

SONY

Sony ESG Briefing

“Creating Sustainable Social Value”

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Executive Vice President, Sony Corporation

September 10, 2018

- Hello, everyone. My name is Kambe.

Agenda

- **Corporate Strategy**
“Aim to Generate Sustainable Social Value and Maintain a High Level of Profit”
- **Founder’s Vision and Approach to Sustainability**
- **Environment: Acceleration of the Use of Renewable Electricity**
- **Social: Initiatives for the Next Generation**
- **Governance**

- Today, I would like to talk about Sony’s “initiatives to sustainably generate social value” as outlined here, in the next 30 minutes.

Corporate Strategy (May 22, 2018)

**Aim to Generate Sustainable Social Value
and Maintain a High Level of Profit**



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Sony Corporation

- This chart was shown by President Kenichiro Yoshida at the end of his address at the Corporate Strategy Meeting in May.
- He said that, as a matter of management policy, Sony would strive to be a company that delivers KANDO, meaning to move people emotionally, by “getting closer to people” while generating sustainable social value and maintaining a high level of profit from a long-term perspective.

Social Value that Sony Creates through Long-term Vision



- The biggest social value produced by Sony is the linkage of users and creators for the creation of a “Community of Interest” whose members have common interests and share KANDO experiences. This enriches people's minds and hearts.
- At the same time, Sony's business depends on a global environment and human society in which people can live in peace, and with peace of mind. Based on this awareness, we are continuing to take action regarding the environment and human rights throughout our supply chain.
- In addition, looking ahead to the age of self-driving cars, we are working to develop a business which contributes to the safety of mobility and a reduction in negative environmental impact using our imaging and sensing technologies.
- Furthermore, Sony is aiming to make a social contribution in the area of education, broadly defined.

Founder's Vision



The Founding Prospectus

- More than 70 years ago, Sony's founders established this company with the aspiration to make it one that would "contribute to Japan's postwar reconstruction and be of worth to society." Ever since, Sony has assisted in the creation of new cultures and lifestyles through its innovative products and businesses.

Approach to Sustainability

“It is the core corporate responsibility of Sony to society to pursue its corporate value enhancement through innovation and sound business practices and contribute to developing a sustainable society. We will all give due consideration to the impact of our business activities on the interest of our stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations.” - Sony Group Code of Conduct



- The Sony Group's current Code of Conduct clearly states: "It is the core corporate responsibility of Sony to society to pursue its corporate value enhancement through innovation and sound business practices and contribute to developing a sustainable society." This founding philosophy and basic policy is Sony's fundamental outlook on sustainability.

Sony's CSR

- **Respect for Diversity (Business, Employees worldwide)**
- **Innovation**
- **Stakeholder Engagement and Partnerships**



- At Sony, CSR rests on the foundation of three items that we have long cultivated. The first is respect for diversity. The second is innovation. And the third is stakeholder engagement and partnerships.
- Sony has a diverse business centered on electronics, entertainment, and finance, and employs about 120,000 people worldwide. It aims to deliver KANDO to customers around the world through the work of these employees on a global scale.
- In our view, this diversity of businesses and human resources is the wellspring of innovation and competitive strength. We think that a culture of respect and acceptance of diversity has naturally been formed in the Sony Group.
- Our business is supported by many shareholders, investors, business partners, local communities, and customers around the world. We manage businesses at Sony with a keen awareness of the crucial importance of dialogue with all of these stakeholders.

Contributing to Sustainable Development Goals (SDGs)

To contribute to the SDGs, Sony studied the relationship between the SDGs and its business activities, including its supply chain



Sony aims to contribute to society through innovation and sound business practices

“9. Industry, innovation and infrastructure” identified as the most relevant SDG.

Other SDGs analyzed from the following points of view:

- Contribute through its business: Goal 3, 5, 8, 17
- Consider the impact of its business: Goal 5, 8, 12, 13
- Can help to achieve in coordination with its business: Goal 4, 5, 9, 17

- As a global enterprise, Sony is also aware of the importance of the Sustainable Development Goals (SDGs) that were adopted by the United Nations in 2015. We have identified SDGs that have a strong connection with our business activities.
- Sony aims to contribute to society through innovation. We believe that goal 9 of the SDGs, “build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation,” has the strongest connection with our business activities.
- We also classified each of the 17 goals into three categories: those to which Sony can contribute through its business activities themselves, those which will require us to minimize the negative impact that could arise from our business activities, and those which can be achieved through coordination with our business activities, such as social contribution.

Viewpoint on ESG

Based on its strong governance (G), business, environment (E), and social (S) activities are pursued to enhance corporate value in the long-term



- These days, corporate ESG is growing in importance. In order to enhance corporate value over the mid to long term, Sony relies on strong governance practices to pursue activities in the business, environmental and social arenas.

