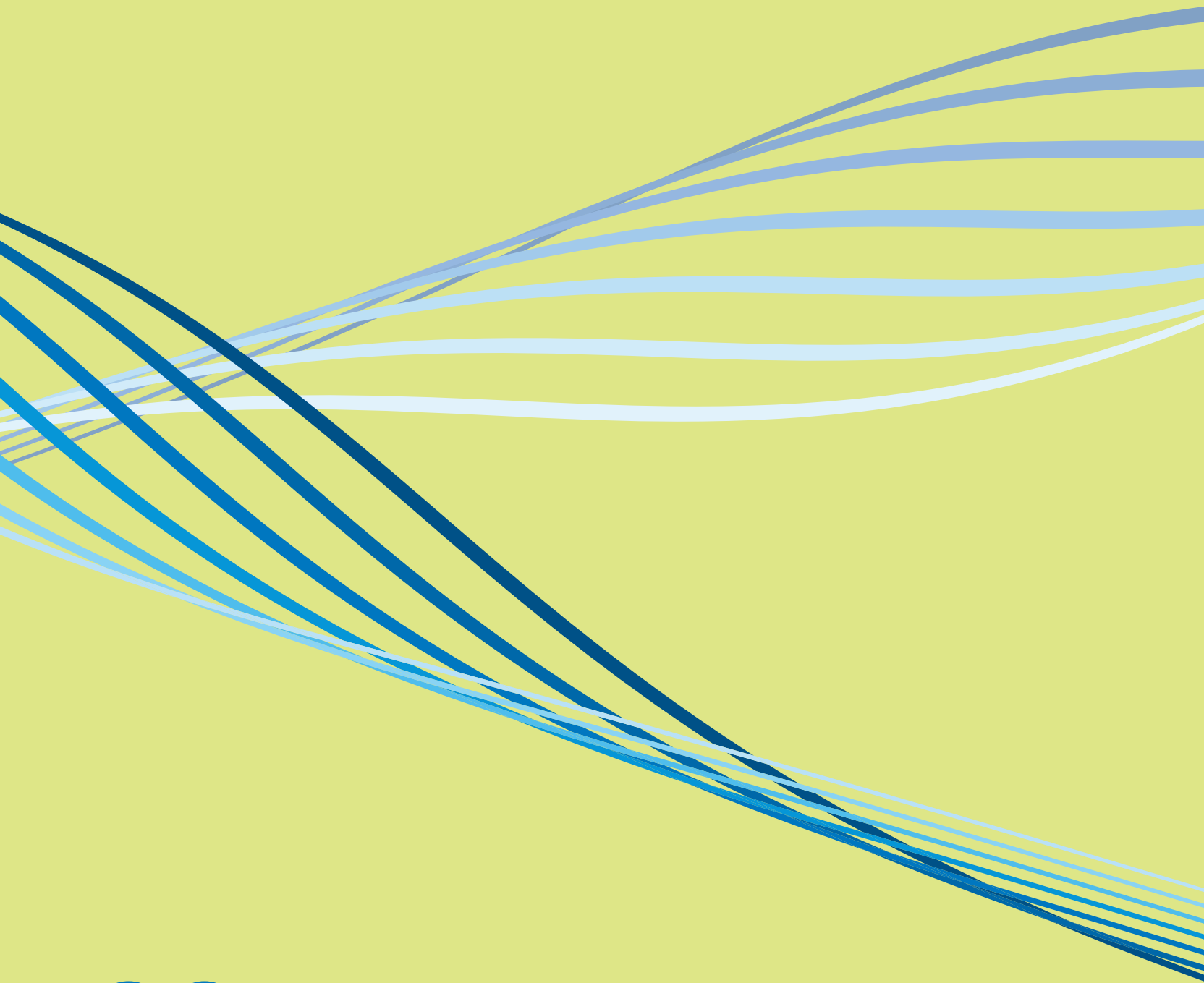
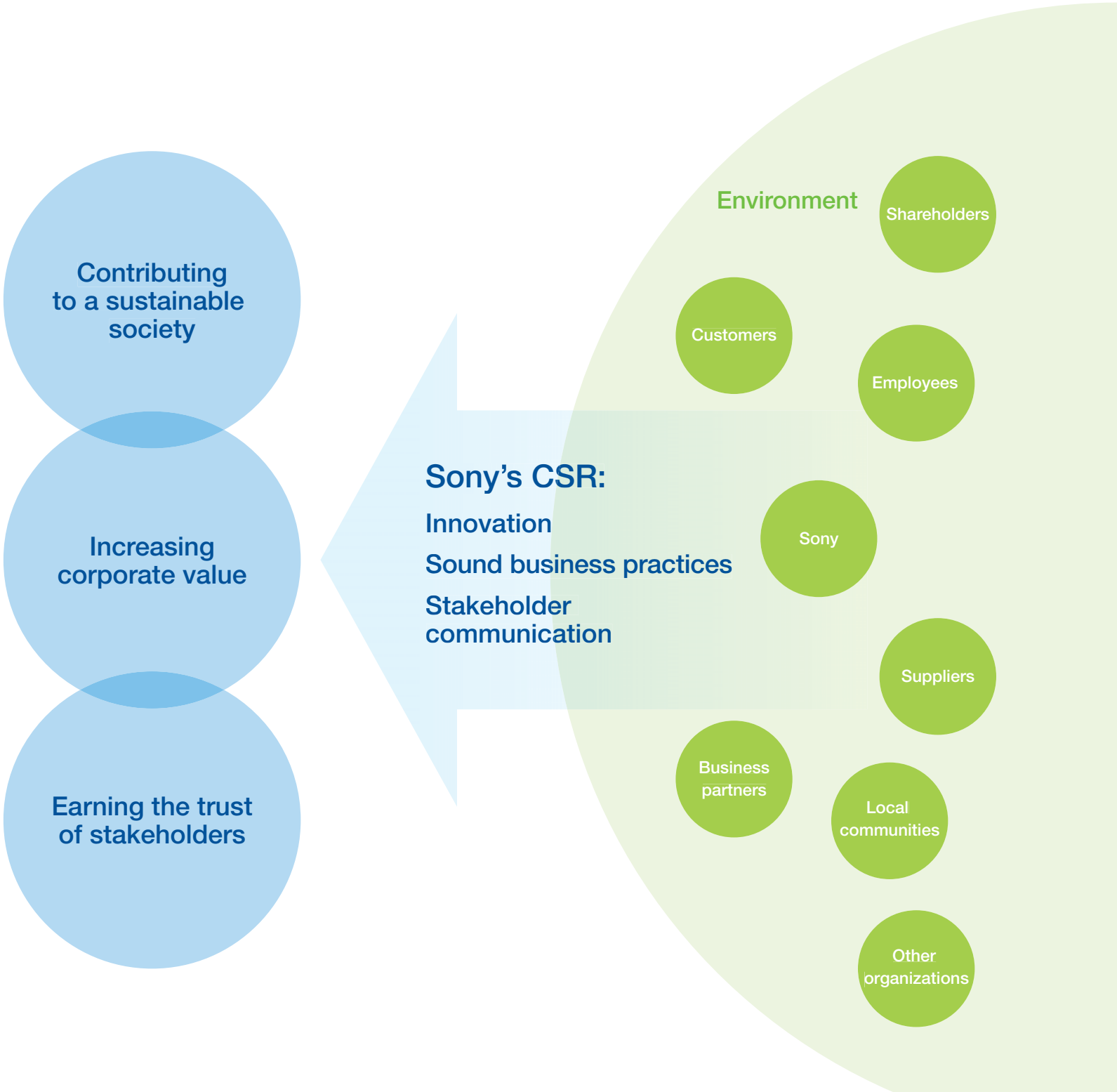
SONY



CSR Report 2006

Sony's Views on Corporate Social Responsibility (CSR)

The core responsibility of the Sony Group to society is to pursue the enhancement of corporate value through innovation and sound business practices. The Sony Group recognizes that its businesses have direct and indirect impact on the societies in which it operates. Sound business practices require that business decisions give due consideration to the interests of Sony stakeholders, including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The Sony Group will endeavor to conduct its business accordingly.



Contents

Highlights

Message from the CEO

Becoming “Sony United”

Sony is a global company with a wide range of businesses including electronics, games, entertainment and financial services. Our employees are equally diverse, and our company is enriched by the breadth of experience and variety of interests they bring to their jobs. I am confident that Sony will thrive as long as we maximize their potential. In developing our restructuring plan for the revitalization of Sony, we have engaged our employees worldwide, as well as our other stakeholders, to help inform our plans. We have taken measures to foster an environment where our employees will flourish and can best apply their great skills and creativity to achieve the common goals of the Sony Group. By strengthening Sony, we create an even stronger foundation upon which to build our corporate social responsibility (CSR) activities.

Shortly after I became CEO of Sony last year, we established a global, cross-company review team to identify Sony’s critical issues and propose solutions. This team conducted structural assessments and sought opinions from a wide range of stakeholders including employees, customers, dealers, suppliers and shareholders. Sony’s employees enthusiastically participated in the review process. Through the “Sony Ideas” program, I solicited suggestions from employees throughout the Sony Group on how to improve the company. More than 2,000 employees worldwide submitted suggestions—and I and the other members of Sony’s senior management team listened carefully. In fact, many of these suggestions have been incorporated into Sony’s revitalization plan. I also visited numerous sites worldwide to communicate with employees directly, holding town hall meetings with employees across the company. In my visits to China and India, for example, I was greatly encouraged by the enthusiasm of our employees and by the way they have embraced our efforts to leverage the strengths of our sister companies all working together with a shared purpose.

This effort is part of “Sony United,” our program to make Sony a highly focused organization that defines clear priorities companywide and pursues those priorities with relentless discipline and energy—a program that will empower our employees and generate the performance needed to meet the expectations of our stakeholders. As Sony stated in its Founding Prospectus: “The first and primary motive for setting up the company was to create a stable work environment where engineers who had a deep and profound appreciation for technology could realize their societal mission and work to their heart’s content.” By fully utilizing our resources—employees, technologies and creativity—and by doing so in a coordinated manner, we will continue promoting technological innovation and product development that contribute to cultural and social progress.

Entertaining the Future

A united Sony is essential to achieving Sony's vision of "Entertaining the Future." This vision is Sony's mission and its passion, and by enriching consumers' lives, it fortifies our corporate social responsibility. Sony's unique marriage of content and technology enables Sony to understand the creative process, consumer desires and the technologies that unite them. And Sony is united in a commitment to creating the very best consumer entertainment experiences with dazzling and groundbreaking products. This is evident in Sony's leadership role with the introduction of High Definition, where Sony's expertise in both professional and consumer technology and our vast library of movies, from the classics to the latest releases, have enabled us to deliver High Definition to consumers in their homes. High Definition greatly enhances the consumer's entertainment experience, with much higher resolution and crisper, more lifelike images. This is just one example of the ways in which we will continue to both enrich the lives of consumers and enhance corporate value by offering innovative and compelling products. Furthermore, as described in this CSR Report, these products are designed with great care and consideration for ease-of-use and environmental impact.

