

Corporate Governance



Overview

Basic Approach

Historically, Sony Group Corporation has consistently focused on effective group management by evolving its governance while diversifying its businesses, the regions it serves and its capital procurement methods. Sony Group Corporation therefore continuously strives to strengthen its corporate governance system based on the understanding that corporate governance is an essential basis to promote our management in order to fulfill the company's corporate social responsibility and increases corporate value over the mid- and long-term. To operate Sony effectively, Sony Group Corporation continues to approach its corporate governance through two basic precepts:

- (a) The Board of Directors (the "Board"), a majority of which is comprised of independent Outside Directors, focuses on effective oversight of management's operation of the business and maintains a sound and transparent governance framework by utilizing the Nominating Committee, the Audit Committee and the Compensation Committee; and
- (b) The Board determines Sony's fundamental management policies and other material matters and delegates to each of the Senior Executives that assume important roles for the management of Sony, including the Corporate Executive Officers, decision-making authority to conduct Sony's business operations broadly in line with their respective responsibilities, as defined with a view to promoting timely and efficient decision-making within Sony.

Structure

In furtherance of these efforts, Sony Group Corporation has adopted a "Company with Three Committees" corporate governance system under the Companies Act of Japan (Kaishaho) and related regulations (collectively the "Companies Act"). Under this system, Sony Group Corporation has introduced its own requirements to help improve and maintain the soundness and transparency of its governance by strengthening the separation of the Directors' function from that of management; maintaining what the company believes is an appropriate Board size, which enables the members of the Board to actively contribute to discussions; and advancing the proper functioning of the statutory committees.

■ Milestones

- 1961: Issued American Depositary Receipts (ADRs); Started US-GAAP accounting
- 1970: Listed on the New York Stock Exchange and began disclosing quarterly earnings
- 1971: Started appointing independent directors
- 1997: Introduced a new corporate executive officer system
- 2003: Adopted a company with three committees system
Appointed the outside Director as the Chair of the Board
- 2005: Majority of the board became independent
All members of the Audit Committee became outside Directors
- 2015: Split out business units as subsidiaries
- 2018: All members of the Compensation Committee became outside Directors
- 2021: Launched Sony Group Corporation
All members of the Nominating Committee became outside Directors

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Corporate Strategy, Business Strategy and Other Policies

The Board sets and determines the fundamental management policy, including the mid-term plan and annual business plan pursuant to the Charter of the Board by fully examining multiple perspectives based on the ideas of management led by the CEO. Please refer to the pages below for Sony's Purpose & Values, the Mid-Term Corporate Strategy for Sony, the business strategy for each business segment, and the vision of Sony's founder:

Sony Group Portal Website

- [About Sony](#)
- [Corporate Strategy](#)
- [Business Briefing](#)
- [Vision of Founder and Approach to Sustainability](#)
- [The Founding Prospectus](#)

For details such as policies, approaches, plans and initiatives on sustainability, please refer to the pages below.

- [Sony's Basic Policy for Sustainability Initiatives](#)
- [Environment](#)
- [Respect for Human Rights](#)
- [Diversity, Equity and Inclusion](#)

Governance Framework

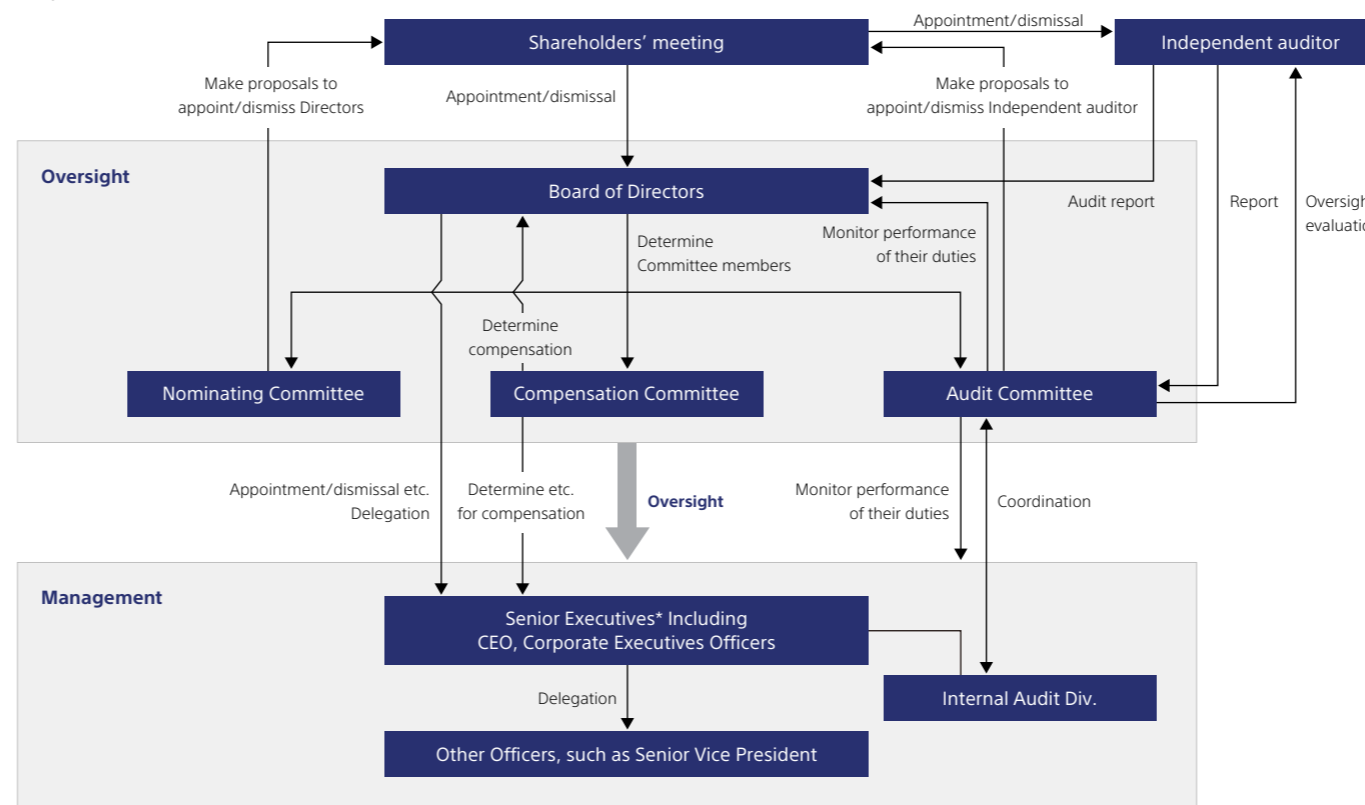
Sony Group Corporation is governed by the Board, the members of

which are elected at the Ordinary General Meeting of Shareholders. Under the Companies Act, a "Company with Three Committees" is required to have three committees: a Nominating Committee, an Audit Committee and a Compensation Committee, each consisting of Directors appointed by the Board. The Companies Act also requires the Board to appoint Corporate Executive Officers (Shikko-yaku), who make decisions regarding the execution of Sony's business activities within the scope of the authority delegated to them by the Board. Sony Group Corporation has appointed its Chief Executive Officer ("CEO"), who is responsible for Sony's overall management, and

other officers who are responsible for important and extensive headquarters functions as Corporate Executive Officers. Sony Group Corporation has also appointed Corporate Executive Officers, including the CEO and other executives, that assume important roles for the management of Sony as Senior Executives. In addition, Sony grants titles, such as Senior Executive Vice President, Executive Vice President and Senior Vice President, to management team members in accordance with their respective roles and responsibilities.

[Sony Group Portal Website | Executives](#)

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* Senior Executives: Corporate Executive Officers and certain other senior officers that assume important roles for management of Sony

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The Board of Directors

Members: 10 Directors including 8 outside Directors

As of July 31, 2024

Name	Position/Principal Activities Outside Sony	Years as Director	Committee Membership/Assignment				Experience and Expertise, etc.						
			Audit Committee Member	Nominating Committee Member	Compensation Committee Member	Director in Charge of Information Security	CEO or Equivalent Position of Business Enterprise	Global Business	Diversity (Gender/Nationality)	Engineering/IT/Technology	Sony Group Business Segment/Relevant Industry	Finance/Accounting	Risk Management/Government Relations
Kenichiro Yoshida	Representative Corporate Executive Officer, Chairman, and CEO	10					●	●		●	●*2	●	●
Hiroki Totoki	Representative Corporate Executive Officer, President, COO and CFO	5					●	●		●	●*2	●	●
Yoshihiko Hatanaka*1 (Chair of the Board)	Outside Director, Shiseido Company, Limited. Former Representative Director, Chairman of the Board, Astellas Pharma Inc.	5		Chair			●	●			● (Healthcare)	●	●
Wendy Becker*1 (Vice Chair of the Board)	Chairperson of the Board, Logitech International S.A. Independent Non-Executive Director, Chair of Remuneration Committee, GSK plc	5			Chair		●	●	●		● (Telecommunication Service/Consumer Goods)		●
Sakie Akiyama*1	Founder, Saki Corporation	5					●	●	●	●	● (IT/Devices)		
Keiko Kishigami*1	Certified Public Accountant in Japan Board Member, WWF Japan	4						●	●			●	●
Joseph A. Kraft Jr.*1	CEO, Rorschach Advisory Inc.	4	Chair					●	●		● (Financials)	●	●
Neil Hunt*1	Board member, Roku, Inc. Former Chief Product Officer, Netflix, Inc.	1						●	●	●	● (Entertainment/IT/Software)		●
William Morrow*1	CEO, DIRECTV Entertainment Holdings LLC	1					●	●	●	●	● (Telecommunication Service/Entertainment)	●	●
Shingo Konomoto*1	Chairman, Member of the Board, Nomura Research Institute, Ltd.	Newly appointed					●	●		●	● (IT)	●	●

Under the Companies Act, the term of office of Directors expires at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one year after their election.

*1 An outside Director who satisfies the requirements under Item 15, Article 2 of the Companies Act of Japan.

*2 Executive Directors Kenichiro Yoshida and Hiroki Totoki have comprehensive knowledge of each business of Sony and play important roles in developing and executing strategies of overall management of Sony.

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Purpose/Authority

- To determine Sony’s fundamental management policies
- To oversee the management of Sony’s business operations as an entity independent from Sony’s management
- To appoint and dismiss the statutory committee members
- To appoint and dismiss Corporate Executive Officers, and oversee the status of appointment/dismissal of Senior Executives except for Corporate Executive Officers
- To appoint and dismiss Representative Corporate Executive Officers

For the matters to be decided by the Board and the matters to be reported to the Board, refer to the page below.

[🔗 The Board Charter \[PDF:176KB\]](#)

Policy Regarding Composition of the Board

With a view toward securing effective input and oversight by the Board, the Nominating Committee reviews and selects candidates for the Board with the aim of assuring that a substantial part of the Board is comprised of qualified outside Directors that satisfy the independence requirements established by Sony and by law. The Nominating Committee selects candidates that it views as well-suited to be Directors in light of the Board’s purpose of enhancing Sony’s corporate value. The Nominating Committee broadly considers various relevant factors, including a candidate’s capabilities (such as the candidate’s work and other experience, achievements and expertise), availability, and independence, as well as diversity, including gender and internationality, in the boardroom, the appropriate size of the Board, and the knowledge, experiences and talent needed for the role. Under the Charter of the Board (the “Board Charter”), Sony Group Corporation also requires that the Board consist of not fewer than 8 Directors and not more than 14 Directors. In addition, since 2005 the majority of the members of the Board have been outside Directors.

Qualifications for Directors and Limitation of Re-election

The qualifications for Directors of Sony Group Corporation under the Board Charter are generally as summarized below. As of June 25, 2024, all Directors satisfy the qualifications for Directors as set forth below, and all outside Directors satisfy the additional qualifications for outside Directors and are also qualified and designated as Independent Directors under the Securities Listing Regulations of the Tokyo Stock Exchange.