Environment

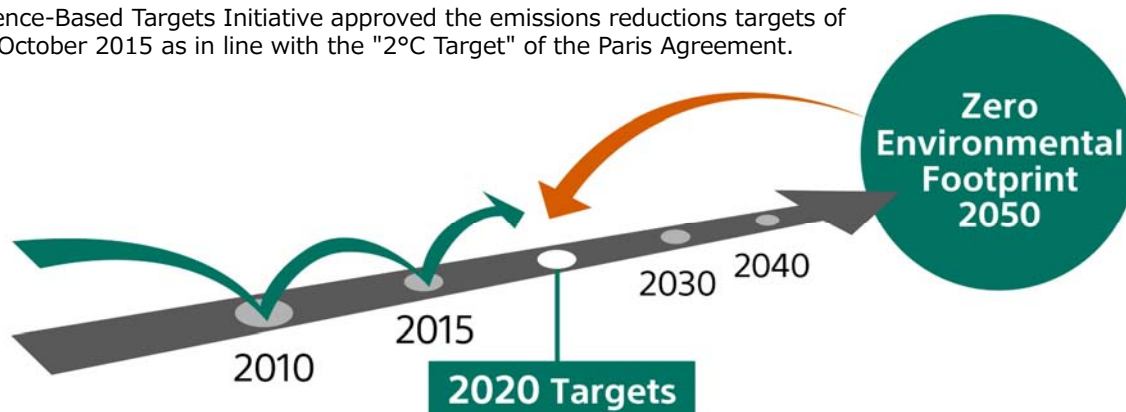
- I shall begin by explaining our efforts in the environmental arena.

Sony's Environmental Plan "Road to Zero"



- Sony's plan is to achieve a **zero environmental footprint in 2050**.
- Every five years it sets mid-term environmental targets to serve as milestones. Targets are determined by back casting (calculating backwards)
- Current set of mid-term targets is **Green Management 2020** (FY2015-FY2020)
- Sony was the first Japanese company to have its targets on Climate Change be approved as a **Science-Based Target***

*The Science-Based Targets Initiative approved the emissions reductions targets of Sony in October 2015 as in line with the "2°C Target" of the Paris Agreement.



- The foundation of our environmental activities is our goal of reducing the Sony Group's environmental footprint throughout its business activities and product lifecycles to zero by 2050.

- We formulated this long-term environmental plan, titled "Road to Zero", in 2010. We then decided what kind of action should be taken to achieve this goal in 2050, translated that action into mid-term goals set at five-year intervals by back casting, and began taking action accordingly.

- At present, we are implementing "Green Management 2020", which sets forth our mid-term environmental goals. Our climate change goal was the first set by a Japanese company to be approved as a "Science-Based Target" in line with the two-degree goal of the Paris Agreement. I am referring to the long-term goal, which is shared worldwide, of curtailing the extent of the increase in the average world temperature to less than two degrees by the end of this century, as compared to before the Industrial Revolution.

Creating Social Value and Environmental Consideration



CMOS Image Sensors

- Maintain No. 1 Position in Imaging
- Aim to Become Global Leader in Sensing

Contribute to Safety in Self-Driving Era



- **Generating Social Value through Semiconductor Business**

→ Contribute to the reduction of negative environmental impact and the safety of mobility using imaging and sensing technologies

- **Managing Greenhouse Gas Emissions**

→ Respond by thorough implementation of energy conservation activities, and by expanding the use of renewable electricity

- Among the businesses of the Sony Group, the most greenhouse gas emissions are produced by the semiconductors business. This business revolves mainly around complementary metal-oxide semiconductor (CMOS) image sensors that involve large-scale production processes.

- President Yoshida stated at the Corporate Strategy Meeting in May that, in the CMOS image sensor arena, we “aim to maintain our number one position in imaging and become the global leader in sensing.” Similarly, as a pillar of its contribution to society in the 2020s, Sony aims to make a “contribution to safety in the self-driving era through imaging and sensing technologies”.

- To achieve this target, we are planning to make Sony Group’s largest capital investment in our CMOS image sensor business during our mid-term plan which ends in the fiscal year ending March 31, 2021.

- There are hopes that the arrival of the self-driving era will also help to reduce environmental impact. We intend to expand our CMOS image sensor business for automotive applications and produce social value through a lower environmental impact and safer mobility as a whole. But at the same time, we will take steps to reduce the environmental impact created by the very operation of that business.

- Besides steadily implementing measures to conserve energy at our production sites, we are planning to accelerate our renewable energy (RE) usage from now on.

Participation in RE100* Acceleration of the Use of Renewable Electricity



- Sony's targets on use of renewable electricity for all of its business sites

100% by FY2040

- Sony will call for expanding the renewable electricity market in Japan together with other companies and organizations

*RE100: the global initiative of the companies aiming to operate with 100% renewable electricity

- Along these lines, Sony today announced its participation in the "RE100" project and established a goal of switching to renewable energy sources for 100 percent of the power used in its operations worldwide by the fiscal year ending March 31, 2041.
- The "RE100" project is an initiative where participating companies set the goal of procuring 100 percent of the electricity required to run their business from renewable energy sources. Currently 140 companies participate worldwide. Because Sony is the leading company in the image sensor market and has many production facilities in Japan, RE100 has attached great significance to Sony's participation.
- At present, the cost of procuring renewable energy is extremely high in Japan as compared to Europe and North America, ranging from several times as high to several tens of times as high. We earnestly hope that our participation in RE100 and commitment to 100-percent renewable energy in spite of this issue will help to expand the market for, and lower the cost of, renewable energy in Japan.

