact with business partners in a proper, honest, fair, and open manner.

Don't play around with other people's money.

Do not socialize with business partners in ways that depart from sound commercial practice or common sense.

Don't lie

1. Disclose accurate information.
2. Engage in proper promotion and advertising.

Don't be arrogant.

Comply with laws and regulations, and respect social norms.

Don't be wasteful.

Recognize the importance of environmental issues and make effective use of company assets.

Don't steal from others.

Protect intellectual property rights of the company, and respect that of others.

Don't rely on power.

1. Do not associate with anti-social forces or groups that pose a threat to order and safety in civil society.
2. Build highly transparent relationships with politics and government.

Don't be selfish.

1. Be conscious of the support received from colleagues and the need to reciprocate.
2. Refrain from insider trading

Don't betray your colleagues.

1. Do not speak or behave in ways that damage trust, credibility or honor.
2. Manage corporate secrets and personal information appropriately, and avoid unauthorized disclosure and leakage.

Take pride in the team

1. Create a working environment where employees find it comfortable to work.
2. Actively contribute to society as a good corporate citizen.

Above all, love and admire talent.

(Never be jealous.)

* Full text is published on the website

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