As we pursue our mission to "Entertain the Future," we are mindful of the fact that the "Sony Spirit" has always been defined by an unwavering commitment to integrity. Sony is committed to the very highest ethical standards and conduct, as established in the Sony Group Code of Conduct, which is itself frequently reinforced. Further, we have established the appropriate global corporate governance and compliance systems to help ensure that Sony observes all applicable laws and regulations wherever we operate. This dedication to ethics and compliance is a fundamental aspect of Sony's culture.

Making Progress for the Next Generation

Sony is also committed to working toward a sustainable society for the next generation. The United Nations has set forth the Millennium Development Goals, and other global initiatives and frameworks also have been established to help address basic problems such as global warming, child health care and education. As a global company, I believe that Sony must play a significant role, in cooperation with partners, in helping to promote a sustainable society.

In fiscal 2005, Sony took important steps to reinforce its efforts in this regard, and in corporate social responsibility in general. As an example, Sony established the "Green Management 2010," mid-term environmental targets aimed at creating a sustainable society. Based on the targets for fiscal 2010, Sony Group companies are working toward reducing environmental impact in every aspect of their businesses. We also established the "Sony Supplier Code of Conduct" to extend Sony's basic ethics policies to electronics suppliers and we ask them for their cooperation. The supplier code policies include compliance with applicable laws and regulations, respect for human rights and safeguarding the environment.

As another example, in support of local communities around the globe, the Sony Group and its employees recently made donations to assist victims of the devastating earthquakes that struck Pakistan, India, Afghanistan and Indonesia and victims of the hurricanes that caused catastrophic damage in parts of the southern United States. In addition, nearly 30,000 employees worldwide have participated in a wide array of volunteer activities to help address the needs of their local communities. Our principle of "global localization" (think globally; act locally), set forth by Sony's co-founder, Akio Morita, is evident in these activities, as is our employees' commitment to their communities. As corporate social responsibility is realized with the support and cooperation of various stakeholders, we will continue to strengthen our stakeholder communication and engagement efforts.

This report introduces some of Sony's CSR activities. I sincerely hope it will provide you with a greater understanding of our endeavors and our commitment.

Howard Stringer
Chairman and CEO
Representative Corporate Executive Officer
Member of the Board

Interview with the President

In June 2005, a new management team was installed at Sony, as Howard Stringer accepted the office of Chairman and CEO, and Ryoji Chubachi accepted the position of President and Electronics CEO. Dr. Chubachi is currently pursuing various reform initiatives, including one that emphasizes the importance of the "Customer's Viewpoint." Here, Dr. Chubachi shares some of his thoughts on Sony's CSR program.

A year has passed since the new management team assumed their current positions. What are your thoughts?

When I became president last year, I felt that improving employee morale should be my first order of business. After several years of sluggish performance, I feared that employees had lost their confidence. But Sony has a unique fighting spirit, fostered since its inception, that is a core aspect of its DNA. We felt it was necessary to reignite our employees' drive to challenge norms—to realize, in other words, a "V-shaped recovery of the spirit." To do this, we are now implementing structural reform initiatives that will enable us to provide clear direction, and create a working environment that draws out the unique talents of our employees and helps them achieve their full potential. I believe this will also enable us to maintain our high standard of corporate ethics.

With the aim of reinforcing our business operations, we are executing 3 corporate initiatives that serve as overarching guidelines for all of Sony's corporate activities. The first is the "Customer Viewpoint Initiative," which seeks to thoroughly review our internal operations, such as product planning, and adjust our mindset to reflect the customer's point of view. The second is the "Technology No. 1 Initiative," which aims to strengthen our capabilities to develop differentiated technologies—the source of our competitive advantage—in areas that Sony has targeted for more concentrated investment of resources, as well as to promote the integration of superior device components into our end products. The third is the "*Genba* Initiative," which seeks to establish an operational environment that enables each employee to contribute to the strengthening of our capabilities, especially in the *genba* ("frontline operations") areas of design, manufacturing, and sales and marketing.

I am confident that we will meet the expectations of our stakeholders by achieving a so-called, "V-shaped recovery of the spirit," which will in turn allow us to establish a positive work environment that promotes the development of attractive products that are a "half-step ahead" of our customers' expectations.

Could you elaborate on "Customer Viewpoint"?

The customer's viewpoint is an important aspect that applies to every facet of a company's operations. If we were to critically review some of Sony's recent products, one might say that Sony's product development philosophy has been too focused on delivering multi-function capabilities—with no one feature offering a complete solution—and technical performance, which in some cases were possibly too advanced. In pursuit of these goals, we became complacent and lost sight of more important product qualities, like usability. This created a gap between what customers were looking for in a Sony product and what we were developing. As part of the Customer Viewpoint Initiative, we have established the Product Strategy Committee—a group-wide, cross-business team that is charged with identifying and addressing our customers' wants and needs.

Just to be clear, when I use the term "customer" in this context, I am referring to all of Sony's stakeholders, not just those who purchase and own Sony products. Sony has a social responsibility to deliver "customer satisfaction" to all of its stakeholders. Accordingly, I am constantly reminding employees of the importance of knowing who their "customers" are, and considering their customers' points of view in their daily business activities.

What is your view on emphasizing the importance of quality as a key issue?

Ensuring quality is a core social responsibility for any manufacturer. In its narrowest sense, the term "quality" refers to "product quality," which is determined by such factors as materials used and performance capabilities. In a broader sense, however, I believe that quality can be defined as "product quality" plus "added value." This combination yields "customer satisfaction." "Added value," in this case, can refer to a product's usability, or its connectivity, for example. In other words, these are product attributes that contribute to the overall user experience and can engender customer satisfaction because he or she has chosen a Sony product. Furthermore, "added value" plus "customer satisfaction" is what creates a "brand." A company's brand is its identity and is a consequence of the consistency and continuity of its products. The brand ensures a company's products have an enduring presence in the customer's mind, even when the product is not physically in his or her hands. In short, quality is the essential element needed to create a trusted and respected brand.

What are some of the difficulties you face in tackling the quality issue?

Unfortunately, we have not yet completely rid the company of quality issues despite the valiant efforts of our manufacturing sites to never allow a faulty Sony product reach the customer. Recently, the digitization of our products has resulted in an increase in the proportion of product quality issues related to software. Accordingly, to improve usability and overall product quality, we have identified the need to improve our software quality as a critical and urgent issue. Moreover, we recognize that should a quality issue occur—an issue that has the potential to negatively affect our customers—it is our corporate responsibility to take every necessary step to minimize its potential impact and to promptly inform our customers of the problem. Through such efforts, we

will continue to work diligently toward increasing customer satisfaction.

As a global company, what other initiatives has Sony pursued in the past year?

Sony conducts a wide range of businesses in various locations around the world. In many of these locations, we are seeing the introduction of new legislation related to the environment, among others. At Sony, we are not only conforming to these new laws and regulations but also promoting a number of voluntary global standards that apply to the entire Sony Group. For example, although the RoHS (Restriction of Hazardous Substances) Directive*1 restricts the use of certain specified chemical substances in electrical and electronic equipment brought to market in the European Union beginning in July 2006, Sony had eliminated these specified chemical substances from nearly all of our products shipped worldwide, not just in Europe, by March 31, 2006. I believe that special consideration for the conservation of the environment is not only a corporation's social responsibility but also a key to its competitiveness. As a global organization, we are actively endorsing the importance of compliance with the laws and standards of each country and region in which we operate, and of conducting our operations in a manner that is in harmony with accepted corporate ethics and social norms, throughout the Sony Group.

*1 The RoHS Directive is a directive that restricts the use of certain specified chemical substances in electrical and electronic equipment in the EU. For more information, see page 53.

Finally, in your personal view, what is the important central theme of CSR?

In Sony's Founding Prospectus, Sony's co-founder, Masaru Ibuka, declared the advancement of scientific literacy as one of the reasons for establishing the company and as a continuing mission. Sony subsequently created a number of funds and foundations to support science education. Mr. Ibuka was convinced that promoting science and technology would be critical to Japan's industrial development. To this end, I recently accepted the position of trustee in the Sony Foundation for Education, believing that fostering the development of our future generations is an important theme for Sony. Through its various funds and foundations, Sony will continue to strengthen its involvement in social contribution initiatives that are tailored to the characteristics of different countries and regions.

Sony celebrates the 60th anniversary of its founding in 2006. Going forward, I believe Sony has a duty to continue to not only honor its Founding Prospectus and work towards the goals of its founders, but to also develop new and more ambitious goals for the future.

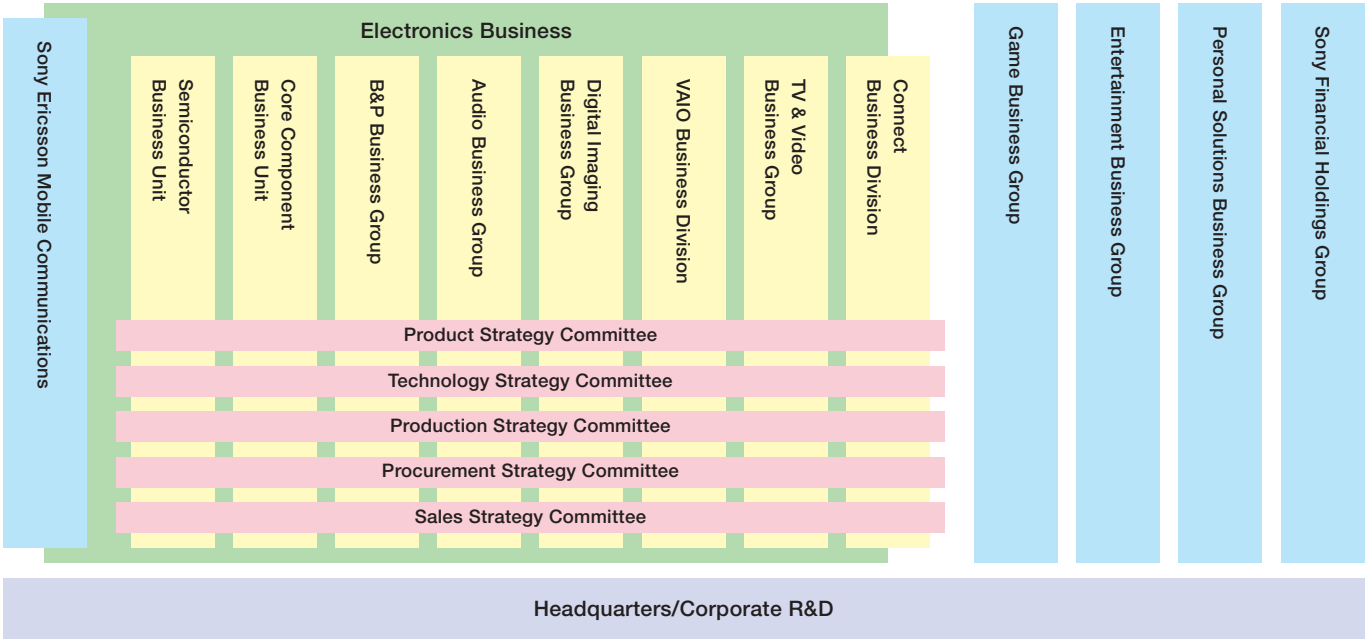
Ryoji Chubachi
President and Electronics CEO
Representative Corporate Executive Officer
Member of the Board