Roadmap to Achieve RE100

- Continue energy conservation activities
- Install solar power generation equipment at Sony sites
- Study and establish new ways to share electricity generated among Sony sites in Japan such as a power interchange scheme

Renewable Electricity Ratio
100%



Until FY2030:
- Increase the use of renewable electricity in Japan, the US and China
- Promote further use of renewable electricity in other regions

From FY2030: Accelerate the use of renewable electricity in Japan

30%



FY2020

FY2030

FY2040

- Here is the path we have charted for attainment of the goal of 100-percent renewable energy.
- In FY 2017, the share of all energy used by the Sony Group supplied by renewable energy sources was about 5 percent. To boost this to 30 percent in FY 2030 and 100 percent in FY 2040, we first must continue with our activities to conserve energy. We intend to make our utilization of energy as efficient as possible.
- On top of this, over the years leading up to FY 2030, we will work to expand our use of renewable energy in Japan, North America, and China, in addition to Europe, where we have already attained a 100-percent renewable energy ratio.
- Beginning in FY 2030, we plan to accelerate renewable energy introduction especially in Japan.
- To this end, besides installing solar panels at our sites, we are now considering new mechanisms for renewable energy use, such as arrangements for the interchange of renewable energy generated by solar panels at our different sites.
- We anticipate that renewable energy not covered by the feed-in tariff scheme in Japan will enter the market in abundance beginning in FY 2032.

Power Interchange Scheme among Sony Sites in Japan

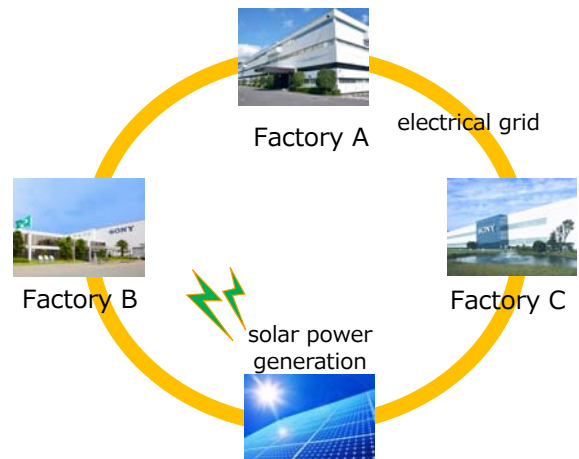
Study the feasibility of renewable electricity use by establishing a scheme of intracompany transfer of electricity generated at Sony sites

A factory transmits electricity generated by its own generator to its subsidiary sites for their use through an electrical grid



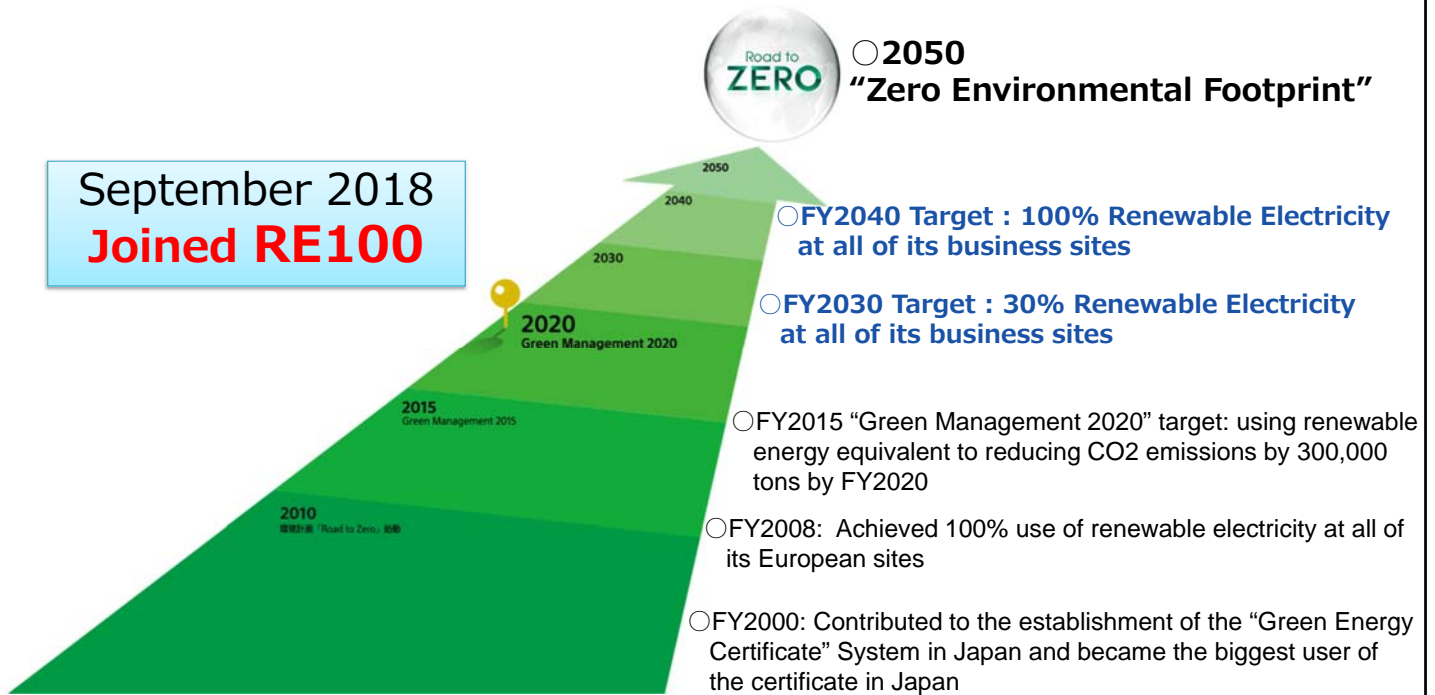
Goal: interchange renewable electricity among our factories