Director Qualifications

- He/she shall not be a director, a statutory auditor, a corporate executive officer, a general manager or other employee of any company in competition with Sony in any of Sony’s principal businesses (a “Competing Company”) or own 3% or more of the shares of any Competing Company.
- He/she shall not be or have been a representative partner or partner of Sony’s independent auditor the past three years before being nominated as a Director.
- He/she shall not have any connection with any matter that may cause a material conflict of interest in performing the duties of a Director.

Additional Qualifications for Outside Directors

- He/she shall not have received directly from Sony, during any consecutive twelve-month period within the last three years, more than an amount equivalent to 120,000 USD, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- He/she shall not be an executive director, corporate executive officer, general manager or other employee of any company whose aggregate amount of transactions with Sony, in any of the last three fiscal years, exceeds the greater of an amount equivalent to 1,000,000 USD, or two percent of the annual consolidated sales of such company.

Also, each outside Director may be nominated as a Director candidate for re-election up to five times (six years, in total), and thereafter by resolution of the Nominating Committee and by consent of all of the Directors. Even with the consent of all of the Directors, in no event may any outside Director be re-elected more than eight times (nine years, in total).

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Reasons for Specification of the Experience and Expertise, etc. Required of Directors of the Corporation

Experience and Expertise, etc.	Reason for Specification
CEO or Equivalent Position of Business Enterprise	As the Board is required to comprehensively oversee the management of the Sony Group, the Corporation believes that experience and knowledge in corporate leadership as a top executive are important, and therefore specified this criterion.
Global Business	As the Sony Group has developed all its businesses globally and has headquartered half of its six main business segments in the U.S., the Corporation believes that management experience and insight developed in companies with global operations are important, and therefore specified this criterion.
Diversity (Gender/Nationality)	As the Sony Group operates diverse businesses, Sony believes that it is important to appoint Directors with various backgrounds, including gender and nationality, to oversee the management from multiple perspectives, and therefore specified this criterion.
Engineering/IT/Technology	As Sony brands itself "A Creative Entertainment Company with a Solid Foundation of Technology," the Corporation believes that experience and knowledge in technological research and development, as well as in the development of products and services using IT/digital technologies, are important, and therefore specified this criterion.
Sony Group Business Segment/ Relevant Industry	As the Board is required to evaluate the restructuring of the Corporation's business portfolio, as well as supervise the Sony Group's six main businesses segments, the Corporation believes that experience and knowledge related to its businesses or its relevant industries are important, and therefore specified this criterion.
Finance/Accounting	As the Board is required to supervise the Sony Group's financial strategies and accounting practices effectively, the Corporation believes that experience and knowledge in finance and accounting are important, and therefore specified this criterion.
Risk Management/ Government Relations	As the Board is required to oversee responses to major changes in the environment surrounding the Sony Group including geopolitical risks, information security, and the rise of new technologies such as AI, global environmental challenges and social division, the Corporation believes that experience and knowledge in risk evaluation and management, and experience and knowledge in government agencies/NGOs/specialized institutions are important, and therefore specified this criterion.

Matters Related to Outside Directors

Sony Group Corporation expects that each outside Director play an important role in ensuring proper business decisions by Sony and effective input and oversight by the Board through actively exchanging opinions and having discussions about Sony's business based on his or her various and broad experience, knowledge and expertise. Considering these expectations, the policy and procedures on the election of Director candidates, including independent outside Director candidates, are set forth as described above. As of June 25, 2024, the Board has 10 Directors, eight of whom are outside Directors. The Chair and the Vice Chair of the Board are outside Directors; all members of the Nominating Committee, the Compensation Committee and the Audit Committee are outside Directors.

Policy and Procedure for Selection and Dismissal of Senior Executives

Sony Group Corporation appoints Corporate Executive Officers including the CEO and other officers that assume important roles for the management of Sony as "Senior Executives." The Board has the authority to appoint and dismiss and assign the roles and responsibilities of or to request a report regarding such matters for Senior Executives, including the CEO, and exercises such authority as necessary.

In making decisions on the appointment of Corporate Executive Officers, including the CEO, the Board considers whether candidates for CEO meet certain qualifications for the CEO position which are set by the Nominating Committee and whether candidates for other Corporate Executive Officer positions have the necessary skills, capabilities, experiences and achievements that correspond to such Corporate Executive Officers' expected roles and responsibilities. The Board also receives a report on the status of appointment and dismissal of Senior Executives other than Corporate Executive Officers. The term of office of Senior Executives, including the CEO, is one year. The Board discusses, determines and/or oversees their re-appointment upon the expiration of each term considering the factors described above as well as their latest performance. The Board dismisses a Corporate Executive Officer, as necessary, in the event that the Board recognizes such Corporate Executive Officer is

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disqualified after discussions amongst the members of the Board or the Nominating Committee, even in the middle of the term for such Corporate Executive Officer.

Nominating Committee

Members: 3 outside Directors

Name	Position
Yoshihiko Hatanaka	Chair of the Nominating Committee (Outside Director)
Wendy Becker	Nominating Committee Member (Outside Director)
Joseph A. Kraft Jr.	Nominating Committee Member (Outside Director)

Purpose/Authority

- To determine the content of proposals regarding the appointment and dismissal of Directors to be submitted for approval at the General Meeting of Shareholders
- To evaluate management succession plans, which the CEO develops, for the CEO and other executives designated by the Nominating Committee

The Nominating Committee determines the content of proposals regarding the appointment and dismissal of Directors, considering the policy on composition of the Board, the qualifications for Directors and the limitation of re-election of Directors. Please refer to the page below for more details.

→ [The Board of Directors](#)

Policy Regarding Composition of the Nominating Committee

Under the Companies Act, the Nominating Committee must consist of at least three Directors, the majority of whom must be outside Directors. In addition, under the Board Charter, the chair is to be selected from among the outside Directors. In determining whether to appoint or remove a member of the Nominating Committee, continuity of the Nominating Committee shall be duly taken into account. As of June 25, 2024, the Nominating Committee is comprised of three outside Directors.

Management Succession Plans

Management Succession

Sony places priority on CEO succession to realize sustainable value creation throughout the Sony Group. In the CEO succession planning process, the Nominating Committee, composed entirely of independent outside directors, vets potential successors based on the Sony CEO’s qualification. It does so in frequent consultation with executives, including the CEO, and reports its recommendations to the Board of Directors. In addition to CEO succession planning, the Nominating Committee assesses succession plans for Senior Executives with key management responsibilities for individual business units and headquarters functions, based on reports from management side, including the CEO.

CEO Succession Planning Process

CEO succession planning involves defining the qualifications that Sony seeks in CEOs able to manage its diverse businesses as a unified Group, screening both internal and external candidates, and comparing the two groups, so as to ensure the thoroughly objective evaluation of successor candidates. Sony looks for candidates both internally and externally on a year-round basis. The Nominating Committee narrows down the pool of candidates by vetting them in light of their potential to fulfill the CEO role, and then reviews both near-term and longer-term CEO successor candidates based on their anticipated timelines toward becoming CEO.

Audit Committee

Members: 3 outside Directors

Name	Position
Joseph A. Kraft Jr.	Chair of the Audit Committee (Outside Director)
Keiko Kishigami	Audit Committee Member (Outside Director)
Shingo Konomoto	Audit Committee Member (Outside Director)

Purpose/Authority

- To monitor the performance of duties by Directors and Corporate Executive Officers
- To oversee and evaluate the independent auditor

Policy of Composition of the Audit Committee

Under the Companies Act, the Audit Committee shall consist of at least three Directors, the majority of whom shall be outside Directors. In addition, under the Board Charter, each member of the Audit Committee (“Audit Committee Member”) shall satisfy all of the following qualifications:

- He/she shall not be a Director engaged in the business operations of Sony Group Corporation or any of its subsidiaries, a Corporate Executive Officer, an accounting counselor, a general manager or other employee of Sony and
- He/she shall meet the independence requirements or such other equivalent requirements of the U.S. securities laws and regulations as may from time to time be applicable to Sony Group Corporation. The chair is to be selected from among the outside Directors. The Audit Committee Members shall be selected from among the persons who possess appropriate experience and talent as well as the necessary finance, accounting and legal knowledge to serve on the Audit Committee. In determining whether to appoint or remove the Audit Committee Member, continuity of the Audit Committee shall be duly taken into account.

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Moreover, at least one Audit Committee Member shall meet the audit committee financial expert requirements or such other equivalent requirements of the U.S. securities laws and regulations as may from time to time be applicable to Sony Group Corporation. The Board makes a determination on whether or not such Audit Committee Members meet these requirements. As of June 25, 2024, the Audit Committee is comprised of three outside Directors, one of whom (Keiko Kishigami) is an “audit committee financial expert” within the meaning of Item 16A of Form 20-F under the Securities Exchange Act of 1934, as amended.

Policy on Selection of Independent Auditor Candidates and Independence of Independent Auditor

With respect to the candidates for independent auditor nominated by the CEO and other Corporate Executive Officers, the Audit Committee evaluates the nomination, prior to making a decision on the candidates. The Audit Committee continues to evaluate the independence, the qualification and the reasonableness as well as the performance of the independent auditor so appointed. For more details on activities of the Audit Committee, please refer to the page below.

→ [Structure of Audit by the Audit Committee, Internal Audit and Accounting Audit, and Status Thereof](#)

Compensation Committee

Members: 3 outside Directors

Name	Position
Wendy Becker	Chair of the Compensation Committee (Outside Director)
Sakie Akiyama	Compensation Committee Member (Outside Director)
William Morrow	Compensation Committee Member (Outside Director)

Purpose/Authority

- To set policy on the content of individual compensation for Directors, Corporate Executive Officers and other officers
- To determine the amount and content of individual compensation of Directors and Corporate Executive Officers in accordance with the policy, and oversee the determination regarding the amount and content of individual compensation of Senior Executives other than Corporate Executive Officers

Policy Regarding Composition of the Compensation Committee

Under the Companies Act, the Compensation Committee must consist of at least three Directors, the majority of whom must be outside Directors. In addition, the chair is to be selected from among the outside Directors. A Director who is a CEO, a Chief Operating Officer (“COO”) or a Chief Financial Officer (“CFO”) of Sony Group Corporation or who holds any equivalent position shall not be a member of the Compensation Committee. In determining whether to appoint or remove a member of the Compensation Committee, continuity of the Compensation Committee shall be duly taken into account. As of June 25, 2024, the Compensation Committee is comprised of three outside Directors.

Basic Policy for Director and Senior Executive Remuneration

The basic policy regarding remuneration for Directors and Senior Executives, as determined by the Compensation Committee, is as follows:

Basic Policy Regarding Director Remuneration

The primary duty of Directors is to supervise the performance of business operations of the Sony Group as a whole. In order to improve this supervisory function over the business operations of the Sony Group, which is a global company, the following two elements have been established as the basic policy for the determination of remuneration of Directors. No Director remuneration is paid to those Directors who concurrently serve as Corporate Executive Officers.

- Attracting and retaining an adequate talent pool of Directors possessing the requisite abilities to excel in the global marketplace; and
- Ensuring the effectiveness of the supervisory function of the Directors.

Based on the above, Director remuneration shall consist of the following components. The amount of each component and its percentage of total remuneration shall be set at an appropriate level determined in accordance with the basic policy above and research conducted by a third party regarding remuneration of directors of both Japanese and non-Japanese companies.

Type of Remuneration	Description
Fixed remuneration	<ul style="list-style-type: none"> ● The amount of fixed remuneration shall be at an appropriate level determined in accordance with the basic policy above and based on research conducted by a third party regarding remuneration of directors of both Japanese and non-Japanese companies.
Stock-based compensation (restricted stock or RSUs)	<ul style="list-style-type: none"> ● Restricted stock or RSUs are granted to further promote shared values between Directors and shareholders, and to incentivize Directors to develop and maintain a sound and transparent management system. ● Any Director to whom restricted stock is granted may not sell or transfer the granted shares during his/her tenure, and in principle, such restriction is to be released when such Director resigns. ● In principle, RSUs held by Directors vest when he/she resigns, and the Common Stock of the company will then be delivered to the Directors upon vesting.