Sony Overview

Corporate Data

Headquarters	6-7-35, Kita-Shinagawa, Shinagawa-ku, Tokyo 141-0001, Japan
Established	May 7, 1946
Employees	158,500 (as of March 31, 2006)
Sales and operating revenue	¥7,475.4 billion (for the fiscal year that began on April 1, 2005 and ended on March 31, 2006; hereafter referred to in this report as "fiscal 2005")

Sony Organization Chart (As of July 1, 2006)



Semiconductor Business Unit
Semiconductors and related products

Core Component Business Unit
Devices and modules

B&P Business Group
Business-to-business (B2B) solutions, centered on professional-use products and services

Audio Business Group
Audio-related products

Digital Imaging Business Group
Digital video cameras, digital cameras and other digital imaging products

VAIO Business Division
Personal computers and related products

TV & Video Business Group
Televisions, VCRs and related products

Connect Business Division
Digital content distribution and related businesses

Game Business Group
Games and related businesses

Entertainment Business Group
Entertainment businesses, centered on movies and music

Personal Solutions Business Group
Business-to-consumer (B2C) direct business solutions

Sony Financial Holdings Group
Leasing, credit, life insurance, non-life insurance and banking services

Sony Ericsson Mobile Communications
Mobile phones, next-generation multimedia mobile services

As part of its new mid-term corporate strategy, in September 2005 Sony significantly reorganized its electronics group to place centralized decision-making authority over key areas under the Electronics CEO. This change abolishes the company system and assures coordination and focus across newly defined business groups. Rigorous horizontal coordination in key areas—product planning, technology, procurement, manufacturing, and sales and marketing—will allow rapid and streamlined decision making across product lines.

Sony will continue to leverage the resources of the Sony Group to deliver more appealing products and services as the world's leading electronics and entertainment company.

Business at a Glance

Electronics

Business Areas

Audio, Video, Televisions, Information and Communications, Semiconductors, Components and Other categories




Game

Business Areas

Game console and software businesses

Pictures

Business Areas

Motion picture, television and other businesses

MEMOIRS OF A GEISHA

Financial Services

Business Areas

Life insurance, non-life insurance, banking, leasing and credit financing business

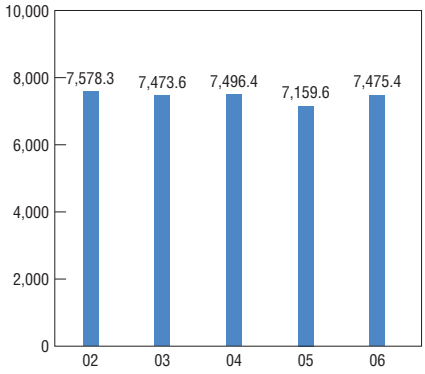
All Other

Business Areas

Music content, music publishing business, network service business, production and marketing of animation products, and other businesses

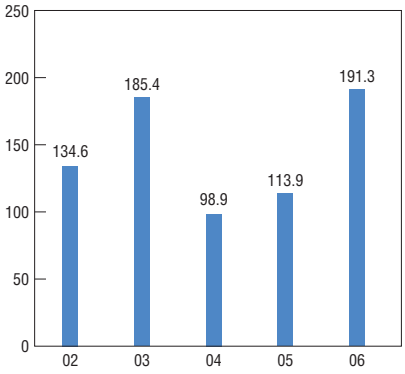
Financial Highlights (Billions of yen)

Sales and Operating Revenue



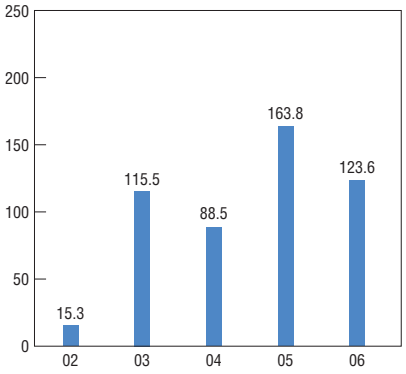
(Years ended March 31)

Operating Income



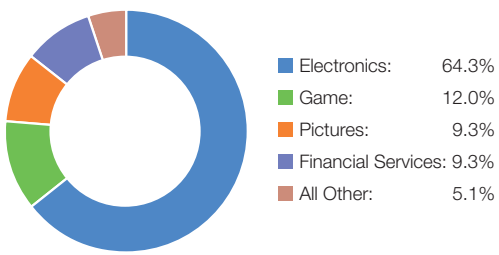
(Years ended March 31)

Net Income



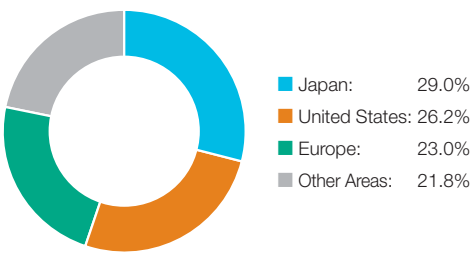
(Years ended March 31)

Sales and Operating Revenue by Business Segment*1



(Total sales and operating revenue: ¥7,475.4 billion)
(Year ended March 31, 2006)

Sales and Operating Revenue by Geographic Segment



(Total sales and operating revenue: ¥7,475.4 billion)
(Year ended March 31, 2006)

*1 Includes internal transactions

Directors and Corporate Executive Officers

Board of Directors

Chairman of the Board: Yotaro Kobayashi* Vice Chairman of the Board: Hirobumi Kawano*

Sir Howard Stringer	Sony Corporation Chairman and Chief Executive Officer
Ryoji Chubachi	Sony Corporation President and Electronics CEO
Katsumi Ihara	Sony Corporation Executive Deputy President, Officer in charge of Procurement Strategies and TV & Video Business
Akishige Okada*	Advisor, Sumitomo Mitsui Banking Corporation
Hirobumi Kawano*	Senior Vice President, JFE Steel Corporation
Yotaro Kobayashi*	Chief Corporate Advisor, Fuji Xerox Co., Ltd.
Sakie T. Fukushima*	Representative Director & Regional Managing Director–Japan, Korn/Ferry International Member of the Board, Korn/Ferry International, U.S.A.
Yoshihiko Miyauchi*	Director, Representative Executive Officer, Chairman and Chief Executive Officer, ORIX Corporation
Yoshiaki Yamauchi*	Director, Sumitomo Mitsui Financial Group, Inc.
Sir Peter Bonfield*	Member of the Board, Telefonaktiebolaget LM Ericsson
Fueo Sumita*	Chief of Sumita Accounting Office
Fujio Cho*	Vice Chairman, Toyota Motor Corporation
Ned Lautenbach*	Operating Partner, Clayton, Dubilier & Rice, Inc.
Göran Lindahl	Chairman & CEO, LivSafe AB, Chairman & CEO, LivSafe, Inc., and Director, INGKA Holding B.V.

Nominating Committee	Audit Committee	Compensation Committee
Yotaro Kobayashi* (Chairman)	**Yoshiaki Yamauchi*** (Chairman)	**Akishige Okada*** (Chairman)
Hirobumi Kawano*	**Sakie T. Fukushima***	**Yoshihiko Miyauchi***
Sir Peter Bonfield*	**Fueo Sumita***	**Fujio Cho***
Sir Howard Stringer		**Göran Lindahl**
Ryoji Chubachi		

* An outside director who satisfies the requirements under Item 15, Article 2 of the Japanese Company Law

Corporate Executive Officers

Sir Howard Stringer**	Chairman and Chief Executive Officer
Ryoji Chubachi**	President and Electronics CEO
Katsumi Ihara**	Executive Deputy President, Officer in charge of Procurement Strategies and TV & Video Business
Nobuyuki Oneda	Executive Vice President and Chief Financial Officer
Keiji Kimura	Executive Vice President, Officer in charge of Technology Strategies and Intellectual Property
Nicole Seligman	Executive Vice President and General Counsel
Yutaka Nakagawa	Executive Vice President, Officer in charge of Products Strategies, Digital Imaging Business and Audio Business

** Representative Corporate Executive Officer concurrently serving as Director

(Names and positions of new Directors and Corporate Executive Officers as of June 22, 2006)

Management

Sony's Corporate Governance History

1970
Established outside director system, electing 2 outside directors

1976
Adopted position of Chief Executive Officer (CEO)

1983
Introduced business unit system

1991
Elected first non-Japanese (outside) director

1994
Adopted in-house company system

1997
Introduced corporate executive officer system

1998
Established Compensation Committee and Nominating Committee

1999
Established network company system

2000
Established position of Chairman of the Board of Directors

Separated duties of the Board of Directors and Corporate Executive Officers

2003
Introduced "Company with Committees" system

2005
Abolished in-house company system (Reorganized electronics business)

Meeting of the Board of Directors

Corporate Governance

Sony is committed to strong corporate governance. As a part of this effort, Sony adopted a "Company with Committees" corporate governance system under the Japanese Company Law. Sony also will continue to evaluate and improve its internal control and governance framework going forward, as appropriate.

Basic Framework

Sony is committed to strong corporate governance. As a part of this effort, Sony adopted a "Company with Committees" corporate governance system under the Japanese Company Law. In addition to complying with the requirements of laws and regulations, Sony also has introduced its own mechanisms to help make its governance system even more sound and transparent, including strengthening the separation of the Director's function from that of management and advancing the proper functioning of the statutory committees. Under this system, the Board of Directors defines the respective areas for which each Corporate Executive Officer is responsible and delegates to them decision-making authority to manage the business, thereby promoting the prompt and efficient management of the Sony Group.

Governance Structure

Sony Corporation's statutory bodies are comprised of the Board of Directors, 3 committees (the Nominating Committee, Audit Committee and Compensation Committee) and the Corporate Executive Officers. In addition to these statutory bodies, Sony has Corporate Executives who carry out business operations within designated areas.