Under discussion with relevant power companies and factories to realize this scheme



- I would now like to introduce a part of our vision for a power interchange scheme among Sony's sites in Japan, although it is still in the study stage.
- The supply of renewable energy can be somewhat unstable, depending on the type of generation system. In addition, the amount of power consumed and the amount of power generated at a given site is not always the same.
- In response, we envision establishing an intracompany transfer scheme where excess electricity generated at certain Sony sites will be fully used by other sites within the company.
- As we see it, the intracompany transfer of renewable energy is a new and unique approach.
- To build this scheme we need to connect our in-house power supply systems to the electrical grid. For this reason, we are currently engaged in a discussion with parties such as the relevant power companies and factories.

Introduction of Renewable Electricity at Sony



- Since taking part in the establishment of Japan’s “Green Energy Certificate” system in 2000, Sony has pro-actively introduced renewable energy. Attainment of zero environmental footprint by 2050, however, will require a switch to renewable energy for 100 percent of the power used at Sony by FY 2040. For this purpose, we think it is very important to clearly establish milestones now, and to accelerate our efforts going forward.

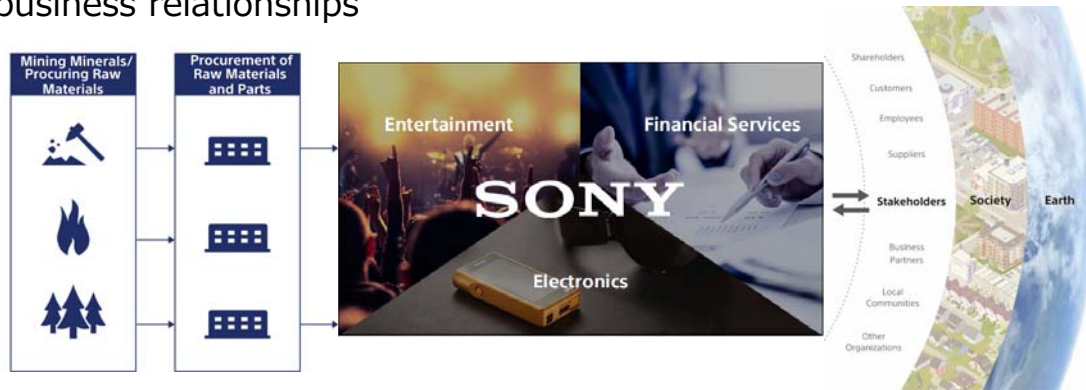
Social

- Next, I would like to describe our activities in the social arena.
- Of the many topics in this field, I would like to focus my remarks today on our approach to human rights and the education of children, those who will shoulder the next generation.

Social Activities

Respecting Human Rights, Diversity as Source of Innovation

Respect for all human rights in business activities, products, services and business relationships



FY2017: Reviewed the human rights risks of Sony Group's business

- Continuous agenda: Labor, employment issues in the supply chain
- Emerging agenda: Issues related to new technologies such as AI

- Sony has relations with various stakeholders in the context of its business activities. Respect for the rights of all people is a fundamental principle in the conduct of Sony's business activities.
- Respect for diversity as a source of innovation is not just important from a human resources perspective; it is also linked to, for example, the promotion of accessibility, whereby we try to make our products and services easier for all people to use.
- Concern for human rights is likewise running high among stakeholders internationally. In FY 2017, we conducted an analysis of human rights risks in the business activities and supply chain of the whole Sony Group to learn what kind of latent risks there were. We recognize that, in our business, there are relatively high risks tied to the labor environment in the supply chain for electronics products. These days, however, there is also mounting concern about the relation between new technologies such as artificial intelligence (AI) and human rights, and we understand that this will become increasingly important. Sony is addressing this issue by studying it along with related parties inside and outside the company. For example, we were the first Japanese company to participate in the "Partnership on AI." This is an international non-profit organization (NPO), comprised of parties such as leading edge corporations and researchers specializing in the AI field and NGOs.