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Basic Policy Regarding Senior Executive Remuneration

Senior Executives are key members of management responsible for executing the operations of the Sony Group as a whole, or their respective businesses of the Sony Group. In order to further improve the business results of the Sony Group, the following two elements have been established as the basic policy for the determination of remuneration of Senior Executives.

- Attracting and retaining an adequate talent pool possessing the requisite abilities to excel in the global marketplace; and
- Providing effective incentives to improve business results on a short-, medium- and long-term basis.

Based on the above, Senior Executive remuneration shall primarily consist of the following components. The amount of each component and its percentage of total remuneration shall be at an appropriate level determined in accordance with the above basic policy and the individual’s level of responsibility. The amount and percentage will also be based on research conducted by a third-party regarding remuneration of management of both Japanese and non-Japanese companies, with an emphasis on linking Senior Executive remuneration to business results and shareholder value.

Type of Remuneration	Description
Fixed remuneration	<ul style="list-style-type: none"> ● The amount of fixed remuneration shall be at an appropriate level determined based on research conducted by a third party regarding remuneration of management of both Japanese and non-Japanese companies, according to his/her responsibility, and in order to maintain competitiveness in recruiting talent.
Remuneration linked to business results	<ul style="list-style-type: none"> ● Structured appropriately and based on appropriate metrics to ensure that such remuneration effectively incentivizes Senior Executives to achieve financial targets for the mid- and long-term and financial targets for the fiscal year for which compensation will be paid. ● Specifically, the amount to be paid to Senior Executives shall be determined based on the level of achievement of the two metrics below and can fluctuate, in principle, from 0% to 200% of the standard payment amount depending on the level of achievement. <ul style="list-style-type: none"> (1) Certain key performance indicators linked to consolidated or individual business results of Sony during the fiscal year, such as Operating Income and Operating Income Margin, which are based on the areas for which each Senior Executive is responsible.* (2) Achievement of the Group Sustainability Evaluation. ● The Group Sustainability Evaluation is an evaluation of efforts by Senior Executives to enhance the mid- to long-term corporate value and sustainable growth of the Sony Group as a whole, not limited to their respective businesses and organizations, including management succession planning and investment in human capital, sustainability initiatives related to social value creation and ESG (environment, social and governance), value creation through collaborations among the businesses of the Sony Group, and engagement indicators based on employee surveys. ● The Business Results Linked Standard Payment Amount shall be determined so that such amount is within a certain percentage of the cash compensation (total of the fixed remuneration and the remuneration linked to business results), which percentage shall be determined in accordance with each individual’s level of responsibility. ● The Corporation adopted a clawback policy for the recoupment of compensation. (Please see below Reference: Clawback Policy.)
Stock-based compensation (Stock acquisition rights, and restricted stock or restricted stock units)	<ul style="list-style-type: none"> ● Stock acquisition rights, and restricted stock or RSUs are granted to incentivize Senior Executives to increase mid- to long-term shareholder value. ● The exercise of the stock acquisition rights is, in principle, restricted during a one-year period from the allotment date, and one-third of the total number of exercisable stock acquisition rights will vest and be exercisable each year thereafter. (All of the allocated stock acquisition rights will be exercisable on and after three years from the allotment date. ● The Senior Executives to whom restricted stock is granted, in principle, may not sell or transfer the granted stock before the third anniversary date of the Ordinary General Meeting of Shareholders of the fiscal year when the restricted stock was granted. ● In principle, all RSUs held by the Senior Executives will vest after three years have passed since the date of grant of the RSUs, and the Common Stock of the Corporation will then be delivered to the Senior Executives upon vesting. ● As a general policy, remuneration for a Senior Executive who has greater management responsibility and influence over the Sony Group as a whole has a higher proportion of stock-based compensation, which is directly linked to the corporate value. (Please see “Reference: Executive Compensation Package Designed to Focus on Long-Term Management” below.) ● The amount of stock-based compensation shall be determined so that the amount is within a certain percentage of the total cash compensation (total of the fixed remuneration and the remuneration linked to business results) and stock-based compensation.
Phantom restricted stock plan	<ul style="list-style-type: none"> ● Points determined every year by the Compensation Committee shall be granted to Senior Executives every year during his/her tenure, and at the time of resignation, the remuneration amount shall be calculated by multiplying the Common Stock price (closing price) by the individual’s accumulated points.

* The indicators during the fiscal year ending March 31, 2025.

The amount to be paid for the fiscal year ended March 31, 2024 was determined based on the level of achievement of certain key performance indicators linked to consolidated or individual business results of Sony during the fiscal year, such as Adjusted EBITDA and Adjusted EPS, which are based on the areas for which each Senior Executive is responsible.

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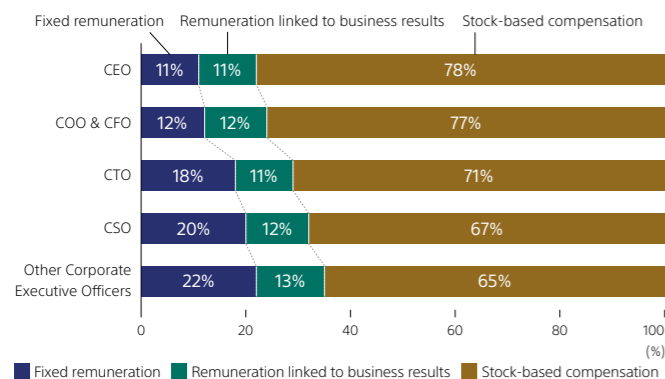
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(Reference: Executive Compensation Package Design to Focus on Long-Term Management “Fiscal Year ended on March 31, 2024”)

The bar chart below shows the components of remuneration for Corporate Executive Officers for the fiscal year ended March 31, 2024. For this chart, the remuneration linked to business results is based on the Business Results Linked Standard Payment Amount for each Corporate Executive Officer. As to the stock-based compensation, the underlying amount is calculated based on the fair value of a stock acquisition right as of the date such stock acquisition right was granted in the fiscal year ended March 31, 2024 and the issue price of the restricted stock when granted. Accordingly, the components of remuneration based on the amount actually paid will be different from the chart below.



Notes: Due to rounding, individual sums may not total 100%.

(Reference: Stock-Based Compensation)

Sony Group Corporation introduced stock acquisition rights, restricted stock and RSUs as forms of stock-based compensation, granted to the Directors and the Senior Executives including Corporate Executive Officers.

The purpose of the stock-based compensation for the outside Directors is to incentivize the outside Directors to develop and maintain a sound and transparent management system by further promoting shared values between the shareholders and the outside Directors. Furthermore, the purpose of the stock-based compensation

for the Senior Executives including Corporate Executive Officers is to further reinforce management’s alignment with shareholder value, and to incentivize management to improve mid- to long- term performance and increase shareholder value. The details of such stock-based compensation, including vesting conditions, recipients and number of grants, are determined or supervised by the Compensation Committee based on research conducted by a third party regarding stock-based compensation of both Japanese and non-Japanese companies. In addition, in determining the number of shares or units to be granted, the impact on dilution of the value of the shares of Sony Group Corporation is monitored.

(Reference: Clawback Policy)

The SEC recently adopted rules relating to the mandatory recovery of erroneously awarded incentive-based compensation received by certain current or former executive officers, and the NYSE has, in turn, adopted new listing standards in connection with such rules. Accordingly, Sony Group Corporation’s Compensation Committee adopted a clawback policy, with an effective date of October 2, 2023 (the “Clawback Policy”). The Clawback Policy provides for the mandatory recovery of erroneously awarded incentive-based compensation received by each Executive Officer (as defined in the Clawback Policy) during the three-fiscal-year period prior to the date Sony Group Corporation is required to prepare an Accounting Restatement (as defined in the Clawback Policy), in accordance with the above rules and standards. The amount of erroneously awarded incentive compensation that the Executive Officers would be required to repay is the amount of incentive-based compensation paid to the Executive Officer that exceeds the amount the Executive Officer would have received had it been determined based on the restated amounts, computed without regard to any taxes paid. The recovery of such compensation applies regardless of whether an Executive Officer engaged in misconduct or otherwise caused or contributed to the requirement of an accounting restatement.

Procedures to Determine Remuneration of Directors and Senior Executives

Based on the policy outlined above, the amount and content of the compensation for each Director and Senior Executive, including Corporate Executive Officers, are determined by the Compensation Committee or otherwise under the supervision of the Compensation Committee. Specifically, in principle, as for Directors, each year at the meeting of the Compensation Committee held after the Ordinary General Meeting of the Shareholders, the amount of basic remuneration and the content of compensation for the corresponding fiscal year are determined or reviewed. Thereafter, at the meeting of the Compensation Committee held after the corresponding fiscal year end, the final amount of compensation for each Senior Executive is determined or supervised. For determining the amount of the remuneration linked to business results for each Senior Executive, the Business Results Linked Standard Payment Amount, the targets for the Financial Performance KPIs based on the areas for which each Senior Executive is responsible and the achievement of the Group Sustainability Evaluation are determined and thereafter, the amount of such remuneration is determined based on the level of achievement of such targets for the Financial Performance KPIs and the individual performance at the meeting of the Compensation Committee held after the corresponding fiscal year end for Corporate Executive Officers or otherwise under supervision by the Compensation Committee for Senior Executives other than Corporate Executive Officers.

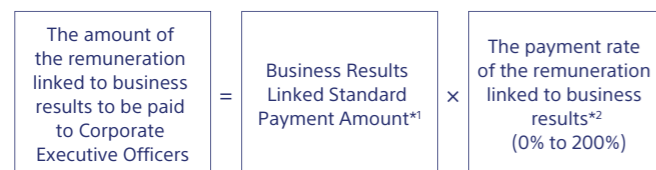
The amount of compensation of each Director and Senior Executive including Corporate Executive Officers for the fiscal year ended March 31, 2024 was also determined by the Compensation Committee or otherwise under supervision by the Compensation Committee according to the procedure above. The Compensation Committee concluded that the amount and content of the compensation was in accordance with the policy set forth in section above.

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Corporate Executive Officer Remuneration Linked to Business Results for the Fiscal Year Ended March 31, 2024

The Business Results Linked Standard Payment Amount for each Corporate Executive Officer for the fiscal year ended March 31, 2024 was determined to be in the range between 60% and 100% of the amount of the fixed remuneration of such Corporate Executive Officer according to his/her responsibility.

The formula to calculate the amount of the remuneration linked to business results to be paid to Corporate Executive Officers is as follows.



*1 Business Results Linked Standard Payment Amount: Determined to be in the range between 60% and 100% of the amount of the fixed remuneration of each Corporate Executive Officer.

*2 Payment rate of the remuneration linked to business results: Determined in principle, within the range from 0% to 200% based on the achievement of (i) Financial Performance KPIs based on the areas for which each Corporate Executive Officer is responsible and (ii) the achievement of the Group Sustainability Evaluation.

The Financial Performance KPIs and the weighting of such Financial Performance KPIs used for Corporate Executive Officers in the fiscal year ended March 31, 2024 were as follows:

KPI	Weight	Target to be achieved for the fiscal year ended March 31, 2024 (Consolidated)	Result for the fiscal year ended March 31, 2024 (Consolidated)
Adjusted EBITDA*1	50%	1,750.0 billion yen	1,818.0 billion yen*3
Adjusted EPS*2	50%	669.5 yen	763.52 yen*4

Adjusted EBITDA, which was determined as the Group KPI under the fourth mid-range plan, was selected as a Financial Performance KPI. Adjusted EPS was also selected in order to incentivize awareness of

shareholder value and capital efficiency. The target for Adjusted EBITDA for the fiscal year ended March 31, 2024 was 1,750.0 billion yen, which was the Corporation's forecast of Adjusted EBITDA for the fiscal year ended March 31, 2024, and which was disclosed in April 2023. The target for Adjusted EPS for the fiscal year ended March 31, 2024 was 669.5 yen, which was obtained by dividing the forecast of net income attributable to Sony Group Corporation's stockholders for the fiscal year ended March 31, 2024, and which was disclosed in April 2023 (840 billion yen) by the number of diluted shares outstanding at the beginning of such fiscal year. The results for the Financial Performance KPIs for the fiscal year ended March 31, 2024 were as follows: Adjusted EBITDA: 1,818.0 billion yen*3 (while net income attributable to Sony Group Corporation's stockholders for the fiscal year ended March 31, 2024 was 970.6 billion), and Adjusted EPS: 763.52 yen,*4 each exceeding the targeted amount.