Primary Roles of the Bodies

Board of Directors:

- Determines the fundamental management policies of the Sony Group
- Oversees the management of Sony Group's business operations
- Appoints and dismisses the statutory committee members
- Appoints and dismisses Corporate Executive Officers

Nominating Committee:

- Determines the content of proposals regarding the appointment/dismissal of Directors

Audit Committee:

- Audits the performance of duties by Directors and Corporate Executive Officers (with regard to preparation process of financial statements, disclosure controls and procedures, internal controls, compliance structure, risk management structure, internal audit structure, internal hotline system and other matters)
- Determines the content of proposals regarding the appointment/dismissal of, approves the compensation of, and oversees and evaluates the work of Sony's independent auditors

Compensation Committee:

- Determines compensation for individual Directors, Corporate Executive Officers, Corporate Executives and Group Executives

Corporate Executive Officers:

- Make decisions regarding the execution of Sony Group business activities within the scope of the authority delegated to them by the Board of Directors

Corporate Executives:

- Carry out business operations within designated areas, including business units, research and development and/or headquarters functions, in accordance with the fundamental policies determined by the Board of Directors and the Corporate Executive Officers

Sony Initiatives

To strengthen its governance structure beyond legal requirements, Sony Corporation has added several provisions to its Charter of the Board of Directors to ensure the separation of the Board of Directors from the execution of business, and to advance the proper functioning of the statutory committees. The main provisions are as follows:

- Separating the roles of the Board chairperson/vice chairperson and Representative Corporate Executive Officers
- Limiting the number of terms outside Directors may serve and rotating committee memberships
- Appointing chairs of statutory committees from the ranks of outside Directors
- Setting forth qualifications for Directors for the purpose of eliminating conflicts of interest and ensuring independence
- Raising the minimum number of Nominating Committee members (5 or more)
- Prohibiting the appointment of the CEO or COO of the Sony Group (or person at any equivalent position) to the Compensation Committee
- Discouraging the concurrent appointment of Audit Committee members to other committees
- At least 2 Directors of the Nominating Committee shall be Corporate Executive Officers
- As a general rule, at least 1 Director of the Compensation Committee shall be a Corporate Executive Officer

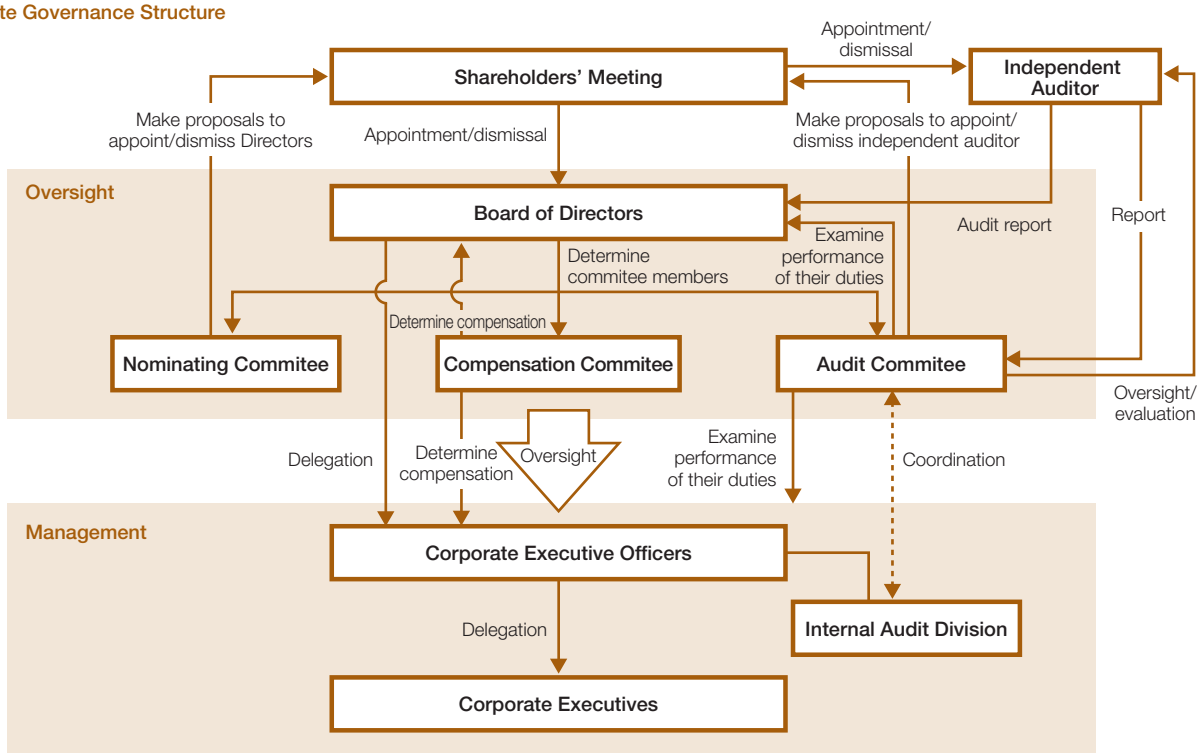
Meeting Record

During the fiscal year ended March 31, 2006 (fiscal 2005), the Board of Directors convened 8 times. The Nominating Committee met 5 times, the Audit Committee 11 times and the Compensation Committee 7 times. In fiscal 2005, each incumbent Director attended at least 75% of the aggregate number of meetings of the Board and Committees on which he/she served (during the period that he/she served).

Cooperation of the Audit Committee and the Internal Audit Division

Sony Corporation has an internal audit division, which coordinates with the internal audit departments of major subsidiaries around the world to promote Sony Group's internal audit activities on a global basis. The Sony Corporation internal audit division makes periodic presentations to the Audit Committee (in fiscal 2005, 5 times) and submits monthly reports to the Audit Committee. To help assure its independence, the appointment and dismissal of the person in charge of the Sony Corporation internal audit division is subject to the prior approval of the Audit Committee.

Corporate Governance Structure



U.S. Sarbanes–Oxley Act and Governance Related to Disclosure

The United States adopted the Sarbanes–Oxley Act (SOX) in 2002 in response to a series of corporate financial scandals and corporate governance abuse. SOX applies to Sony because it is a foreign private issuer of equity securities registered with the U.S. Securities and Exchange Commission (SEC) and subject to SEC reporting requirements.

Among other requirements, SOX requires the CEO and the CFO of the Sony Group to sign certain certifications with respect to the Sony Corporation Form 20-F, an annual report filed with the SEC, relating to the integrity of the financial statements, to disclosure controls and procedures in place, and to internal controls.

Sony has established a "Disclosure Controls and Procedures" system, through which material information is reported from important business units and is reviewed and considered for disclosure in light of its materiality to the Sony Group. An advisory body, the "Disclosure Committee," comprised of officers and senior management of the Sony Group who oversee investor relations, accounting, legal, corporate communications, finance, internal audit and human resources, assists the CEO, the President and the CFO in the establishment and implementation of the system and also in assuring the accuracy of financial reporting.

Beginning in the fiscal year ending March 31, 2007, SOX will also require a management report on the company's internal control over financial reporting to be included in the Form 20-F. Internal testing and other preparation is under way throughout the Sony Group to meet this requirement.

Board of Directors' Determination Regarding Internal Control and Governance Framework

At a Board meeting held on April 26, 2006, the Board of Directors reaffirmed the existing internal control and governance framework and determined to continue to evaluate and improve such framework going forward, as appropriate. This determination met the requirements of the Japanese Company Law.

URL Board of Directors' determination regarding internal control and governance framework pursuant to the Japanese Company Law:
http://www.sony.net/SonyInfo/IR/library/control.html
Significant differences between the New York Stock Exchange's corporate governance standards and Sony's corporate governance practices:
http://www.sony.net/SonyInfo/IR/NYSEGovernance.html

Compliance

Ethical business conduct and compliance with applicable laws and regulations are fundamental aspects of Sony's corporate culture. To this end, Sony has established a Compliance Office at its corporate headquarters and regional offices around the world, adopted and implemented the Sony Group Code of Conduct, and set up Compliance Hotline systems through its global compliance network, in order to reinforce the company's worldwide commitment to integrity and help assure resources are available for employees to raise concerns or seek guidance about legal and ethical matters.

Strengthening the Compliance System

In July 2001, Sony Corporation established the Compliance Office, charged with exercising overall control over compliance activities across the Sony Group, to emphasize the importance of business ethics and compliance with applicable laws, regulations and internal policies. The Compliance Office establishes compliance policies and structures for the Sony Group and performs crisis management functions.

In July 2003, Sony established a regional compliance network comprised of offices in the Americas, Europe, Japan*1, East Asia*2 and Pan-Asia*3, which are charged with assisting the Compliance Office at Sony Corporation and exercising regional control over compliance activities to strengthen the compliance system throughout the Sony Group. Officers responsible for compliance in each region have the authority to issue instructions concerning compliance to Sony Group companies in their respective regions, and, by cooperating with each other, are working to establish and maintain a comprehensive global compliance structure.

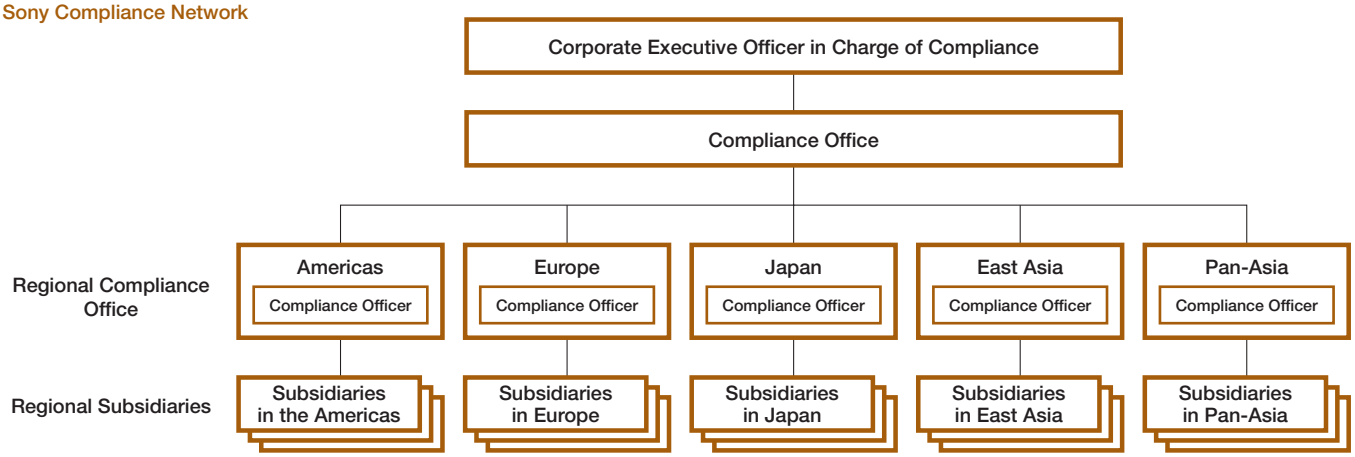
*1 Coverage area of Japan compliance office: Japan, South Korea and Taiwan
*2 Coverage area of East Asia compliance office: Mainland China and Hong Kong
*3 Coverage area of Pan-Asia compliance office: Southeast Asia, Middle East, Africa and Oceania

Promoting CSR Activities

In March 2003, a CSR group was established within Sony Corporation to collaborate with divisions, formulate policies, implement management measures, establish rules and promote awareness concerning the social responsibilities of the company and to implement them throughout the Sony Group and communicate with stakeholders by sharing information.