Responsible Supply Chain

Supply Chain Management:

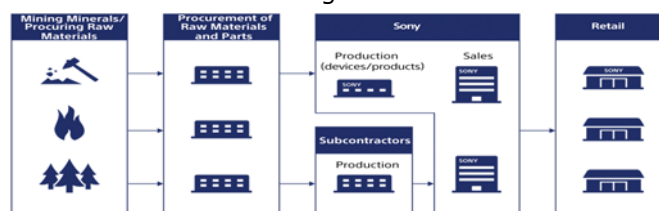
- Joined the Responsible Business Alliance (RBA, formerly EICC) when established in 2004
- Established the [Sony Supply Chain Code of Conduct](#), applying the RBA Code of Conduct to Sony's own electronics manufacturing sites and those of its suppliers
- Regularly assesses supply chain for compliance with Sony Supply Chain Code of Conduct, utilizing self assessment, on-site assessment and third-party audit based on the risk level of a given supplier



Responsible Sourcing of Raw Materials:

- Pursuant to Section 1502 of the Dodd-Frank Act (Conflict Minerals), Sony conducts an annual survey of suppliers and files a report with the U.S. Securities and Exchange Commission (SEC)
- Participates in industry initiatives and the Public-Private Alliance as a member of the RBA and RMI (Responsible Minerals Initiative)
- In 2017, established the [Sony Group Policy for Responsible Supply Chain of Minerals](#)
- Addressing emerging issues such as child labor in cobalt mining sites

Basic structure of the supply chain



Assessments conducted at **20** electronics manufacturing sites at Sony and **175** suppliers

- As for human rights in the supply chain, in an increasing number of cases, we are expected to seek confirmation of the labor environment and other factors not only from first tier suppliers but also from second and third tier suppliers who we do not deal with directly. As a global company, we began approaching this issue from an early stage. We are also an active participant in alliances that go beyond our industry and continue with efforts to deal effectively with issues that would be difficult for any one company to resolve alone.

- Recently, we have been promoting activities that make extensive use of the Responsible Business Alliance (RBA). The RBA is a global organization with participation of more than 120 companies in fields including electronics, automobiles, and Internet of Things technology. We are managing risks related to labor, the environment, human rights, and other factors in our supply chain by applying a supply chain code of conduct shared by the whole industry.

- For the minerals contained in our products, Sony has established its own policy. In addition to the conflict minerals regulated by US law, we have voluntarily designated cobalt as a subject of control, and are conducting supply chain management for it as well.

Initiatives for the Next Generation

For the Next Generation

1946: Sony Corporation Founded



Masaru Ibuka
Sony Founder

Purpose of Incorporation includes:

- To elevate the nation's culture through dynamic technological activities
- To promote the education of science among the general public

1959:
Introduced a science education subsidy for elementary schools



1972:
Established Sony Education Foundation

Science education programs

Sony Science Program

Science Museums



Workshops



Enhance children's curiosity and creativity

2014- Education business

Coding & Robotics
Starter Kit 「KOOV™」

IoT Programming
Kit 「MESH™」



Nurture engineers of the future

- I would now like to move on to Sony's initiatives to support children as next-generation leaders.
- Children create the future. We believe that education to nurture their curiosity and creativity is a key factor for the development of a sustainable society.
- Sony's Founding Prospectus says that one of the purposes of the company's founding is "to promote the education of science among the general public." For many years, Sony has supported education in science and engineering. The Sony Education Foundation recently celebrated its 45th year.
- Even today, Sony is deploying science education programs in various countries and territories under the slogan "For the Next Generation," providing opportunities for hands-on scientific learning to about 270,000 children a year.
- In recent years, we have launched businesses to develop products such as KOOV, a coding and robotics starter kit, and MESH, an IoT Programming kit. We are offering such educational tools to nurture engineers of the future.

“KANDO Experience” Program



Sony Enacts Initiative to Reduce Child Educational Gap

-Launch of “KANDO Experience” Program to Nurture Creativity and Curiosity-

- Starting from this month, we launched our “KANDO Experience” Program. This new program grew from our desire to further develop educational support to address the social issue of “children’s educational gap.”

Addressing Social Issues in Japan

Educational gap among children

**Educational gap and lack of experience
are caused by various social issues**



Children in Poverty

*1 in 7 children are considered to be in relative poverty**

Remote Areas and Islands

Lack of educational and other opportunities compared to big cities

Educational Gap
•
Lack of Experience

Unhealthy Home and School Environment

*Child abuse and neglect at home
School truancy and bullying*

Out-of-School Time

Lack of educational and other opportunities after school and on weekends

* "2016 Comprehensive Survey of Living Conditions" (Ministry of Health, Labor and Welfare)

- In Japan today, there is a widening of the educational gap due to various social factors. These include poverty, which reportedly affects one out of every seven children, differences in their home and school environments, and their district of residence.
- There are gaps not only in learning basic academic skills but also in opportunities for hands-on experiences that help to develop creativity and curiosity.
- Sony wants to provide opportunities for these children to have such experiences, and thereby help to narrow the education gap.

“KANDO Experience” program

Deliver “KANDO Experience” to children who will shape the future

Workshops : “STEAM” contents utilizing Sony’s assets

※STEAM: Science, Technology, Engineering, Art, Math

Target : Approach children who lack opportunities for various experiences
by **working together with NPO and others**

Partners

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 放課後 NPO
アフタースクール

“Houkago NPO Afterschool”

Locations

➤ Afterschool classes
at elementary schools

“Bringing Professionals
to Every School”

➤ Elementary schools
in remote areas and islands

“Kodomo Shokudo”

➤ “Kodomo Shokudo”
(A community diner to offer
dinner/programs to children)



- To be more specific, we would like to provide diverse KANDO experiences to children who have had few such opportunities, by using our assets in the Sony Group, such as products, content and technology, and through partnerships with non-profit organizations and other outside groups.