As outlined above under "Basic Policy Regarding Senior Executive remuneration," remuneration linked to business results for Senior Executives for the fiscal year ended March 31, 2024 was determined based on the level of achievement of the indicators which were selected based on the areas of responsibility of the relevant Senior Executive and the achievement of the Group Sustainability Evaluation. The amounts to be paid to the Senior Executives were, in principle, determined within the range from 0% to 200% of the Business Results Linked Standard Payment Amount. As a result, the ratio of remuneration linked to business results of Corporate Executive Officers for the fiscal year ended March 31, 2024 varied from 130.7% to 284.4% of the Business Results Linked Standard Payment Amount.

*1 "Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)" = net income attributable to Sony Group Corporation's stockholders + net income attributable to noncontrolling interests + income taxes + interest expenses, net, recorded in financial income and financial expense - Gain on revaluation of equity securities, net, recorded in financial income and financial expense + depreciation and amortization expense excluding amortization for film costs, broadcasting rights, as well as for internally developed game content and master recordings included in content assets - the profit and loss amount that Sony deems non-recurring.

*2 "EPS (Earning Per Share)" means net income attributable to Sony Group Corporation's stockholders per share. "Adjusted EPS" is calculated by using the value excluding the profit and loss amount that Sony deems to be non-recurring from the value of the net income attributable to Sony Group Corporation's stockholders.

*3 The following table shows a reconciliation of net income attributable to Sony Group Corporation's stockholders reported in accordance with IFRS to Adjusted EBITDA for the fiscal year ended March 31, 2024.

	Fiscal year ended March 31, 2024 (Yen in billions)
Net income attributable to Sony Group Corporation's stockholders	970.6
Net income attributable to noncontrolling interests	9.9
Income taxes	288.2
Interest expenses, net, recorded in Financial income and Financial expense	3.4
(Gain) / loss on revaluation of equity instruments, net, recorded in Financial income and Financial expense	(71.4)
Depreciation and amortization expense excluding amortization for film costs and broadcasting rights, as well as for internally developed game content and master recordings included in Content assets	643.1
(Profit) / loss amount that Sony deems to be non-recurring*	(25.8)
Adjusted EBITDA	1,818.0

* For further information about the profit and loss amount that Sony deems to be non-recurring, refer to "Operating Results" in "Item 5. Operating and Financial Review and Prospects" in Sony Group Corporation's Form 20-F (Annual Report) for Fiscal Year ended March 31, 2024.

[Form 20-F \(Annual Report\) for Fiscal Year ended on March 31, 2024](#)

*4 Adjusted EPS result for the fiscal year ended March 31, 2024 is calculated by dividing adjusted net income attributable to Sony Group Corporation's stockholders for the fiscal year ended March 31, 2024 by diluted weighted average number of shares during the fiscal year. The following table shows a reconciliation of net income attributable to Sony Group Corporation's stockholders for diluted EPS computation reported in accordance with IFRS Accounting Standards to Adjusted EPS for the fiscal year ended March 31, 2024.

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	Fiscal year ended March 31, 2024 (Yen in billions, yen per share amounts)
Net income attributable to Sony Group Corporation's stockholders for diluted EPS computation*1	970.6
Profit and loss amount that Sony deems to be non-recurring, including adjustments for income taxes and non-controlling interests*2	(27.4)
Adjusted Net income attributable to Sony Group Corporation's stockholders for diluted EPS computation	943.2
Weighted-average shares for diluted EPS computation (thousands of shares)*1	1,235,331
Adjusted EPS	763.52

*1 Refer to Note 26 of the consolidated financial statements in Sony Group Corporation's Form 20-F (Annual Report) for Fiscal Year ended on March 31, 2024

[Form 20-F \(Annual Report\) for Fiscal Year ended on March 31, 2024](#)

*2 This amount is calculated by subtracting the tax effect of 6.0 billion yen from 25.8 billion yen, the total amount of profit and loss that Sony deems nonrecurring, included in income before income tax, and adding a 7.6 billion yen decrease in tax expense associated with the dissolution of a subsidiary. For further information about the profit and loss amount that Sony deems to be non-recurring, refer to "Operating Results" in "Item 5. Operating and Financial Review and Prospects" in Sony Group Corporation's Form 20-F (Annual Report) for Fiscal Year ended on March 31, 2024.

[Form 20-F \(Annual Report\) for Fiscal Year ended on March 31, 2024](#)

Support for Activities of Directors, the Board and the Committees

Sony Group Corporation engages in various activities to enhance the oversight function of the Board over management's operation of Sony's business as follows:

Outside Director Initiatives

The Chair of the Board, who is an outside Director, leads the Board's activities and secures the appropriate cooperation, communication and arrangement among outside Directors and Senior Executives. As an example of such initiatives, the outside Directors' meetings have been held, generally on the same day as each Board Meeting, for the purpose of exchanging information and sharing information with respect to recognized issues among outside Directors. The Board also conducted Directors' corporate strategic workshops with managements, business site visits by Directors, and meetings with the Chair of the Board and the CEO. All of these activities were aimed at securing better understanding by outside Directors of Sony's business and management's challenges and encouraging corporate strategic discussions among Directors. In September 2023, the Directors visited the office of SPE, a game development studio of Sony Interactive Entertainment LLC and the Digital Media Production Center (a video production studio for professionals), all located in the greater Los Angeles area, California, United States, where they observed places where creative activities take place and had discussions with the top management of the Pictures business. At a workshop held over two days in December 2023, through direct dialogue with the management team of Sony Group Corporation including the CEOs of each business segment, the Directors exchanged opinions about the content to be incorporated into the fifth mid-range plan, including the business environment and challenges surrounding each business, as well as strategies to address them. At the workshop, Directors also intensively discussed Sony Group's mid- to long-term strategies and challenges, including the development of new businesses.

Secretariat Offices for the Board and Each Committee

The company has established secretariat offices for the Board and each Committee to support the activities of the members and encourage constructive and proactive discussion at the meetings of the Board and each Committee. Each secretariat office endeavors to distribute necessary materials for the meetings in advance and to provide other information such as accounting information, organizational charts, press releases, external analyst reports and credit rating reports, as appropriate. Each secretariat office explains the meeting agenda to the members and provides them with presentation materials in advance of each meeting date and facilitates deliberation in separate meetings or briefing sessions depending on the nature of matters to be discussed. Each secretariat office also provides the absent members with a follow up briefing, as appropriate. In addition, under supervision by the Chairs of the Board and each Committee, each secretariat office shares the annual schedule of the meetings and anticipated agenda items in advance with the members, in order to appropriately set the frequency of meetings and the number of agenda items to be deliberated at each meeting.

Provision of Necessary Information

When the company is requested to provide additional information by Directors, each secretariat office endeavors to provide the members such information promptly. Also, each secretariat office verifies appropriately whether requested information is provided smoothly. In the event that the members consult with external specialists, participate in various seminars and so on to perform their duties, the costs and expenses in connection with such activities are borne by the company in accordance with applicable internal rules.

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The Audit Committee Aide

With the approval of the Board and with the consent by the Audit Committee, the company has established the Audit Committee Aide to support the activities of the Audit Committee. The Audit Committee Aide does not concurrently hold positions related to the business operations of Sony and, upon instruction by each Audit Committee member, conducts investigations into and analyses of auditing matters and engages in physical inspections or visiting audits either by him/herself or by cooperating with relevant departments in order to support the Audit Committee.

Policy for Training Directors

Newly appointed Directors receive briefings by Senior Executives and outside experts regarding their expected roles and responsibilities, including their legal duties, as a Director or a member of the Committees. In addition, newly appointed outside Directors receive briefings about the business, financial status, organization and governance structure of Sony. Also, throughout their tenure, each Director receives compliance-related training in accordance with internal protocols and briefings on matters relevant to each Director's fulfillment of his/her roles and responsibilities including the current status of Sony's business.

Evaluation of the Board and the Committees' Effectiveness

Policy for Evaluation

Sony Group Corporation believes that it is important to endeavor to improve the effectiveness of the Board and each Committee in order to support Sony's business operations and enhance the corporate value of Sony. To achieve this goal, Sony Group Corporation conducts evaluations of the effectiveness of the Board and of each Committee (the "Evaluation") at least annually.

Recent Evaluation

From February through May 2024, under the leadership of the Chair of the Board, the Board conducted the Evaluation mainly in respect of Board and Committee activities in the fiscal year ended March 31, 2024 after confirming that actions proposed in response to the results of the previous Evaluation were appropriately taken. The recent Evaluation was conducted, with the support of a third-party outside counsel with expertise in Japanese and global corporate governance practices (the "Outside Counsel") in order to ensure transparency and objectivity and to obtain professional advice.

Procedures for Recent Evaluation

First, the Board confirmed that the actions proposed to be taken in response to the results of the previous Evaluation were taken, and discussed and confirmed the proposed procedures for the Evaluation for the fiscal year ended March 31, 2024. Thereafter, the third-party evaluation was conducted by the Outside Counsel in accordance with the following steps:

- Reviewed relevant material, such as the minutes of Board meetings, and attended a Board meeting;
- Confirmed with the Board secretariat office and each Committee's secretariat office how meetings of the Board and Committees were conducted;
- Gathered responses to a questionnaire from each Director about

the current status and practices of the Board and each Committee, such as the composition of the Board, operation of the Board, commitments of each Director, activities of each Committee and procedures of the previous Evaluation;

- Interviewed the Chairs of the Board and each Committee, newly appointed Directors, and some of the Corporate Executive Officers; and
- Researched other companies' practices in Japan and the United States, and compared them with the company's practices.

The Board then received, reviewed and discussed the Outside Counsel's report on the results of its evaluation. The Board confirmed the effectiveness of the Board and the Committees.

Summary of the Results of the Recent Evaluation

Based on the following findings, the Outside Counsel reported that, as assessed in the previous Evaluation, the Board is established and operated in a manner sufficient to be highly evaluated:

- The results of the questionnaire and interviews show that all Directors rate the effectiveness of the Board, including each Committee, highly.
- The addition of newly appointed Directors further diversifies the composition of the Board in terms of nationality/location and expertise.
- The changeover of the Chair of the Board went smoothly, and the other Directors speak highly of the new Chair's operation of the Board.
- Initiatives to improve effectiveness of the Board continue to be implemented.
- In terms of the Board's composition, operation, and various other aspects, the Board is notably advanced among those of other Japanese companies and can be evaluated favorably in many respects when compared to the boards of listed U.S. companies.

Following discussions and analysis based on the Outside Counsel's report, the Board re-affirmed that the Board and each Committee were functioning effectively as of May 2024. The Outside Counsel also suggested several ideas on possible options for the Board and Committees to further improve their own effectiveness.

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Actions in Response to the Results of the Evaluation

In order to increase the corporate value of Sony, Sony Group Corporation will take appropriate actions to further enhance functions of the Board and the Committees in response to the results of the Evaluation, as well as various comments and opinions given by Directors and the Outside Counsel during the Evaluation process.

For reference, after the previous Evaluation conducted from February through April 2023, Sony Group Corporation took the following actions, among others, to help improve the effectiveness of the Board:

- Reviewed the progress and result of the fourth mid-range plan and established the fifth mid-range plan;
- Continuously monitored the business portfolio and capital allocation;
- Continuously supervised risks including geopolitics and cybersecurity; and
- Continued and deepened discussions about Sony’s strategies regarding new technologies and social changes (including generative AI and sustainability).