Believing that global perspectives and cooperation among regions is crucial in promoting CSR activities, Sony participates in a variety of industry CSR initiatives around the world. A founding member of the World Business Council for Sustainable Development (WBCSD), Sony is also a member of CSR Europe, a non-profit organization (NPO) established to promote CSR among European companies, and of Business for Social Responsibility (BSR), a U.S.-based NPO that helps member companies achieve commercial success in ways that respect the ideals of CSR. Additionally, responding to the increasing external demand for practical expertise in CSR, Sony has played a key role in drafting the specifications for ISO 26000, the International Organization for Standardization's guidance on social responsibility, and is a member of the group of companies that is revising the Global Reporting Initiative's (GRI's) Sustainability Reporting Guidelines.

Sony Compliance Network



Sony Group Code of Conduct

In May 2003, Sony adopted the Sony Group Code of Conduct, which sets the basic internal standards to be observed by all directors, officers and employees of the Sony Group in order to emphasize and further strengthen corporate governance, business ethics and compliance systems throughout the entire Sony Group.

This Code of Conduct sets out, in addition to legal and compliance standards, the Sony Group's basic policies concerning ethical business practices and activities, including respect for human rights, safety of products and services, environmental conservation and information disclosure.

The Sony Group Code of Conduct refers to the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Global Compact and the United Nations Universal Declaration of Human Rights.

The Sony Group Code of Conduct has been adopted and implemented by each Sony Group company globally as its own internal code of conduct.

Following the implementation of the Sony Group Code of Conduct, Sony has centralized development and management of key internal rules to ensure consistent group-wide compliance with provisions of the Sony Group Code of Conduct.

Booklets, wallet cards, posters and training DVDs used to raise awareness of the Sony Group Code of Conduct and the Internal Hotline System

Sony Group Code of Conduct

Established May 2003

[Scope of Application: Companies]
Standards applicable to Sony Corporation, as well as any company more than 50% of whose outstanding stocks or interests with voting rights is owned directly or indirectly by Sony Corporation, and such other companies as determined by the Board of Directors of Sony Corporation

[Scope of Application: Personnel]
Standards applicable to all Sony Group directors, officers and employees

[Headings]

1. General Standards
1-1 Compliance with Laws as well as Internal Rules and Policies; Honest and Ethical Business Conduct
1-2 Relationship with Stakeholders
1-3 Appreciating Diversity
1-4 Avoiding Structural Conflicts of Interest
1-5 Communication of Concerns and Alleged Violations

2. Respect for Human Rights
2-1 Equal Employment Opportunity
2-2 No Forced Labor/Child Labor
2-3 Sound Labor and Employment Practices
2-4 Work Environment

3. Conducting Business with Integrity and Fairness
3-1 Product and Service Safety
3-2 Environmental Conservation
3-3 Fair Competition
3-4 Advertising
3-5 Public Disclosure
3-6 Personal Information
3-7 Intellectual Property
3-8 Confidential and Proprietary Information
3-9 Fair Procurement
3-10 Gifts and Entertainment
3-11 Recording and Reporting of Information

4. Ethical Personal Conduct
4-1 Insider Trading
4-2 Personal Conflicts of Interest
4-3 Corporate Assets
4-4 Media Relations and Public Statements

URL
Sony Group Code of Conduct: http://www.sony.net/code/
OECD Guidelines for Multinational Enterprises: http://www.oecd.org/
United Nations Global Compact: http://www.unglobalcompact.org/
United Nations Universal Declaration of Human Rights: http://www.un.org/Overview/rights.html

Internal Hotline System

With the adoption of the Sony Group Code of Conduct, Sony also established the Sony Group Compliance Hotline, as a resource for employees to report concerns or seek guidance about possible violations of laws or internal policies, and to allow the Sony Group to respond swiftly to potential risks of such possible violations. The Sony Group Compliance Hotline is available in the Americas, Europe, Japan, East Asia and Pan-Asia, and is ready to receive the concerns of any Sony Group employee in any part of the world through telephone calls, e-mail or letters.

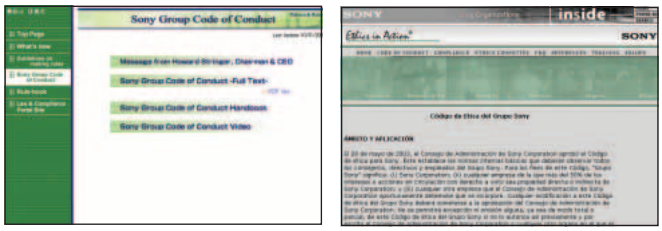
The Sony Group Compliance Hotline is directly linked to the corporate executive officer in charge of compliance and is operated independently from the ordinary line of command. In addition to periodic reports to senior management and the Audit Committee summarizing the Hotline operation, important Hotline calls also are reported individually to the Audit Committee as appropriate. Calls received are handled in line with established procedures, and callers who report issues in good faith will be protected from any possibility of recrimination.

During fiscal 2005, the Sony Group received approximately 320 Hotline contacts covering issues relating to employment, labor, work environment, information management, environmental protection and accounting. All contacts received are investigated for the purpose of verification. In certain cases, these contacts have led to investigations that have resulted in the monitoring and review of internal organizations and procedures, and the strengthening of enforcement of internal rules.

Educating Employees about the Sony Group Code of Conduct and the Internal Hotline System

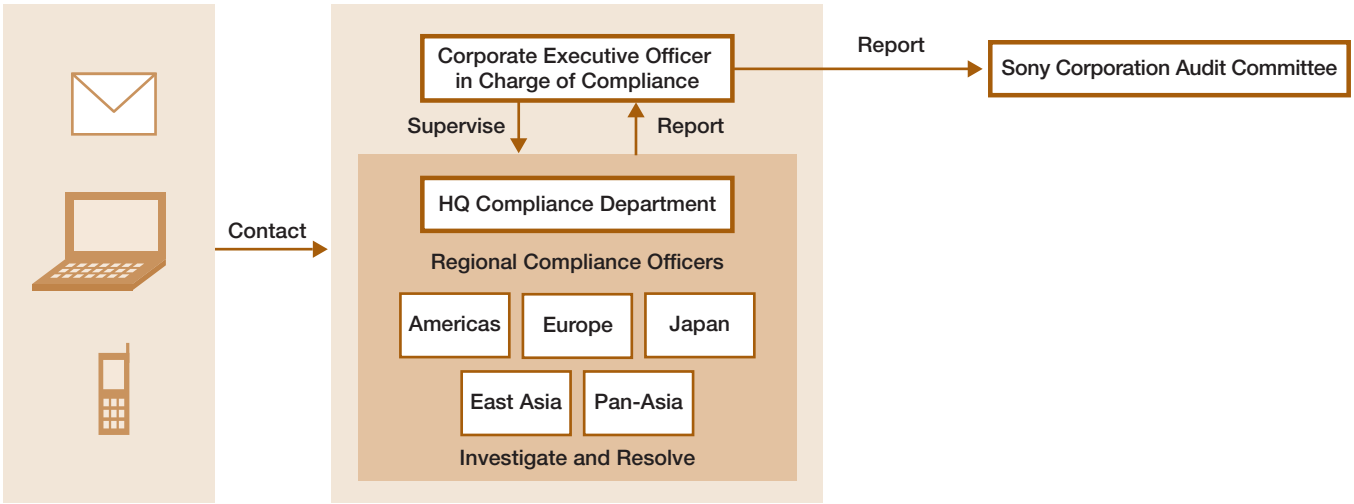
To ensure that all Sony Group employees are aware of the Sony Group Code of Conduct and the internal hotline system, information has been made accessible via the intranet websites of the individual Sony Group companies. In addition, Sony Group companies inform their employees about the Code and Hotline through dissemination of booklets, wallet cards, posters, training sessions, e-learning and/or feature articles in internal newsletters.

Sony will continue to reinforce the importance of the policies and values set out in the Sony Group Code of Conduct through ongoing awareness and training efforts.



Employees can access information about the Sony Group Code of Conduct and the internal hotline system via the intranet websites of Sony Group companies.

Sony Group Compliance Hotline



Crisis Management System

In 2001, Sony established a group crisis management system and formulated procedures to enable a swift and organized group-wide response to crises.

Under this system, crises are classified on 3 levels to ensure dynamic responses. Level 1 is defined as a crisis with the possibility of significant impact on the Sony Group, and will be handled under the direction of the CEO. Level 2 is defined as a crisis with the possibility of widespread impact within the Sony Group, and will be addressed by a cross-functional committee composed of a specialist management team. A Level 3 crisis has little impact outside the business unit involved and will be handled by the affected business unit or Sony Group company.

Personal Information Management

In the course of selling its products or offering its services, like many companies, Sony collects personal information from its customers and business partners. In recent years, it has become increasingly easy to collect, use and manage personal information in electronic form in large volumes through such means as the Internet. Strengthening the management of such information to prevent accidental disclosure has become correspondingly more and more important.

In July 2000, Sony formulated "Global Basic Principles on Personal Information," and also established an organization within Sony Corporation that coordinates with employees responsible for personal information management at Sony Group companies, thereby creating an effective, group-wide management system. Under this system, the Sony Group is reinforcing internal rules and business processes to ensure the appropriate handling of the personal information of its customers and business partners.

To encourage broad understanding of its principles on personal information management, in April 2005 Sony also introduced the Sony Group Privacy Policy*1 at all Sony Group companies in Japan.

Recognizing that employee awareness is key, Sony Corporation conducts training programs for its employees to increase their understanding of the issues and improve the overall level of personal information management. Divisions actually handling personal information receive additional specialized training. These training activities are implemented at each of the Sony Group companies.

Sony is making strenuous efforts to safeguard personal information. In August 2005, however, a Sony Group company in Japan reported an incident—the result of a subcontractor error—in which packages with 2 address labels instead of 1 were dispatched to several customers by courier. Sony apologized and explained the circumstances to the people affected and publicly disclosed the incident. Sony recognizes the serious nature of this mishap and is working to further strengthen procedures for managing personal information group-wide, including those followed by subcontractors, to prevent recurrence of such an incident.