- In addition to conventional science education, the “KANDO Experience” Program includes science, technology, engineering, arts and mathematics (STEAM) elements utilizing the latest technology and content.

Case: Partnership with “NPO Afterschool”

Bring “KANDO Experience” programs to children **after school** to fill in the educational/experience gap



Programming



Programming Workshop (MESH)



Travelling



Warp to anywhere in VR Space



Animation



Animation Seminar



Musical



Kids' Musical



Learn Science



Science Show

Schedule: Launch in September 2018

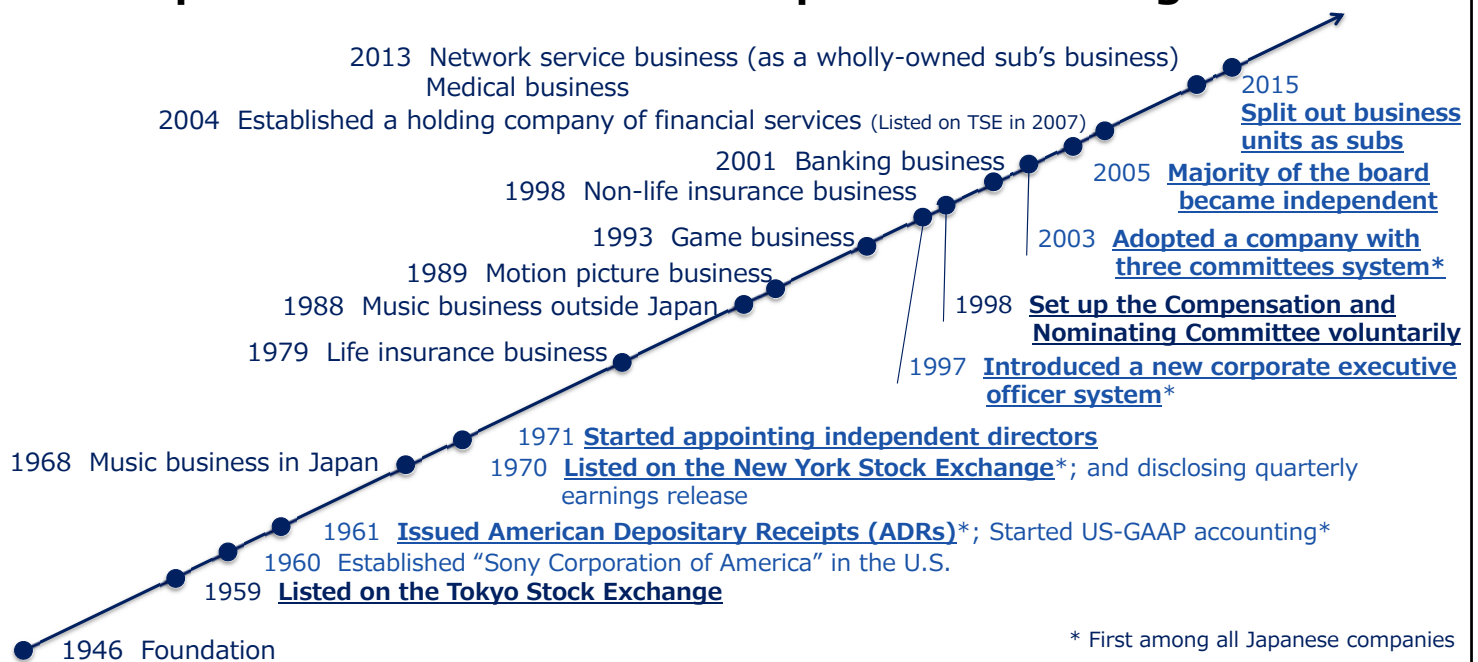
Venue: Local elementary schools in Tokyo area (FY2019: Planning a larger scale)

- I would like to describe one example of these activities: our partnership with “NPO Afterschool.”
- In the lower grades of elementary school, children spend an annual average of about 1,200 hours in school and about 1,600 hours outside of school, such as after school or on vacation. The way in which the hours outside of school are spent is said to produce the educational gap and have a great influence on children’s growth.
- To address this issue, Sony is partnering with “NPO Afterschool,” which operates schools attended by grade school children after regular school hours, to provide its “KANDO Experience” Program. This program includes an experience programming with MESH, a workshop to experience different cultures in Virtual Reality (VR), a seminar on animation production and an experience in children’s musicals using the know-how of Sony Music.
- We aim to increase the number of program venues, as well as provide these program on occasions other than after elementary schools. We also plan to further enrich the content by using the different assets within the Sony Group.