Senior Executives and Other Officers

Senior Executives (In Sony Group Corporation, Corporate Executive Officer, Senior Executive Vice President and Executive Vice President)

Total number of Senior Executives: 14 (including 6 Corporate Executive Officers)

[Sony Group Portal Website | Executives](#)

Purpose/Authority

Determines and executes Sony’s business activities in accordance with their roles and responsibilities

Delegation of Authority from the Board

The Board determines the fundamental management policies and other material matters related to the operation of Sony’s business. The Board assigns the duties of Corporate Executive Officers including the CEO, by determining the areas over which each Corporate Executive Officer is in charge and by determining the scope of Senior Executives. Then, it delegates its decision-making authority to the CEO with a view to promoting timely and efficient decision-making within Sony. The CEO further subdelegates a part of such authority to other Senior Executives.

Other Officers (In Sony Group Corporation, Senior Vice President)

Total number of other officers: 10

Purpose/Authority

Carries out their assignments within designated areas, such as headquarters functions and/or R&D, in accordance with the fundamental policies determined by the Board and Senior Executives.

Details of Actions Taken by the Board and Committees

Details of Actions Taken by the Board

During the fiscal year ended March 31, 2024, the Board convened 7 times. The attendance records of respective Directors are as follows.

Name	Meeting Records*1	Attendance Records*1
Kenichiro Yoshida	7 times	7 times (100%)
Hiroki Totoki	7 times	7 times (100%)
Yoshihiko Hatanaka	7 times	7 times (100%)
Toshiko Oka*2	7 times	7 times (100%)
Wendy Becker	7 times	7 times (100%)
Sakie Akiyama	7 times	7 times (100%)
Keiko Kishigami	7 times	7 times (100%)
Joseph A. Kraft Jr.	7 times	7 times (100%)
Neil Hunt*3	6 times	6 times (100%)
William Morrow*3	6 times	6 times (100%)

*1 The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended March 31, 2024.

*2 Toshiko Oka, who was a Director during the fiscal year ended March 31, 2024, retired as a Director at the conclusion of the Ordinary General Meeting of Shareholders on June 25, 2024. Shingo Konomoto was newly appointed as a Director at the Ordinary General Meeting of Shareholders on June 25, 2024.

*3 Because Neil Hunt and William Morrow were newly appointed as Directors at the Ordinary General Meeting of Shareholders on June 20, 2023, the numbers of their Meeting Records and Attendance Records differ from those of other outside Directors.

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During the fiscal year ended March 31, 2024, the Board of Directors discussed a variety of matters, such as a review of Sony Group's business performance on a quarterly basis, Sony's business portfolio, progress under and review of the results of the fourth mid-range plan, formulation of the fifth mid-range plan, formation of a business plan for the fiscal year ending March 31, 2025, strategically important M&A, effectiveness of internal control (including the ethics and compliance program) and risk management (including cybersecurity risks and geopolitical risks), as well as Sony's initiatives and strategies related to new technologies and social changes (including sustainability and utilization of generative AI).

Details of Actions Taken by the Nomination Committee

During the fiscal year ended March 31, 2024, the Nominating Committee convened 5 times. The attendance records of respective Directors are as follows.

Name	Meeting Records*1	Attendance Records*1
Yoshihiko Hatanaka	5 times	5 times (100%)
Toshiko Oka*2	5 times	5 times (100%)
Wendy Becker	5 times	5 times (100%)

*1 The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended March 31, 2024.

*2 Toshiko Oka, who was a member of the Nominating Committee during the fiscal year ended March 31, 2024, retired both as a Director and a member of the Nominating Committee at the conclusion of the Ordinary General Meeting of Shareholders on June 25, 2024. Accordingly, Joseph A. Kraft Jr. was newly appointed as a member of the Nominating Committee pursuant to the resolution at the Board meeting held on June 25, 2024.

During the fiscal year ended on March 31, 2024, the matters given consideration by the Nominating Committee included policies on selecting outside Director candidates, exploring Director prospects, and CEO succession. In addition, the Nominating Committee assessed succession plans for Senior Executives with key management responsibilities for individual business units and headquarters functions, based on management, including CEO,

reports. With respect to the selection of candidates for outside Directors, as a priority item for the current fiscal year, the Nominating Committee confirmed the policy that candidates for outside Directors should be selected from persons who have experience as CEOs of other companies, and the Nominating Committee held discussions based on such policy. As a result, a new outside Director candidate was appointed based on this policy. Regarding the appointment of Senior Executives, the Nominating Committee reviewed and assessed the proposal of promoting Hiroaki Kitano, Corporate Executive Officer, Senior Executive Vice President and Chief Technology Officer, who assumed the position of Executive Deputy President and Chief Technology Officer, and succession plans for Senior Executives with key management responsibilities for individual business units.

Details of Actions Taken by the Audit Committee

During the fiscal year ended March 31, 2024, the Audit Committee convened 6 times. For further information about the attendance records of respective Directors and specific considerations by the Audit Committee during the fiscal year ended on March 31, 2024, refer to "Structure of Audit by the Audit Committee, Internal Audit and Accounting Audit, and Status Thereof."

Details of Actions Taken by the Compensation Committee

During the fiscal year ended March 31, 2024, the Compensation Committee convened 5 times. The attendance records of respective Directors are as follows.

Name	Meeting Records*1	Attendance Records*1
Wendy Becker	5 times	5 times (100%)
Yoshihiko Hatanaka*2	1 time	1 time (100%)
Sakie Akiyama	5 times	5 times (100%)
William Morrow*2	4 times	4 times (100%)

*1 The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended on March 31, 2024.

*2 Yoshihiko Hatanaka, who was a member of the Compensation Committee during the fiscal year ended March 31, 2024, retired as a member of the Compensation Committee on June 20, 2023. Accordingly, William Morrow was newly appointed as a member of the Compensation Committee pursuant to the resolution at the Board meeting held on June 20, 2023. As a result, the numbers of their Meeting Records and Attendance Records differ from those of other members of the Compensation Committee.

The specific matters given consideration by the Compensation Committee included the Corporation's policy regarding the determination of individual remuneration for Directors and Senior Executives, including Corporate Executive Officers, for each fiscal year, and the amount and content of such remuneration. The Committee also considered the total number of stock acquisition rights to be issued for the purpose of granting stock options to Corporate Executive Officers and employees of the Corporation and directors, other officers and employees of the Corporation's subsidiaries, and other stock-based compensation utilizing shares of the Corporation's stock such as restricted stock and restricted stock units. In the fiscal year ended March 31, 2024, the Compensation Committee introduced the achievement of the Group Sustainability Evaluation as an evaluation metric for remuneration linked to business results to encourage executives' efforts to enhance the mid- to long-term corporate value of the Sony Group, and introduced a clawback policy to strengthen the governance of compensation. For the fiscal year ending March 31, 2025 and beyond, the Committee conducted a comprehensive review of and discussion on its policy regarding future use of stock-based compensation with consideration of other companies' trends in Japan and other countries.

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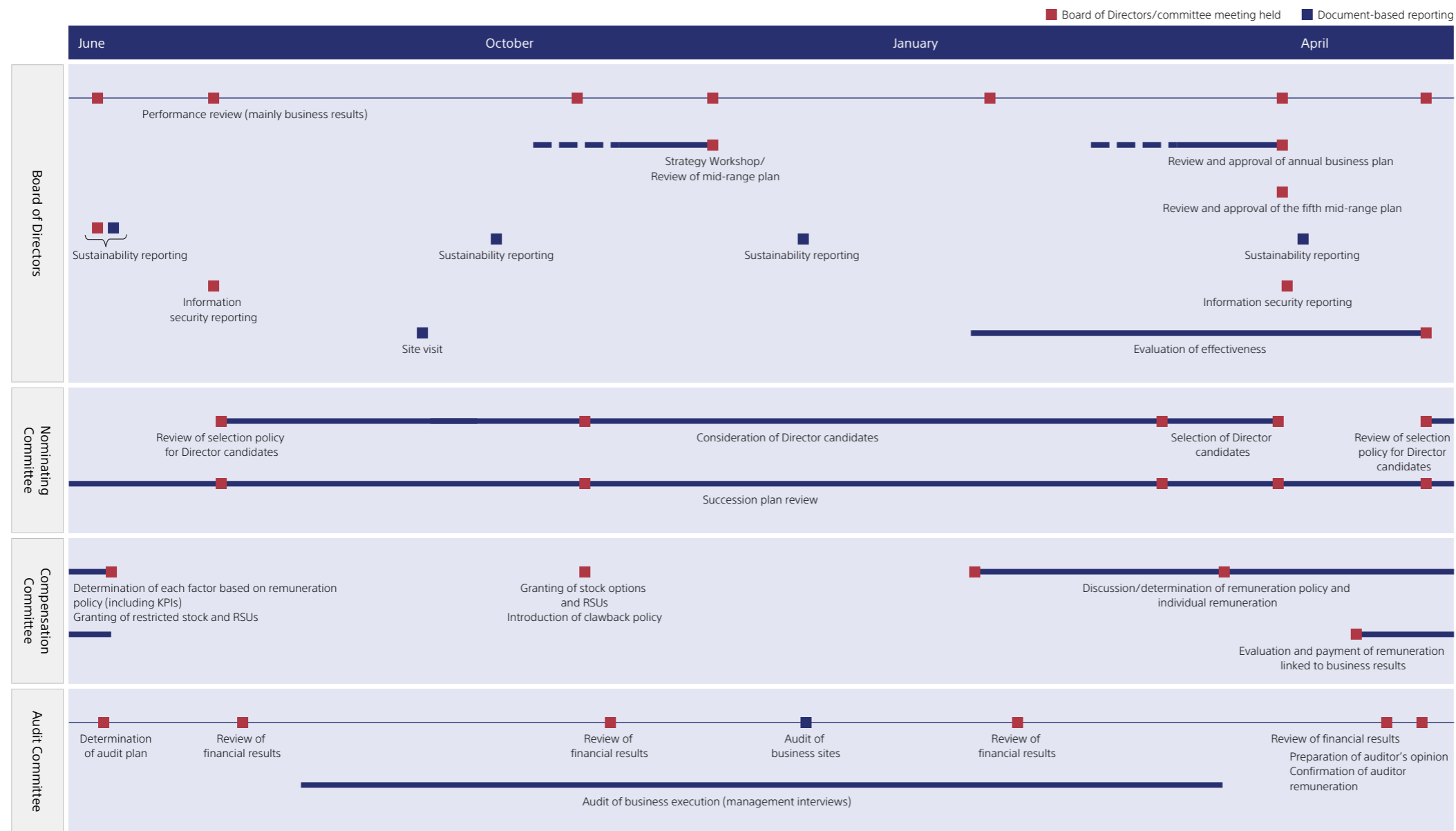
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Internal Control and Governance Framework

At a Board meeting held on April 26, 2006, the Board reaffirmed the internal control and governance framework in effect as of the date thereof and resolved to continue to evaluate and improve such framework going forward, as appropriate. At Board meetings held on May 13, 2009 and April 30, 2015, the Board amended and updated the internal control and governance framework, and with the resolution of the Board dated as of May 14, 2024, the Board reaffirmed the framework in effect and determined to continue to evaluate and improve such framework going forward, as appropriate. These determinations were required by and met the requirements of the Companies Act of Japan. For the content of the reaffirmation and the status of its implementation determined by the resolution of the Board dated as of May 14, 2024, please refer to the page below.

[☞ Sony Group Portal Website | Internal Control](#)

As for the summary of the principal frameworks of the internal control and governance framework based on the Board determination above, please refer to the following.

Financial Reporting Framework

Sony's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Internal Financial Reporting Standards (IFRS). Sony formed a cross-functional steering committee comprised of management in charge of the principal Sony headquarters functions to monitor the actions necessary to maintain effective internal control over financial reporting, including documenting, testing and evaluating internal controls and overseeing and assessing the global evaluation.

Based on the evaluation by Sony Group Corporation, CEO and CFO have concluded that Sony maintained effective internal control over financial reporting as of March 31, 2024.