*1 This policy applies to Sony Corporation and its subsidiaries in Japan.

Excerpt from the Sony Group Privacy Policy

The primary objective of each Sony Group company (hereafter "Sony") is to provide great products and services focusing on customers' needs, through innovative ideas as well as sound business practices. Sony is committed to meeting the high expectations of its customers and to being the "most trustworthy partner for customers" in the broadband era of the 21st century.

Sony understands that customers entrust Sony with their personal information with the expectation that it will be used only for specific purposes. Sony respects the customers' expectations and places a high priority on properly protecting such personal information and limiting its use to such purposes.

URL Sony Group Privacy Policy: http://www.sony.co.jp/privacy/en/

Supply Chain Management

Sony bases its selection of suppliers and OEM suppliers*1 on objective standards. Sony expects these parties to comply with applicable laws, respect human rights, protect the environment and adhere to the Sony Group's basic policies on the safety of products and services.

Fair Business Practices, Transparency and Equal Opportunity in Procurement

Sony is committed to fair business practices, transparency and equal opportunity in its procurement operations. In Sony's procurement operations, fair business practices mean purchasing according to established policies and procedures; transparency means not acting arbitrarily; and equal opportunity means providing all suppliers with a level playing field. Sony believes it is essential to develop bonds of mutual trust.

To protect the integrity of the procurement process, Sony procurement agents in the electronics business are not permitted to form personal ties or relationships based on potential personal gain with any supplier. Among other things, this rule prohibits the acceptance of personal gifts or participation in a supplier's business while employed at Sony.

To raise awareness, Sony has distributed a handbook, titled "Working Principles for Procurement Personnel," to employees in the procurement sections of Sony's Japanese electronics businesses. These employees must also use Sony's e-learning systems to study procurement ethics. To reinforce observance of procurement ethics on a global basis, Sony has translated this handbook into English, Chinese and Thai and distributed it to procurement agents at its sites in North America, Europe, East Asia and Southeast Asia.

Other Sony Group companies also are implementing procedures to ensure that there are no improper conflicts of interest in business dealings.

English, Chinese and Thai versions of "Working Principles for Procurement Personnel"

Including Suppliers in CSR Management

To achieve the goals of its CSR, Sony believes that the cooperation of its suppliers is essential.

The first step in Sony's endeavor to enhance overall CSR management by extending it to include suppliers was the establishment of the Green Partner Environmental Quality Approval Program*2 in 2002, which limits purchasing to suppliers that have met certain standards in terms of chemical substance management.

*2 For more information on the Green Partner Quality Approval Program, see page 53.

Establishment of the Sony Supplier Code of Conduct

In the "Sony Group Code of Conduct" established in 2003, Sony states that it expects its suppliers to adhere to its basic policies on compliance with applicable laws and regulations, respecting human rights and safeguarding the environment. In June 2005, Sony established the Sony Supplier Code of Conduct to ensure that suppliers understand Sony's expectations. The Sony Supplier Code of Conduct is based on the Electronic Industry Code of Conduct (EICC) established by U.S. electronics manufacturers in 2004. Sony believes that the Sony Supplier Code of Conduct serves as an important framework for its suppliers to conduct their businesses in a socially responsible manner.

*1 Other companies that manufacture Sony products are called OEM suppliers.

URL Sony procurement activities: http://www.sony.net/SonyInfo/procurementinfo/index.html
Electronic Industry Code of Conduct: http://www.eicc.info/

Sony Supplier Code of Conduct (Summary of Contents)

Established June 2005

- Legal Compliance
- Labor
  - Freely chosen employment
  - Prohibition of child labor
  - Elimination of discrimination
  - Prohibition of harsh or inhumane treatment
  - Guarantee of minimum wages
  - Compliance with laws regarding working hours
  - Respect for the right of employees to associate freely
- Health and Safety
  - Machine safeguarding
  - Industrial hygiene
  - Safety
  - Emergency preparedness and response
  - Occupational injury and illness
  - Control of employee exposure to physically demanding work
  - Maintenance of dormitory and canteen facilities
- Environment
  - Product content restrictions
  - Chemical and hazardous materials
  - Wastewater and solid waste
  - Air emissions
  - Environmental permits reporting
  - Pollution prevention and resource reduction
- Management System
  - Company commitment
  - Management accountability and responsibility
  - Legal and customer requirements
  - Risk assessment and risk management
  - Performance objectives with implementation plans and measures
  - Training
  - Communication
  - Worker feedback and participation
  - Audits and assessments
  - Corrective action process
  - Documentation and records
- Ethics
  - No corruption, extortion and embezzlement
  - Disclosure of information
  - No improper advantage
  - Fair business, advertising and competition
  - Programs to ensure the protection of whistleblowers
  - Community engagement
  - Protection of intellectual property

Implementation of the Sony Supplier Code of Conduct

In fiscal 2005, Sony informed relevant suppliers of its electronics business about the Sony Supplier Code of Conduct and sought their compliance with the Code. As part of its effort to assess the conformance of its suppliers vis-à-vis the Code, Sony asked certain of these companies to conduct self-assessments involving questionnaires and facility visits.

Sony is also a participant in the EICC Group, a coalition of electronics manufacturers, including Cisco, Dell, Hewlett-Packard, IBM, Intel and Microsoft, created to implement a common supplier code of conduct for the electronics industry. By creating a common code and standards of implementation, participants intend to make it more efficient for suppliers to, among others, conform to standards, enhance activities and communicate with stakeholders. To these ends, in fiscal 2005 the EICC Group began considering the development and introduction of a common risk assessment tool and audit methodology, as well as a web-based platform to facilitate the efficient flow of information among participating companies. Sony will continue to cooperate with the industry and promote activities in the supply chain based on the Sony Supplier Code of Conduct.

Major Tools under Consideration by the Electronic Industry Code of Conduct Group*3

- Risk assessment tool
- Self-assessment questionnaire
- Common auditing approach
- Web-based system

*3 Including tools developed with GeSI, Global e-Sustainability Supply Chain Working Group, led by major European IT/telecommunications companies

URL Sony Supplier Code of Conduct: http://www.sony.net/csr

Sony and People

Sony and Its Stakeholders: Moving Forward Together

Shareholders

1970
Sony shares listed on the New York Stock Exchange

1961
Sony became the first Japanese company to offer shares in the United States in the form of American Depositary Receipts (ADRs) on the OTC market of the New York Stock Exchange

2001
Sony CS Charter promulgated

1958
Sony shares listed on the Tokyo Stock Exchange

1963
Customer Information Center established in Japan

Community

Customers

2003
Sony MVP award introduced

2000
Someone Needs You global volunteer program launched

2000
Sony University established

Compensation structure based on "contribution = compensation (pay for performance)" policy introduced

1984
Sony Music Foundation established

1972
Sony Foundation for Science Education established

Sony USA Foundation Inc. established

1998
Sony Global Policy on Occupational Health and Safety enacted

1992
Self-assessment system setting personal objectives and conducting reviews introduced

1959
Sony Fund for the Promotion of Science Education in Japan established

1966
Internal open recruitment system introduced

Employees

Sony South Africa Pty. Ltd.'s Community Upliftment Program
(See page 35)

For Shareholders

Sony strives to provide timely, compliant and otherwise full, fair, accurate and understandable disclosure of corporate information to shareholders and investors worldwide and proactively communicates with them through its investor relations (IR) activities.

Listing of Sony Shares

Sony Corporation first offered its shares on the Tokyo over-the-counter (OTC) market in August 1955. In December 1958, Sony listed its shares on the Tokyo Stock Exchange.

In June 1961, Sony pioneered the procurement of overseas funds by becoming the first Japanese corporation to issue American Depositary Receipts (ADRs) and in September 1970 listed its shares on the New York Stock Exchange.

Disclosure of Information

Sony's basic disclosure policy is to provide full, fair, accurate, timely and understandable disclosure of corporate information to shareholders and investors worldwide.

With the aim of communicating financial information and management policies and strategies to shareholders in a timely manner and to help ensure transparency, Sony organizes earnings announcements, corporate strategy meetings and other IR events, publishes an annual report, fact books and other disclosure documents, and maintains an IR website.

IR Events

- Quarterly earnings presentations
- Corporate strategy meetings
- Business briefings
- Ordinary General Meeting of Shareholders/Shareholders Conference
- Presentations for retail investors
- Meetings with institutional investors, analysts and others

Disclosure Documents

- Quarterly earnings announcements
- Annual report
- Form 20-F (annual report for the U.S. Securities and Exchange Commission)
- *Yuka Shoken Houkokusho* (Japanese annual financial report)
- *Hanki Houkokusho* (Japanese interim financial report)
- Fact books (quarterly)
- Group reports (interim and full-term)

Sony IR Website

In an effort to provide information to as many shareholders and investors as possible, whether they are institutional or individual, in Japan or overseas, Sony offers up-to-date management information on the Sony IR website as soon as it becomes publicly available.

The website features messages from Sony management, information on earnings and products, a library of disclosure documents, and stock and bond information. In addition, the website contains coverage of earnings announcements and corporate strategy meetings held for institutional investors and analysts, as well as presentation materials. A conference call for international institutional investors is also available. Following each quarterly earnings announcement, the website offers an online Q&A session in which the executive responsible for IR answers questions regarding Sony's quarterly business performance and general management issues.

Sony also distributes Sony Group-related news in a timely manner by e-mail to investors' personal computers and mobile phones.

URL Sony investor relations information: http://www.sony.net/IR/

Direct Communication with Shareholders

Sony realizes that its Ordinary General Meeting of Shareholders is an important occasion for communication with shareholders. Following the meeting, Sony holds the Shareholders Conference, which provides an opportunity for direct dialogue between shareholders and management personnel. The Ordinary General Meeting of Shareholders in June 2006 was attended by approximately 7,200 shareholders, while about 2,000 attended the Shareholders Conference. On this occasion, a product exhibition area was set up to introduce shareholders to Sony products and technologies, as well as CSR activities.

In an effort to allow the maximum number of shareholders to exercise their voting rights, in addition to allowing voting by postal mail, Sony has set up a system that permits voting prior to the meeting through the Internet from personal computers and mobile phones, in case shareholders are not able to attend the Ordinary General Meeting of Shareholders.

Video recordings of the Ordinary General Meeting of Shareholders and the Shareholders Conference are available at Sony's IR website.