Governance

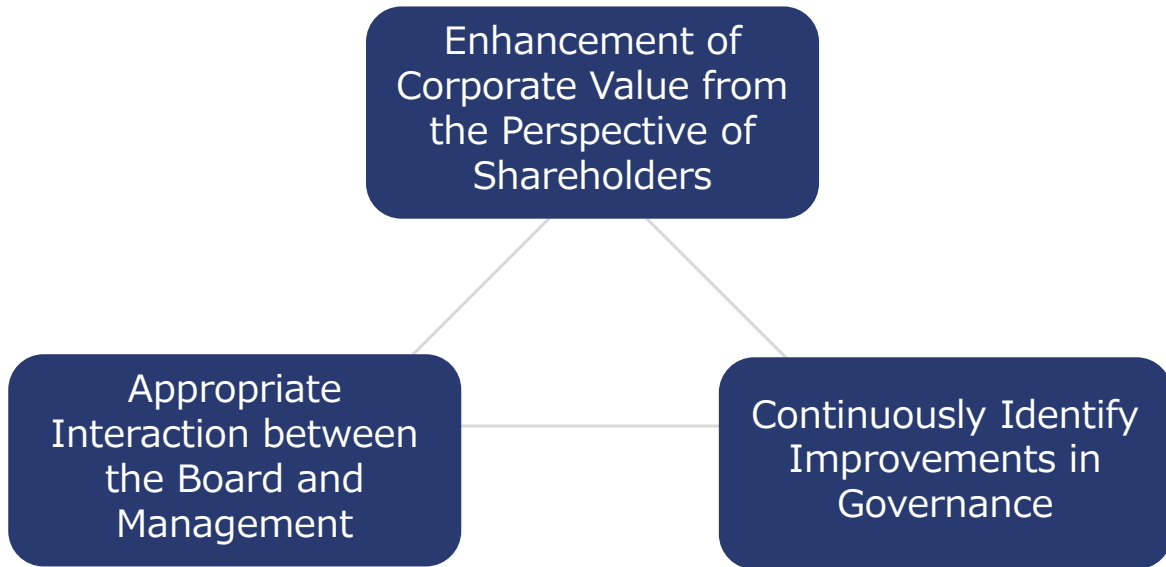
- This brings me to the final element of ESG, which is governance at Sony.
- Governance is the foundation of how we manage Sony, and it is aimed at enhancing Sony's corporate value over the mid to long term. In other words, it is the infrastructure of management. My description of it will therefore differ somewhat from that of environment and social, where I talked mainly about specific approaches.
- Although the basic principles of governance are stipulated in laws such as the Companies Act of Japan, Sony began developing diverse businesses on a global basis fairly soon after its founding, and that led us to conclude that conformance with Japanese laws alone was not enough. So, for many years, Sony has worked to strengthen its governance based on its own ideas and a repeated process of trial and error.

Evolution of Sony's Corporate Governance in Line with Development of Business and Corporate Financing



- This timeline chart shows the evolution of Sony's governance system.
- The changes within our business domains are shown above the arrow, and the changes related to governance and the capital markets are below the arrow.
- In 1970, Sony became the first Japanese company to be listed on the New York Stock Exchange. It then began appointing directors from outside the company to its board. It went on to introduce the "corporate executive officer system" after entering the fields of life insurance, music, film, and games. In such ways, Sony has continued to take pioneering steps in the governance arena ahead of other Japanese companies.
- Following such steps, Sony also made the transition to a structure which was then called "Company with Committees" and is now called "Company with Three Committees" and had outside directors make up the majority of the board membership. It also split out the business units and modified the executive system along with this change. As these examples indicate, Sony has striven to bolster governance on a continuous basis.
- With the expansion and globalization of its business domains and diversification of corporate funding, we can say that Sony has continued to deliberately transform its governance in order to meet the expectations of its shareholders and various other stakeholders.

Three Key Principles of Sony's Corporate Governance



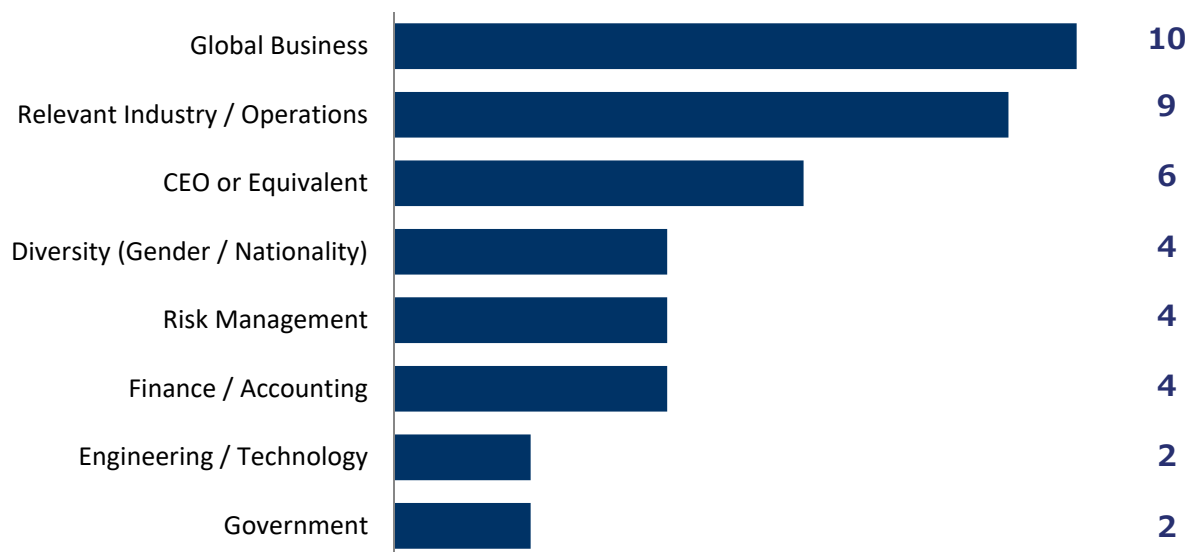
- Sony has three key principles of corporate governance.
- The first is to enhance corporate value over the mid to long term. The second is to build an appropriate check and balance arrangement between the board of directors and the management team. The third is to continuously review and make improvements to governance efficacy.
- Regarding the second and third principles in particular, the point is to have the board and the management team cooperate where they should and exercise independence where they should, given management objectives and their respective roles. We are devising steps with a view to maintaining a relationship that, while being open, is also balanced.