Disclosure Framework

The securities of Sony Group Corporation, the ultimate parent of all Sony companies, are listed for trading on exchanges in Japan and the U.S. As a result, Sony is obligated to make various disclosures to the public in accordance with applicable securities laws, regulations and rules in those countries and listing standards of the stock exchanges on which Sony Group Corporation's shares are listed. Sony is committed to full compliance with all requirements applicable to its public disclosures.

Sony Group Corporation's policy on investor relations activities is to aim to disclose accurate information in a timely and fair manner, as well as to endeavor to promote constructive dialogue with shareholders and investors, with a view to maximizing Sony's corporate value by building a relationship of trust with shareholders and investors. Sony Group Corporation has established disclosure controls and procedures as an approach to implement this policy. All personnel responsible for the preparation of submissions to and filings with the Tokyo Stock Exchange, the U.S. Securities and Exchange Commission and other regulatory entities, or for other public communications made on behalf of Sony, or who provide information as part of that process, have a responsibility to ensure that such disclosures and information are full, fair, accurate, timely and understandable, and in compliance with the established disclosure controls and procedures.

Sony Group Corporation has established "Disclosure Controls and Procedures," outlining the process through which potentially material information is reported from important business units, subsidiaries, affiliated companies and corporate divisions and is reviewed and considered for disclosure in light of its materiality to Sony. As a body to assist the CEO and the CFO of Sony Group Corporation, in designing, implementing and evaluating the Disclosure Controls and Procedures, Sony Group Corporation has established the "Disclosure Committee," which is comprised of members of senior management of Sony who

are in charge of a part of Sony's headquarters functions. In order to assure appropriate and timely disclosure, the Disclosure Committee shall evaluate events that are reported from the important business units, subsidiaries, affiliated companies and corporate divisions in accordance with Sony's internal rules in light of their materiality to Sony. Based on such evaluation, the Disclosure Committee shall review the necessity of disclosure in accordance with applicable securities laws, regulations and rules, as well as the listing standards of the relevant stock exchanges, and report to the CEO and the CFO for their determination.

Risk Management System Framework

Each business unit, subsidiary/affiliated company and corporate division of Sony periodically reviews and assesses risks for the area of which it is in charge and works on finding, reporting, assessing and responding to the risks. In addition, Senior Executives, including Corporate Executive Officers, of Sony Group Corporation have established and maintain a system to identify and control risks that may cause losses to Sony Group regarding the areas of which they are in charge. The Corporate Executive Officer in charge of group risk control comprehensively promotes and manages the establishment and maintenance of the system stated above through the activities with related departments.

Examples of risks that may significantly impact investor judgements include reduced market relevance and profitability due to intensifying competition from competitors; newly incurred costs to comply with laws and regulations in countries and regions where Sony operates; impact on global operations due to trade restrictions and economic sanctions imposed by certain countries and retaliatory measures to them; impairment of long-lived assets; and changes in consumption behavior caused by the increasing prevalence of new technologies and distribution platforms.

[☞ Form 20-F \(Annual Report\) for Fiscal Year ended on March 31, 2024](#)

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Crisis Management System Framework

One aspect of risk management is the proper handling of crises if and when they arise, and the proper preparation for such crises. Sony Group's crisis management and business continuity activities predominately occur at the business and operational level closest to the events Sony Group may encounter. Since some events can have a significant impact on Sony as a whole, Sony Group Corporation has established a group crisis management procedure to enable a swift and organized group-wide response to crises as needed.

Framework on Business Continuity Planning

Sony has strengthened its business continuity planning (BCP) to enhance risk management throughout the supply chain. The group identifies, analyzes, and evaluates business risks to mitigate the risk of business disruptions due to such emergencies as earthquakes, natural disasters, and accidents.

Sony's electronics business was significantly impacted by the Great East Japan Earthquake and severe flooding in Thailand in 2011, and by the earthquakes in Japan's Kumamoto region in 2016. Nevertheless, Sony's employees and top management rallied together, capitalizing on their experiences in implementing measures to ensure business continuity, and succeeded in minimizing the impact of production disruptions. Knowledge gained from recovery efforts after the Kumamoto earthquakes was shared with relevant companies and local firms through industry bodies, to enhance the competitiveness of Japanese industry and strengthen supply chains.

In response to COVID-19, Sony established a group crisis management system in fiscal year 2019, placing the highest priority on ensuring safety and preventing the spread of the virus, as well as taking swift action to minimize the impact on Sony businesses. At that time, Sony secured business continuity through its global coordination, including by establishing internal guidelines, implementing measures in

accordance with those guidelines and preparing emergency supplies. Sony Group Corporation has established policies for a group-wide crisis management and business continuity framework. This framework, which continues to be improved, is for reviewing crisis management and BCP at each Sony business and preparing for incidents and business disruptions that would significantly impact the entire Sony Group. In order to boost the effectiveness of Sony's business continuity planning, top management and Headquarters carry out exercises based on scenarios such as a Nankai Trough earthquake or other natural disasters posited by the Japanese government. Additionally, each domestic and international Sony Group business establishes and maintains crisis management and business continuity frameworks to minimize the impact of business interruptions. Sony also continues to strengthen rapid recovery potential by strengthening cooperation among relevant companies and organizations and conducting realistic exercises. Sony regards its BCP as an important part of its business strategy. Sony will continue to implement effective, practical measures, such as enhancing risk management across its group-wide supply chains.

Main Initiatives for Reducing Business Disruption Risks for Building and Equipment Countermeasures Against Earthquakes

Utilizing lessons learned from the Kumamoto earthquakes, Sony is establishing guidelines for seismic measures for Sony group companies in Japan. These measures, which are essential to the safety of employees, are established by determining the seismic wave activity at each business site and conducting simulations to assess risk. The seismic measures apply to building structures and utility facilities as well as non-structural materials such as ceiling materials, to enhance safety in an earthquake. Sony is implementing safety measures that are particularly high in priority.

Countermeasures Against Fire

The Sony Group has global guidelines to facilitate early fire detection and protection against the spread of fire in buildings and equipment. Under the guidelines, Sony's manufacturing sites around the world implement annual self-checks and are regularly audited on-site by

the responsible department in Headquarters to verify compliance with them. Manufacturing sites implement Plan-Do-Check-Act (PDCA) cycles to address any uncovered issues and establish improvement plans to effectively reduce risks.

Countermeasures Against Flood-Related Damage

Sony has completed a survey of climate change-related flood risks at vulnerable business sites. Preventative measures will be taken depending on the situation to mitigate damage in the event of a flood and ensure that operations can be rapidly restored.

Examples of Reducing Business Disruption Risks

Semiconductor Manufacturing Site: Seismic Isolation Structure and Initiatives to Reduce Fire Risks

The Nagasaki Technology Center of Sony Semiconductor Manufacturing Corporation became the first manufacturing site of the Sony Group to adopt a seismic isolation structure. This is being incorporated in its expansion building, which was completed in 2023. The seismic isolation system employs a hybrid seismic isolation structure with multiple base isolation devices to mitigate earthquake motion, and micro-vibration control essential for a semiconductor plant.

The expansion building is compliant with the Sony Group's global guidelines on building and equipment specifications, to reduce fire risk. For example, the building features an NFPA* compliant high-sensitivity smoke detection system and sprinklers, non-flammable exterior walls and exhaust ducts, and fire barrier walls between distribution transformers, for early fire detection and protection against the spread of fire.

* The National Fire Protection Association (NFPA) is a US-based organization that develops standards for fire prevention.

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Hybrid seismic isolation structure

Semiconductor Manufacturing Site: Deployment of Earthquake Motion Prediction System

Sony Semiconductor Manufacturing Corporation completed the deployment of an earthquake motion detection system for its major business sites in 2018. The system detects initial P waves (primary waves) from earthquakes and uses the data to predict the magnitude of subsequent S waves (secondary waves). If necessary, critical semiconductor manufacturing equipment is shut down before S waves reach the site, protecting equipment and products. Peripheral observation points are linked in a network with central observation points at business sites, enabling the system to respond to inland earthquakes and provide warnings with greater speed and accuracy.

Semiconductor Manufacturing Site: Initiatives Against Flood Damage

Sony Semiconductor Manufacturing Corporation evaluates disaster impact for each of its manufacturing sites based on flood risk simulations and other assessments. It is gradually deploying measures such as the installation of water stop logs to mitigate damage at critical facilities.

Cybersecurity

Like many companies, Sony faces increasingly sophisticated cybersecurity threats, so the importance of information security continues to grow. In recent years, malicious actors seeking to compromise the information of global companies continue to grow in number, and their attack methods are becoming more advanced. Sony recognizes the importance of cybersecurity, both in achieving financial success for the company and in maintaining the trust of its stakeholders, which include shareholders, customers, employees, suppliers, and business partners. To address this situation and ensure that Sony continues to earn customers' trust, Sony maintains and enhances an information security program.

Risk Management & Strategy

As part of Sony's risk management framework, Sony maintains and continuously strives to enhance its information security program. This program covers the entire Sony Group and is implemented in accordance with policies and standards, which include cybersecurity risk management and governance frameworks, and guidance, developed by Sony and based on globally recognized industry best practices and standards. The policies define information security responsibilities within Sony and outline certain actions and procedures that officers and employees are required to follow, including with respect to the assessment and management of cybersecurity risks to Sony, including its systems and information. The policies, standards, and guidance are structured to help Sony respond effectively to the dynamically changing environment of cybersecurity threats, cybersecurity risks, technologies, laws, and regulations. Sony modifies its policies, standards, and guidance as needed to adjust to this changing environment.

If Sony's cybersecurity risk management controls are overcome by a cyber attacker, Sony follows an incident response plan and escalation process as defined in the information security program. The response process includes an assessment of whether an incident may be material, and this assessment is adjusted as necessary as additional facts become known during the incident response. Any incident that is assessed as potentially material is escalated to Sony's senior

management and is reported to the two outside Directors in charge of information security on Sony Group Corporation's Board of Directors (the "Board").

In the fiscal year ended March 31, 2024, Sony was the victim of several cyberattacks. None of these incidents was assessed to be material, nor did they materially affect Sony's business strategy, the results of its operations, or its financial condition. However, there can be no guarantee that this will be the case with a future incident. Sony has also established policies and processes to help identify and manage cybersecurity risks associated with third parties, including companies that provide services and products to Sony, and companies that hold Sony information or have electronic access to Sony systems or information. The policies and processes include assessment of the cybersecurity and privacy programs at certain third parties, the use of this risk information when making contracting decisions, and the use of contract language that includes cybersecurity and privacy requirements.

Most of the information security program is implemented by Sony employees. Sony also engages the services of external providers to enhance and support its information security program, including leading cyber response specialists as may be needed, and consultants to evaluate and help improve organization, policies, and other aspects of the program.

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Structure and Governance of Sony’s Information Security Program

Sony’s information security program is under the responsibility of a Senior Executive, specifically, the Sony Group Chief Digital Officer (“CDO”), and the Sony Group Chief Information Security Officer (“CISO”), who reports to the CDO.

Under the leadership of the CDO and CISO, and supported by a global information security team that works across the entire Sony Group, Sony implements the cybersecurity risk management and governance frameworks that are described in its policies and standards. Each business segment of Sony has a senior information security leader, called an Executive Information Security Officer (“EISO”), who reports both to the CISO and to the senior management of the particular business unit. EISOs and their associated teams are responsible for ensuring implementation and operation of the information security program in a way that is tailored to each specific business unit, including as it relates to the assessment and management of cybersecurity risks. The CISO coordinates with the EISOs to monitor the proper implementation and compliance with Sony’s cybersecurity policies and standards. The current CDO has experience within Sony in launching and overseeing the development, technical operation, and business operations of large-scale network products and services, including overseeing implementation and operation of the information security program. The current CISO has more than 40 years of experience in cybersecurity. Before joining Sony, the CISO served as Deputy Chief Information Officer for Cybersecurity of the U.S. Department of Defense (the department’s equivalent of a CISO) and before that, as the Chief Information Assurance Executive at the Defense Information Systems Agency (DISA), an agency of the U.S. Department of Defense. To oversee the information security program, the Sony Group CEO and COO receive regular reports from the CDO, monthly reports from the CISO, additional reports as needed during the response to a cyber incident, and briefings from the CDO and CISO at various times during the year. The head of each Sony business segment also receives the monthly reports from the CDO and the CISO, as well as reports and briefings from the business segment EISO. The Board oversees Sony’s information security efforts, including in the following ways:

- Two outside Directors oversee Sony’s information security efforts, via monthly meetings and ad-hoc incident response communications with the CDO and CISO. Those meetings address, among other matters, significant cybersecurity incidents and Sony Group-level policies and key initiatives regarding cybersecurity.
- One of these two outside Directors has extensive experience in the development of large-scale information systems, including experience with management of the risks associated with cyberattacks.
- The other outside Director serves simultaneously as the Chair of the Audit Committee.
- The full Board receives reports from the outside Directors in charge of information security and briefings several times a year from the CDO and the CISO. The full Board also engages in discussion of these matters.