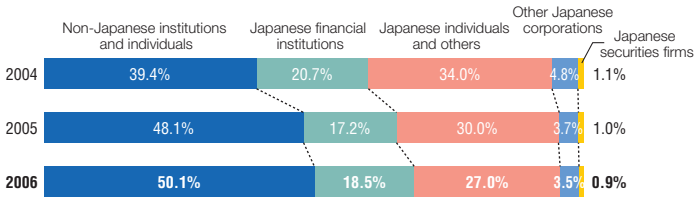
Ordinary General Meeting of Shareholders held in June 2006 in Tokyo

Exhibition area featuring Sony's CSR activities

Ownership and Distribution of Shares

As of March 31, 2006, Sony Corporation had approximately 720,000 shareholders. Foreign institutions and individuals accounted for 50.1% of share ownership, while Japanese financial institutions represented 18.5%, Japanese individuals and others 27.0%, other Japanese corporations 3.5% and Japanese securities firms 0.9%. The percentage of Sony's shares held by foreign investors, notably institutions, has increased steadily in recent years.

Ownership and Distribution of Shares (As of March 31)



Socially Responsible Investing

In addition to the conventional investment criteria of financial analysis, SRI indexes and SRI funds evaluate and select companies from social, ethical and environmental perspectives. Recently, numerous SRI indexes and funds have been established worldwide.

Sony's efforts to be socially responsible are recognized worldwide with its inclusion in leading indices, including the 2 shown below (as of June 1, 2006). Sony has continuously been selected for Dow Jones Sustainability Indexes since their establishment in 1999. In 2005, Sony was selected as the industry leader for the first time.

Dow Jones Sustainability Indexes
Jointly developed by Dow Jones Indexes (United States), STOXX Limited (Switzerland) and the SAM Group (Switzerland)

FTSE4Good Global 100 Index
Developed by the FTSE Group, a Financial Times Ltd. (United Kingdom) and London Stock Exchange plc joint venture

For Customers: Product Quality and Customer Satisfaction

Sony is wholeheartedly committed to improving product and service quality from the customer's viewpoint. Sony's goal is to gain its customers' total trust, confidence and satisfaction.

Customer Satisfaction Philosophy

Since the start of its operations, Sony has considered customer satisfaction (CS) as fundamental to its operations and has therefore given top priority to providing customer-oriented products and services. This philosophy is set forth in the Founding Prospectus drafted in 1946 by Sony's co-founder, Masaru Ibuka. Always taking the customers' viewpoint to improve customer service and thus remain "a highly trusted partner for its customers" is Sony's ultimate goal and mission. In line with this belief, in fiscal 2001 Sony established the Sony CS Charter to further enhance CS.

The Sony CS Charter

Sony is strongly committed to being a trusted partner for our customers worldwide in the broadband age.

- We will listen carefully to customers' voices
- We will provide unique and high-quality products and services
- We will strive to earn customers' trust
- We will actively promote customer satisfaction to meet customers' needs and realize dreams
- We will continue to pursue corporate activities that will contribute to and be harmonious with society

In addition to a CS philosophy and the Sony CS Charter, Sony promulgated the Customer Viewpoint Initiative in fiscal 2005 to instill greater customer awareness and ensure the creation of attractive products.

Establishing Standards and Reinforcing Sony's Quality Control System

Sony regards enhancing quality as a key, companywide management challenge and is working toward this goal in all processes, including development, planning, design, production and sales. By doing so, Sony aims to create better and more reliable products. Specifically, Sony

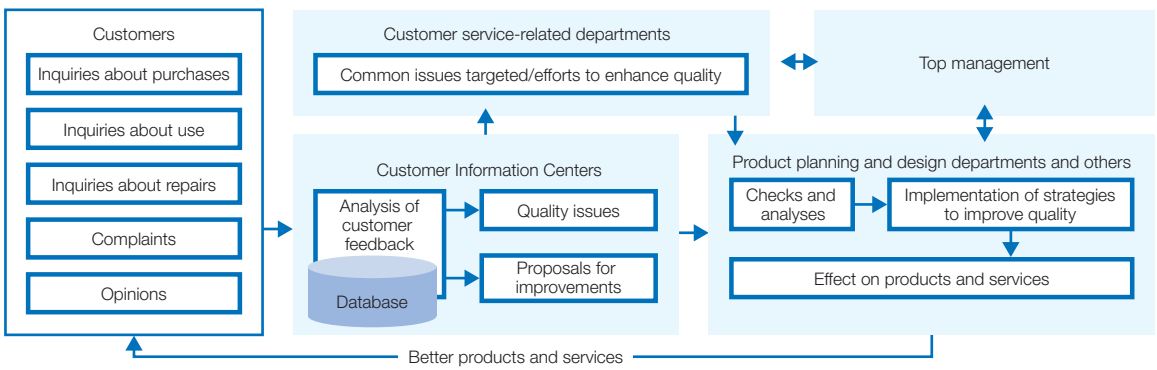
- established corporate quality standards, which were devised from a customer's perspective, in 2004. These standards apply to Sony's electronics products and focus on such criteria as product safety and performance, labeling and services.
- appointed approximately 40 CS officers, who are in charge of global customer satisfaction for particular businesses and product categories.
- holds regular meetings of the CS Strategy Committee—the top decision-making body for matters concerning CS and product quality in the electronic products business. The committee is comprised of Sony's president, top management from divisions and groups responsible for electronic products, and also senior manufacturing and marketing executives.

Customer Feedback

Sony makes extensive use of customer feedback in creating products. Customers' opinions or reports of malfunction received at the Customer Information Center at any time after the launch of a product are promptly and accurately evaluated and disseminated to the planning, design and engineering groups so that improvements in product quality can be made in a timely fashion.

A case involving certain Sony DVD recorders provides a good example. Some customers complained that it was difficult to change the default visual settings for the DVD and that the manual was difficult to understand. In light of this, Sony's next DVD recorder allowed the user to change settings more easily and was shipped with an easier-to-understand user manual.

Utilizing Customer Feedback



Product Quality Information Channel

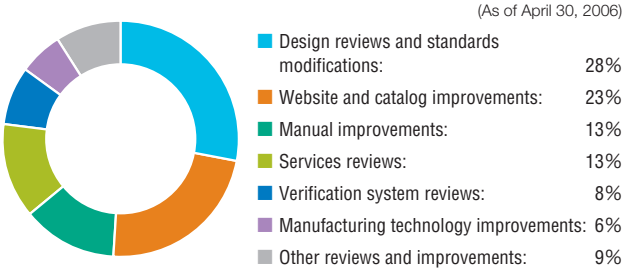
It is vital to detect product quality-related problems early. Sony therefore established the Product Quality Information Channel in 2003 to gather product quality-related information, including reports of problems, as well as opinions, from Sony Group employees.

Sony Group employees can send messages to the officer in charge of quality control via the Product Quality Information Channel website. This can be done when, during the course of their work, they discover a problem related to product quality that they cannot solve or deal with or that they believe has been overlooked, or when a quality-related problem occurs while using a Sony product. After the Product Quality Information Channel office conducts fact-finding studies regarding the information gathered, it proposes and introduces measures to avoid potential problems and prevent previous problems from recurring.

From the time it established the reporting channel through April 30, 2006, Sony received 834 reports. The diverse range of information received has included proposals to make products and manuals more user-friendly, which have led to more than 580 improvements.

Breakdown of Product Quality Improvements

(As of April 30, 2006)



Concerning Quality Control Issues

In recent years, the spread of digital consumer electronics has led to a rise in the number of product malfunctions due to software flaws. Such trouble accounted for nearly half of Sony's product quality problems in fiscal 2005.

To enhance product quality, Sony will continue to address such problems by examining the facts, responding appropriately, disclosing information to customers and promptly implementing measures as appropriate to remedy defects.

Product and Service Safety

Sony endeavors to improve safety in every area of its business activities, including the development of products and the provision of services. In addition to complying with applicable international, national and local product safety standards, Sony has established its own internal safety standards for every part of its operations to help ensure product safety, and thereby avoid potential harm to customers.

Enhancing Customer Service Awareness

Sony makes every effort to improve product quality and customer services. In 2001, Sony enabled greater sharing of knowledge in this area by introducing a customer service training program based on e-learning, targeted at employees working in the field and at service partner companies. Sony aims to increase employee awareness of customer satisfaction issues through such training programs.

For this reason, in Japan and the rest of Asia, employees responsible for advising customers during telephone inquiries, repair center visits and service calls compete in customer service contests.

Improving Customer Information Centers

Sony established its first Customer Information Center in Japan in 1963 to respond to customer inquiries. This function is now available worldwide. The Customer Information Centers in Japan provide prompt responses to customer needs every day of the year. In Japan and Hong Kong these centers obtained COPC-2000[*1] certification, an international standard for call centers. Having obtained such accreditation from international organizations for its customer-centered approach, Sony will seek to raise its standards even higher by attaining this level of customer service in every country.

Main Product Issues and Solutions

Products	Date Announced	Details	Solutions
Certain models of rear-projection LCD televisions and LCD televisions	February 2006	A software issue caused a limited number of televisions not to turn "on" or "off" when directed by the user.	In Japan, Sony provided an automatic software update via a digital broadcast signal to fix the problem. Sony also set up a toll-free number and offered service calls free-of-charge. Overseas, Sony provided software updates to its customers.
Certain models of digital cameras	December 2005	Administration of Industry and Commerce in Zhejiang Province, China, conducted quality inspections and determined that 6 of our digital still camera models failed the inspections. As a result of investigation, although no quality problems in the products have been found, Sony determined that certain documentation that had been submitted contained errors.	Sony withdrew the models from sale in Mainland China and refunded customers who wished to return their purchases.
Certain models of digital cameras, camcorders, PDAs and professional camcorders	October 2005	Depending on environmental conditions and other factors, some CCD imagers in the affected products failed, resulting in the inability to capture images.	Sony provided free repairs and other consideration to customers experiencing this condition.

Sony uses the Internet as an effective tool for communicating with customers. The Sony website includes product-related news and frequently asked questions (FAQ) sections. The website also offers downloads of manuals and provides prompt information about products and services, including support services. Sony endeavors to make its websites easy to navigate and also makes its descriptions as clear as possible.

In Japan, Sony provides various services designed to give first-time personal computer users greater confidence. For example, operators advise personal computer users while remotely monitoring their screens via the Internet. Users may also reserve a time when operators will call back and give guidance over the telephone. Sony strives to develop easy-to-use services such as these.

*1 COPC-2000 is a management standard specifically for call centers and fulfillment (delivery) work based on the American National Management Quality Award.

Number of Inquiries Received from Customers (Fiscal 2005)

Region	Number of Inquiries Received (telephone, e-mail, letter)
Japan	4,100,000
North America	5,426,000
Europe	1,435,000
East Asia*2	2,669,000
Pan-Asia*3	1,143,000
Latin America	1,261,000

*2 Coverage area: Mainland China, Hong Kong, Taiwan and South Korea
*3 Coverage area: Southeast Asia, Middle East, Africa and Oceania

Repair and Service Network

Currently, there are more than 10,000 Sony service locations worldwide, including Sony service stations and those of authorized repair agents. In September 2005, Sony opened the Shanghai service center, its largest in Asia. Sony will use the center as a base from which to promote activities that offer comfort and convenience for customers in China.