Focused Themes and Initiatives

<p>Soundness and Transparency of Management >> Clear Separation of Oversight (Board) and Execution (Management)</p>	<p>Sony adheres to the “three committees” system (audit, nominating and compensation committees).</p> <p>10 independent/non-executive directors (out of 12 directors) serve on Sony’s Board.</p> <p>The Chairman of the Board is an Independent Director, and the Chairmans of all three of the Board’s committees are Independent Directors.</p> <p>Sony has established specific qualifications for independent directors and a maximum tenure (i.e., 9 years) for those directors.</p>
<p>Speed of Operation >> Delegation of Authority</p>	<p>While Sony’s Board retains the authority to determine fundamental management policy, it has largely delegated its authority regarding business operations to Management.</p>

- Based on these three key principles, we are currently working to design a structure with two key areas of emphasis in mind. One is assurance of the soundness and transparency of management which is the result of the clear separation of oversight and execution. The second is assurance of the speed of operations. This can be achieved by delegation of authority from the board of directors to the management team.
- As a basic mechanism, we have adopted the “Company with Three Committees” system and have a board of directors which consists mostly of outside directors. Under the oversight of this board, management is left to the management team consisting of the chief executive officer and other executive officers.
- We have established a system shown in this slide for the separation of oversight and execution, and for the delegation of authority.
- The board of directors plays its oversight role in the following manner: It asks the management team to prepare growth strategies and management plans, and considers them on behalf of the shareholders, eventually approving them. Then it checks the progress of these strategies and plans, and has changes made if problems arise. It may also exercise its authority to change people in positions of responsibility based on the results. The board of directors also strives to increase the speed of management decisions by delegating a large part of its authority to the management team, after clearly defining responsibility for individual projects.

Board Attributes & Skill Set (Outside & Non-executive Directors)



- At present, of the 12 members of the board of directors, 10 are outside directors or non-executive directors.
- Recently in Japan, succession plans for presidents and CEOs are being taken up as an important agenda item in governance. But at Sony, appointment of outside directors to supervise the management team and make executive personnel decisions is also a very vital agenda item.
- As you can see, our board of directors is elected based on global business experience, and we are also aware of the need to ensure a good balance of experience in the areas of finance, accounting, external affairs, and related business domains. In light of the role of management oversight, we also place relatively more emphasis on management experience and leadership skills.

Recent Efforts to Improve the Effectiveness of Sony's Board and Governance

- Enhancing diversity in the boardroom
- Focusing on monitoring the cyber security-related risk management by the Board
- Reviewing and discussing mid-/long-term business strategies at Directors' corporate strategic workshops
- Reviewing the effect of / returns from large-size investments and M&A matters at the Board
- Monitoring the management succession plan at the Nominating Committee
- Changing the compensation structure, including by adopting a restricted stock compensation plan
- Promoting splitting out business units as legal entities

- As I mentioned earlier, we are constantly striving to heighten the effectiveness of governance.

- As one measure toward this end, we have a third-party organization assess the efficacy of our board each year. Based on the results of multiple assessments, we have implemented several new approaches in recent years, mainly as shown here.

- We will continue working to reinforce governance as the fundamental infrastructure necessary to promote management of Sony that enhances corporate value over the mid to long term.

Social Value that Sony Creates through Long-term Vision



- So far, I have described Sony's major actions related to environment, society and governance.
- Sony was born under the philosophy of its founder, who wanted it to be "a company that is of worth to society." We have created social value by delivering KANDO to many people and enriching their minds and hearts through our products and businesses. In addition, we realize that Sony's businesses can only subsist because of the existence of a global environment and human society enabling people to live in peace, and with peace of mind. In keeping with this realization, we have been making efforts to ensure that our actions regarding the environment and human rights not only penetrate our company, but also expand to encompass our entire supply chain.
- We shall put these actions at the foundation of our mid- to long-term creation of social value in line with our management orientation of "getting closer to people." We shall also strive to sustain a high level of profit and contribute to a sustainable society through management from a long-term perspective.

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Cautionary Statement

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- (i) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
- (v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
- (vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, manufacturing, marketing and distribution of its products, and its other business operations;
- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
- (xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xvi) risks related to catastrophic disasters or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.