Employee Training as a Key Component of Information Security

Every employee has a critical role to play in protecting Sony’s most sensitive information. To increase Sony employees’ awareness of information security threats, Sony requires all personnel to receive annual information security training, where they learn how to report incidents and study the types of behaviors they must avoid in order to reduce risk. Sony employees also regularly receive phishing awareness training, which tests employees’ knowledge of how to spot and avoid cyber-attacks delivered through fraudulent emails.

Structure of Audit by the Audit Committee, Internal Audit and Accounting Audit, and Status Thereof

Audit Structure and Status of the Audit Committee

The Audit Committee conducts the audit of the performance of duties by Directors and Corporate Executive Officers pursuant to applicable laws and regulations, and the Charter of the Audit Committee established by the Board, through deliberation at Audit Committee meetings (held six times during the fiscal year ended March 31, 2024), activities of Audit Committee Members (for example, reviewing reports relating to the execution of duties by the Corporate Executive Officers and employees of Sony Group Corporation, or directors, statutory auditors and employees of major subsidiaries of Sony and visiting audits at Sony’s business sites), and activities of the Audit Committee supporting personnel (the Audit Committee Aide). In addition, the Audit Committee conducts the “organizational audit” in cooperation with divisions in charge of internal audit and divisions in charge of internal control of Sony. Through the process, the Audit Committee receives periodical reports from these divisions at the Audit Committee meetings or other meetings to be held from time to time, requests them to conduct necessary investigation, and receives reports on its process and result. Furthermore, the meetings with divisions in charge of internal control of Sony were held nine times, and the meetings with the independent auditor were held 11 times during the fiscal year ended March 31, 2024.

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During the fiscal year ended on March 31, 2024, the Audit Committee convened six times. The attendance records of respective Directors are as follows.

Name	Meeting Records*	Attendance Records*
Toshiko Oka	6 times	6 times (100%)
Keiko Kishigami	6 times	6 times (100%)
Joseph A. Kraft Jr.	6 times	6 times (100%)

* The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended on March 31, 2024.

Specific considerations by the Audit Committee include review of audit plans in three-way audits, identification and audit of priority audit items for each fiscal year, review of financial results and disclosure documents related to financial results, review of development and operation of internal control systems, audit of financial reports and SOX 404-related activities, audit of internal audit activities, review of the content and process for determining the compensation of the independent auditors, audit of the appropriateness of audit by the independent auditors and evaluation of the independent auditors. In addition to these, the Audit Committee held interviews with Senior Executives and Other Officers to receive reports on matters such as the recognition of issues and the status of risk management in the respective areas of responsibility of each business and headquarter function, and engaged in dialogue. The priority audit items for the fiscal year ended on March 31, 2024 were disclosure of non-financial information, risk management, the impact of the adoption of new accounting standard and subsidiary management. Through audit activities conducted in cooperation with the internal audit division and the divisions of the Sony Group responsible for internal control, the following audit activities were executed.

i) Disclosure of non-financial information

The Audit Committee received the reports regarding the latest updates in Japan and overseas regarding the disclosure and assurance of non-financial information, such as climate change from the Internal Control Department and the status of company's response to these regulations has been verified. The Audit

Committee also discussed with the independent auditors regarding relevant disclosure and assurance standard trends.

ii) Risk management

In addition to confirming during interviews with Senior Executives and Other Officers regarding the overall risk management, including company's internal structure and challenges related to information security, the Audit Committee have also received the reports from the Internal Control Department and exchanged opinions to enhance continuous response.

iii) Impact of the adoption of new accounting standard

The Audit Committee received the reports regarding the impact of the application of IFRS 17 "Insurance Contracts" on the financial statements from the Internal Control Department and the independent auditors, and the contents of the financial statements were verified.

iv) Subsidiary management

The Audit Committee received the reports regarding the audit activities of its subsidiaries from the heads of the Internal Audit Department for each business segment, and engaged in discussions. Additionally, the independent auditors provided the report regarding the audit plan, progress, and results of our consolidated subsidiaries.

Internal Audit Structure and Status

Sony Group Corporation established a department in charge of internal audit, the Risk & Control Department (which is composed of approximately thirty members), which coordinates closely with the internal audit departments of major subsidiaries around the world, and Sony Group Internal Audit Charter, and endeavors to maintain and enhance the internal audit structure of Sony in order to promote Sony's internal audit activities on a global basis. The Risk & Control Department and each Internal Audit Department of major subsidiaries of Sony ("Internal Audit Department") play an important function in maintaining Sony's governance in order to strengthen Sony's management structure, promote efficiency of management, and maintain and avoid any loss of material assets, including Sony's brand image, by evaluating the effectiveness of the internal control system and risk management structure of Sony through independent

and objective audit.

The Risk & Control Department and each Internal Audit Department conduct the internal audit of each department or subsidiary that they supervise, in accordance with the annual audit plan that is established based on the risk assessments conducted in the beginning of each fiscal year and any matters proposed by Sony's management or the Audit Committee. Each internal audit is conducted under the planned audit procedure. Afterward, each Internal Audit Department follows up until the completion of any improvement plan developed based on the audit result.

In order to ensure its independence, fairness and objectiveness, the appointment and dismissal of the head of the Risk & Control Department is subject to the prior approval of the Audit Committee. The appointment and dismissal of the person in charge of each Internal Audit Department also require the prior approval of the head of the Risk & Control Department.

The Risk & Control Department makes periodic presentations on the result of internal audit to the Audit Committee, and the Senior Executive in charge of internal audit.

The Internal Audit Department also make periodic reports to the independent auditor on the status of the internal audit activities and the result of the audit. The audit report issued by the independent auditor is used for the planning of the internal audit and conducting the internal audit.

Accounting Audit Status

Sony's accounting audit has been conducted by PricewaterhouseCoopers Japan LLC under an agreement since 2007. The certified public accountants who conducted the accounting audit of Sony for the fiscal year ended March 31, 2024, are as follows: Takeaki Ishibashi,* Yuko Harada,* Hitoshi Kondo,* and Masafumi Mitsuhiro.* The team at PricewaterhouseCoopers Japan LLC that conducted Sony's accounting audit is composed of 31 certified public accountants and 78 other staff members.

* The number of years of continuous audit-related work is not stated because it is within 7 years.

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Policy and Governance Framework on Tax Strategy

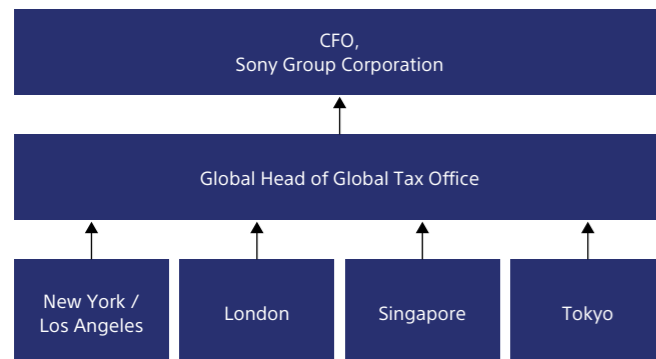
Tax Policy

Sony conducts its business, including managing its tax obligations, honestly, ethically and with integrity. The Sony Group Code of Conduct defines Sony’s policy as being to comply with all applicable tax laws and regulations of each country and region where Sony conducts business as well as the common rules and guidance regarding international taxation. Sony understands and complies with both the spirit and letter of the laws and regulations that apply to its businesses.

Governance Structure

Based on the above global tax policy, each Sony group company has the responsibility to understand and comply with tax laws and regulations applicable to its businesses, with support from Sony’s Global Tax Office (the GTO), which is in charge of Sony’s overall tax position. The global head of the GTO is Sony Group Corporation’s Senior Vice President in charge of Global Tax (as of March 31, 2024) and reports directly to Sony Group Corporation’s CFO based in Japan, who is a board member. Significant tax events are reported to the Audit Committee and are included in reports to the Board of Directors as necessary.

GTO Report Line



The GTO has implemented a series of processes and controls to identify, manage and report tax risk appropriately. These include regular updates with finance teams, documented review processes, regular training for staff involved in tax return preparation and review, and regular updates with the global head of the GTO. Transactional taxes such as VAT and sales taxes, customs duty, employment taxes, and other taxes are the ultimate responsibility of the relevant divisional Finance Director for each business. The GTO has strong links with these divisional Finance Directors to ensure that, in the event of material risks being identified or errors made, the GTO provides support, including liaising with the relevant tax authority where necessary.

Approach to Tax Planning

Sony operates diverse businesses within a complex global environment, in which tax is an important factor. Sony believes in taking a principled and responsible approach to managing its tax affairs, in line with business objectives and operations. Sony does not engage in transactions where the sole aim is to achieve tax avoidance or profit shifting, which are against the spirit of tax laws. The tax function provides appropriate input as part of the approval process for business proposals to ensure the tax consequences are clearly understood. Sony is committed to fulfilling its obligation both to comply with applicable tax laws and to safeguard Sony’s reputation. The jurisdictions in which Sony does business may offer various tax incentives such as enhanced deductions, credits and exemptions for certain types of income and expense to meet local policy objectives such as encouraging inward investment. Sony Group Corporation believes it has a duty to its shareholders to take advantage of such incentives where they are generally available to all taxpayers who meet the relevant criteria and the requirements to claim the incentive do not conflict with broader business objectives.

Tax Risks

Sony employs diligent professional care and judgment in assessing tax risk, and may take advice from third-party specialists and, where appropriate, consult with or obtain rulings from relevant tax authorities

to support the decision-making process. However, tax law is not always clear and unambiguous, and differences in interpretation can arise. Sony monitors its tax positions closely and will not record an accounting benefit unless it determines based on consideration of the facts and the law that it is more likely than not that the position will be sustained.

Dealings with Tax Authorities

Sony seeks to maintain good professional relationships with tax authorities. When providing responses to Tax Authority questions, all responses are based on an honest and accurate representation of the facts as Sony understands them.

Transparency

Sony Group Corporation prepares and files annually a country-by-country report in accordance with Japanese law and prepares and files a transfer pricing master file in accordance with the laws of the countries where Sony does businesses.

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Relationship with Shareholders and Other Stakeholders

Sony's core corporate responsibility to society is to strive to enhance its corporate value through innovation and sound business practice. Sony recognizes that its business activities have direct and indirect impacts on the societies in which Sony operates, and therefore sound business practice requires that Sony's business decisions give due consideration to the interests of Sony's stakeholders, including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. Sony Group's officers and employees must endeavor to conduct the business of Sony accordingly.

Policy and Status of Dialogue with Shareholders

Sony Group Corporation's basic policy for investor relations is to make public disclosures which are timely and fair, accurate and easily understandable, and provide a comprehensive picture, with the goal of maximizing enterprise value of Sony Group Corporation by building a relationship of trust with shareholders and investors. Pursuant to this policy, the Board appoints the CFO as the Corporate Executive Officer in charge of IR activities. Under the CFO's leadership, the Senior Vice President in charge of IR (the "IR SVP") and the department in charge of IR (the "IR Department") work to promote constructive dialogue with shareholders and investors. Collection of the information necessary to promote such dialogue is primarily carried out by the IR Department, in cooperation with relevant departments such as corporate planning, finance, accounting and corporate communications, as well as business units.

Status of Dialogue with Shareholders

In the fiscal year ended March 31, 2024, in addition to individual interviews and group meetings conducted by IR SVP and IR Department, the management team of Sony Group Corporation, including the CEO, COO and CFO, other corporate executives, and the head of each business segment, conducted dialogues for investors, including Corporate Strategy Meeting, Business Segment Meeting, Sustainability Briefings, etc., as well as tours of manufacturing site of image sensors, individual interviews and group meetings conducted after these events with a wide range of institutional investors from both in and outside of Japan, such as portfolio managers, analysts and governance/voting managers of major investment funds. Sony Group Corporation also arranged opportunities for individual dialogues between certain Outside Directors and institutional investors. The interests of investors at these dialogues cover, in addition to an overview of financial results, the business environment/competitive advantage/potential growth of the entertainment, centered on the G&NS businesses and the image sensor businesses, initiatives in new areas such as mobility, policy regarding the business portfolio including partial spin-off of Sony Financial Group Inc., M&A, a review of the fourth mid-range plan for the fiscal year ended March 31, 2024, the content of the fifth mid-range plan for the three fiscal years started on April 1, 2024 and ending on March 31, 2027, approach to shareholder returns and environmental and other sustainability initiatives. The interests/opinions of investors obtained through such dialogues are fed back to the Board and management team to enhance Sony's disclosure and future dialogues. In addition to dialogue with institutional investors, Sony Group Corporation conducted multiple briefings for individual investors by the IR Department, providing opportunities to explain the overview and strategy of each business, as well as Sony's views on sustainability and shareholder returns, for the purpose of encouraging active dialogue with individual investors. Sony's policy is not to disclose insider information when communicating with shareholders and investors. The IR Department reviews information to be disclosed in advance with other relevant departments, such as the Legal Department, and outside experts, as appropriate. In principle, a set of materials related to earnings announcements, materials for investor briefings such as Corporate

Strategy Meetings, as well as timely disclosures are disclosed simultaneously in both Japanese and English.

For the details of Sony Group Corporation's "Disclosure Controls and Procedures" and IR activities, please refer to the website below.

→ [Disclosure Framework](#)

🔗 [Sony Group Portal Website | Investor Relations](#)

Administration of the General Shareholders' Meeting

Sony Group Corporation's policy on administration of the general shareholders meeting is as follows.

Basic Policy for the General Shareholders' Meeting

Sony Group Corporation endeavors to develop an open environment where each shareholder could easily make a statement by the following two points, as the basic policy for the general shareholders meeting.

- Take any necessary measures to encourage the shareholders who find it difficult to attend the shareholders' meeting to vote
- Encourage direct communications between the shareholders who attend the general shareholders meeting and Sony Group Corporation's management

Sony Group Corporation sets the date of the general shareholders meeting appropriately, depending on venue availability. Further, Sony Group Corporation displays the voting results gathered before the general shareholders meeting date on the screen of the meeting hall during voting in order to operate the general shareholders meeting in a transparent manner. In addition, Sony Group Corporation has provided streaming live video of the general Shareholders meeting (hybrid virtual shareholder meetings) in 2021. Also since 2022, Sony Group Corporation has started to accept questions from the shareholders who are watching the streaming live video.

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Activities to Secure the Rights of Shareholders

Sony Group Corporation endeavors to develop an environment in which shareholders can exercise their rights appropriately and effectively, to secure equal treatment of shareholders, including institutional investors who hold shares in a street name, and to consider the concerns of minority shareholders and foreign shareholders adequately, through confirming shareholder composition quarterly. As a part of these activities, Sony Group Corporation prepares the convocation notice, giving consideration to the accuracy of the information provided therein and the readability of such notice to facilitate informed voting by shareholders, both in Japanese and English. Sony Group Corporation strives to send the convocation notice for the general shareholders meeting early enough to give shareholders sufficient time (about three weeks before the date of the general shareholders meeting) to consider the agenda, and posts it on its website in advance. Sony Group Corporation also uses an electronic voting platform to allow electronic voting through the internet (via PC or smartphone). For more information on the general shareholders meeting, please refer to the page below.

[☞ Sony Group Portal Website | Shareholders' Meeting](#)

Review of Voting Results

The voting results for each agenda item of the general shareholders meeting and its analysis are reported to and reviewed by the Board as appropriate. The IR Department then takes any appropriate follow-up measures, such as engaging in dialogue with shareholders.

Relationship with Other Stakeholders

As a part of the Sony Group Code of Conduct, the CEO communicates and implements our thoughts and initiatives about Sony Group Corporation's social responsibility and relationship with stakeholders of Sony. The Board periodically receives a report on the status of the communications and the implementation of the Code of Conduct and reviews such report.

→ [The Sony Group Code of Conduct](#)

→ [Stakeholder Engagement](#)

Sony Group Corporation understands that there are various challenges in society, such as fulfilling the Sustainable Development Goals (SDGs) and identifies material challenges highly relevant with Sony's business operations, such as environmental challenges, diversity, and inclusion, through CSR Materiality Assessment. Sony Group Corporation will aim to engage in CSR activities with an understanding of such material challenges.

→ [Sony's Basic Policy for Sustainability Initiatives](#)

→ [Environmental Policies and Targets](#)

→ [Diversity, Equity and Inclusion](#)

→ [Supporting Active Contributions by Diverse Employees](#)

The Board periodically receives report on the status of addressing such material challenges or the implementation of the Code of Conduct and reviews such report. The Board also confirms whether the risk management structure would be established properly, and necessary actions would be planned and conducted with a recognition of sustainability as one of Sony's challenges within the risk management structure.

Shareholdings in Other Listed Companies

Sony Group Corporation and its subsidiaries may acquire and/or hold shares of other listed companies for the purpose of expanding Sony's business portfolio, promoting certain businesses within Sony, and

enhancing Sony's relationships with the companies whose shares it holds. Sony's policy regarding shareholdings of listed companies (excluding Sony's subsidiaries), and its policy for exercising voting rights are as follows:

Policy Regarding Shareholdings of Listed Companies Shareholding Policy

Sony Group Corporation and its subsidiaries decide whether to acquire or continue to hold shares of listed companies (excluding the acquisition and holding of shares by Sony Group Corporation's listed subsidiaries, and Sony Group Corporation's shareholding in its own listed subsidiaries) based on an appropriate examination of each investment, and choose to engage in such shareholding only if it is judged to meet Sony's business purposes and to have sufficient economic rationale. If it is determined that investments do not meet these criteria, Sony Group Corporation and its subsidiaries will avoid or reduce exposure to such holdings.

Method of Assessing Rationale for Shareholding

In all cases where Sony Group Corporation and its subsidiaries hold shares in listed companies (excluding shares held by Sony Group Corporation's listed subsidiaries, and Sony Group Corporation's shareholdings in its own listed subsidiaries) for reasons other than for the sole purpose of investment, Sony Group Corporation carries out a timely review to assess qualitatively the rationale for shareholding, the importance of Sony's business relationship with each company whose shares it holds (taking into account the progress of, and outlook for, any anticipated business collaboration between Sony and said company), and any anticipated positive impact of such shareholdings on Sony's business relationship with the company. In addition, Sony Group Corporation also assesses the appropriateness of these shareholdings via a quantitative assessment of expected return on investment and cost of capital. These evaluations are first carried out on the management side, after which the Board, which is responsible for overseeing business operation, carries out its own assessment based on the result of the evaluations by the management side.

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Details of the Assessment by the Board of Directors of Whether Individual Shareholdings Are Appropriate

Based on the above policy, at the Board meeting held on June 25, 2024, Sony Group Corporation carried out an assessment of the rationale for its and its subsidiaries' shareholdings in listed companies (excluding shares held by Sony Group Corporation's listed subsidiaries, and Sony's shareholdings in its own listed subsidiaries) as of March 31, 2024. Based on the assessment, Sony will consider reducing its exposure to shareholdings for which it was determined that a reduction should be considered.

Policy for Exercising Voting Rights

Sony Group Corporation believes in the importance of enhancing the corporate value of the listed companies whose shares it holds, and Sony Group Corporation's own corporate value in turn, through the exercising of its voting rights. Accordingly, Sony aims to exercise its voting rights with the intention of increasing each company's mid- to long-term corporate value, after conducting a comprehensive consideration of both the significance and economic rationale of its shareholdings, and reviewing the details of proposals. For example, Sony Group Corporation has established internal rules determining what factors should be taken into account when considering proposals about matters such as the appropriation of retained earnings, the appointment of directors, statutory auditors and accounting auditors, as well as shareholder proposals. Through these rules, Sony Group Corporation makes appropriate decisions regarding how it exercises its voting rights.

Business Relations with Companies who Invest in Sony Group Corporation

Should a company who holds shares of Sony Group Corporation's stock express the intention to sell such shares, Sony Group Corporation will not attempt to obstruct the sale by threatening to limit business transactions with the company, and will not engage in any transactions that would harm the common interests of the company or its shareholders.

Anti-Hostile Takeover Measures

Sony Group Corporation has not adopted any anti-hostile takeover measures. Sony Group Corporation will fully examine the necessity and rationale with respect to measures that could materially affect the interests of shareholders, such as the adoption of anti-hostile takeover measures, Sony's response in the event that its shares are subject to a tender offer and the implementation of capital policies resulting in a change in control or a major dilution, with the Board and/or the Audit Committee. Once this examination is complete, Sony will provide sufficient explanation to shareholders.

Related-Party Transactions

As a part of the Sony Group Code of Conduct established by the Board, Sony Group Corporation's officers and employees are prohibited from committing any conduct where their loyalties may be divided between Sony Group Corporation's interests and their own interests. To help ensure compliance with these requirements, Sony Group Corporation regularly reviews the status of related-party transactions, whether financial or otherwise, between Sony companies and officers in Sony or their close relatives. Furthermore, Sony Group Corporation requires its Directors and officers to obtain approval of the Board in connection with transactions between Sony Group Corporation and the Director or officer in accordance with applicable laws and regulations, the Board Charter and any other applicable internal rules. The Board is expected to approve any such related-party transactions only after an appropriate examination of the size and nature of the transaction, the requirements of applicable laws and regulations, the Board Charter and any other applicable internal rules, and after concluding that the interests of Sony Group Corporation and its shareholders are not adversely affected.

Policy for Shareholder Returns

Sony Group Corporation believes that continuously increasing corporate value and providing dividends are essential to rewarding

shareholders. It is the policy of Sony Group Corporation to utilize retained earnings, after ensuring the perpetuation of stable dividends, to carry out various investments that contribute to an increase in corporate value, such as those that ensure future growth and strengthen competitiveness. Going forward, Sony Group Corporation will determine the amount of dividends based on an overall consideration of its consolidated operating results, financial condition and future business expectations.

Roles of Corporate Pension Funds as Asset Owners

Sony Group Corporation owns, as a domestic corporate pension plan, a closed-end defined-benefit corporate pension (the "Pension Plan"). The Pension Plan manages its assets in line with its Basic Pension Plan Management Policy (the "Basic Management Policy") which was set to secure beneficiaries' right of benefit and to increase the benefit. In order to realize a prudential and appropriate asset management structure in the Pension Plan, Sony Group Corporation appoints an asset management director of the Pension Plan who should have proper knowledge and skills, based on the nomination by the Senior General Manager of Sony Group Corporation's Finance Department, and an external advisor to supplement their specialties in asset management. Any decisions on fund management are made by the person who has the ultimate authority in accordance with the Basic Management Policy, after deliberation at the pension committee, which is composed of heads and/or personnel of the HR Department, the Accounting Department and the Finance Department which are related to the management of the Pension Plan, and then, any potential conflict of interests between Sony Group Corporation and the Pension Plan is properly controlled. In addition, when asset management begins, the asset management guidelines which show matters to be complied with in asset composition, management method, etc., are issued to the managing trustee, and the compliance status pursuant to the guidelines is periodically reviewed and evaluated.

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