To ensure prompt responses to customer needs, Sony trains staff to enhance repair skills and promotes greater sharing of the latest product information on a daily basis in each region. Sony is committed to providing customer-oriented repair services and makes every effort to improve the communication skills of its repair staff.

Sony also seeks to improve its repair and services operations by carefully comparing them with those of other companies. Such comparative analyses help set specific goals and reveal relative strengths and weaknesses in this area. In addition, Sony is shortening distribution and repair times and reviewing repair fees in each region of the world.

Sony Service Locations (Fiscal 2005)

Region	Number of Repair Centers
Japan	700
North America	5,250
Europe	2,040
East Asia*4	340
Pan-Asia*5	1,320
Latin America	620

*4 Coverage area: Mainland China, Hong Kong, Taiwan and South Korea
*5 Coverage area: Southeast Asia, Middle East, Africa and Oceania

Promoting the Verification of Product Compatibility and Connectivity

As network-enabled digital consumer electronics become more popular, users are increasingly connecting various devices. As a result, it has become more important to give full consideration to and reliably verify the connectivity and compatibility of each product from the design stage onward. Sony has established a group in Japan for this purpose. The group collaborates with global operations to promote the verification of compliance with standards and regulations, and also ascertains the actual connectivity capabilities of products. In addition, Sony uses its website to provide information on the connectivity of its products and to introduce customers to an ever-expanding world of interconnected devices while offering necessary technical support.

A Customer's Viewpoint on Sony Products and Services

Mariko Sano
Secretary–General of SHUFUREN (consumer association)

I would like to offer this proposal precisely because of Sony's reputation for high-tech expertise, as well as its free and open-minded corporate culture, which has facilitated the development of such technological prowess.

In Japan, there is currently a regulatory framework—albeit an insufficient one—based on the Product Liability Law in place that deals with incidents involving faulty products. However, in cases involving malfunctioning or defective products that cause no harm to persons or property, the decision to provide information, deal with consumers and offer free repairs is left up to the manufacturer. I hope that Sony will set an example for the rest of the industry by providing better information about product malfunctions.

Proper management of the supply chain is another issue. In this regard, I would like to see stricter quality control standards applied to general product parts, in addition to already established standards for chemical substances. In this age of globalization, I can't help but feel that we are seeing more cases where manufacturers with similar product lineups all suffer from product quality problems because of the same problem part.

I look forward to new initiatives from Sony and trust that, as a truly world-class company, it will continue to earn the trust of consumers in the rapidly evolving field of electronics.

For Customers: Making Products Easier to Use

With technological innovation, products are becoming increasingly advanced and multifunctional while at the same time also becoming more complicated. Accordingly, Sony has identified "usability" as an essential aspect of product quality and is taking steps aimed at making it easier for people to use Sony products and services.

Making Products Easier to Use

Sony incorporated a variety of modifications and improvements designed to make the high-definition video (HDV) digital camcorder more easily accessible for a broader spectrum of users.

To make the model easy to hold, for example, during the process of developing the HDV digital camcorder (HDR-HC3), developers took into account a variety of related features, including graspability, handle shape, wrist angle when held, and weight and balance. Numerous prototypes incorporating variations of these features were produced. These prototypes were then tested by actual users, and the resulting feedback was used in the development of commercial models.

The HDR-HC3 also includes Sony's distinctive EASY button which, when pressed, locks out the camcorder's advanced features and switches it to automatic mode, thereby ensuring trouble-free operation, even for first-time users.

The HDR-HC3 features a grip that is at a 7-degree angle to the body of the unit, eliminating any burden on the wrist. The easy-to-hold form allows hours of comfortable recording.

Putting the Customer's Voice First

With the commencement of digital terrestrial broadcasting, watching television has become a complicated matter. A survey of customers who purchased Sony televisions revealed that most found today's remote controls difficult to navigate. Accordingly, Sony took decisive steps to make its remote controls easier to use, eliminating all but the most commonly used buttons and increasing the size of the channel button by 1.8 times. Sony also further modified its remote control design by revamping the layout and rethinking button groupings. Verification tests were then conducted by actual users. These efforts led to the production of a brand-new remote control model with a streamlined look that is comfortable to hold and operate. This new unit is standard with Sony's BRAVIA V2000 and S2000 series of LCD TVs.

Sony's streamlined new remote control is easy to operate and easy to use.

Age-based Rating Systems for Game Software

Sony Computer Entertainment Inc. (SCE) aims to make games as popular as music, movies and broadcasting and has been developing its PlayStation® business for users in all age groups. Game industry organizations have responded to the proliferation of new game genres by introducing rating systems for customers in Japan, the United States and Europe (CERO, ESRB and PEGI, respectively), based on games' target age groups. The U.S. system has operated for 10 years and won top marks from the public for not only indicating age categories but also for being the first to add descriptions that detail the contents of a game. PEGI is endorsed by the European Commission as a paradigm of self-regulation in the entertainment industry. In Japan, steps are being taken to revise the rating system while, with the cooperation of retailers, measures are being considered to make the system more effective, including voluntary refusal to sell software rated for ages 18 and above to under-age customers.

To regulate access by under-age users, SCE included a Parental Lock function in its PSP® (PlayStation®Portable). This function is also included in PLAYSTATION®3, which is due to be launched in November 2006. Accordingly, customers can adjust the access level and limit children's access to appropriate content across the PlayStation® platform.

SCE will continue to play an active role in promoting rating systems with the aim of ensuring that games remain compatible with the need to bring up future generations in a wholesome and healthy manner.

URL
Computer Entertainment Rating Organization (CERO): http://www.cero.gr.jp/
Entertainment Software Rating Board (ESRB): http://www.esrb.org/
Pan European Games Information (PEGI): http://www.pegi.info/

For Employees: Employment and Employee–Management Relations

It is the policy of the Sony Group to adopt sound labor and employment practices and to treat its employees at all times in accordance with the applicable laws and regulations of the countries and regions in which it operates. Sony also values communication between management and employees, which is essential in conveying management policies to employees and encouraging employees to voice their opinions.

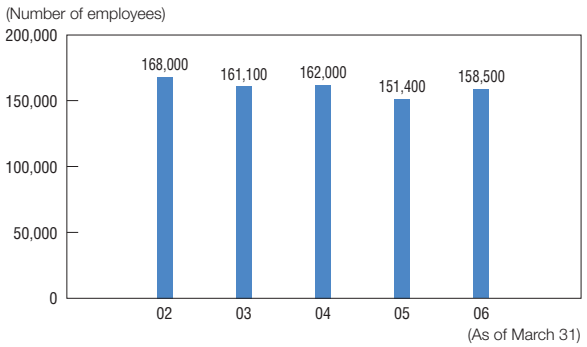
Basic Philosophy

The Sony Group operates in a diverse, global business environment. Its businesses range from electronics and games to motion pictures and finance. All workplaces around the world share common policies and visions while respecting the diverse cultures and practices of the countries and regions in which they operate.

Total Number of Employees

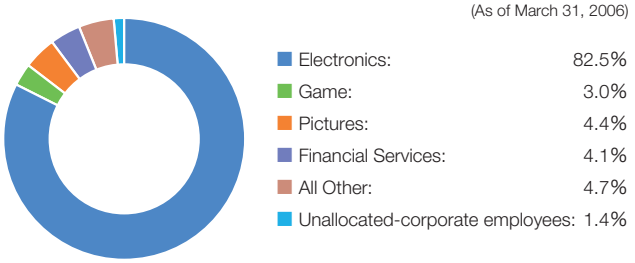
As of the end of fiscal 2005, the total number of Sony Group employees was approximately 158,500, up approximately 7,100 from a year earlier. The increase occurred despite restructurings in Japan, North America, Europe and Southeast Asia, and was largely attributable to substantial personnel increases at manufacturing bases in East Asia.

Total Number of Employees



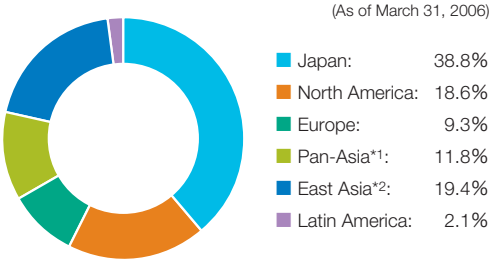
Personnel by Business Segment

(As of March 31, 2006)



Personnel by Geographic Segment

(As of March 31, 2006)



*1 Coverage area: Southeast Asia, Middle East, Africa and Oceania
*2 Coverage area: Mainland China, Hong Kong, Taiwan and South Korea

Employee–Management Communications under the Mid-Term Corporate Strategy

In line with its Mid-Term Corporate Strategy, announced in September 2005, Sony is pursuing restructuring and growth initiatives aimed at increasing its competitiveness and reinforcing its operating foundation. Restructuring initiatives—including the streamlining of business operations, the consolidation of manufacturing sites, and the elimination of organizational and business process duplication to enhance the efficiency of administrative sections—have resulted in both the shift of employees to growth businesses and the reduction of head count.

Top management sought to encourage the sharing of information and ensure understanding of the purpose and necessity for such structural changes by communicating with employees regarding the above initiatives. At Sony Corporation in Japan, an early-retirement program was introduced to facilitate the provision of economic assistance to retiring employees.

In Europe, personnel were shifted from manufacturing cathode ray tube (CRT) televisions to liquid crystal display (LCD) and other flat-screen televisions following the termination of production of the former, and job adjustments were made with the closure and downsizing of manufacturing sites. Management explained its personnel plans at a meeting of the EICC*3 and repeated consultations with union representatives at its manufacturing sites to share information on market conditions and seek employee understanding of its decisions to close and consolidate certain facilities. Support was also made available such as in career transition for retiring employees in Europe.

In pursuing further restructuring initiatives, Sony continues to try to convey its objectives clearly as well as to promote appropriate dialogue with employees.

*3 The European Information and Consultation Committee (EICC) provides a forum for discussion among representatives of management and employees from Sony Electronics Group companies in Europe.

For Employees: Diversity and Equal Opportunities

Sony is committed to respecting human rights and providing equal opportunities. To this end, Sony is focusing on promoting diversity among its personnel as a significant component of CSR and believes firmly in the importance of understanding and reflecting diverse views in its business operations.

Human Rights Provisions in the Sony Group Code of Conduct

The Sony Group Code of Conduct enacted in May 2003 establishes the following general provisions as the basis for human rights-related rules and activities throughout the Group.

(1) Equal employment opportunities
(2) Prohibition of forced and child labor
(3) Sound employment/working conditions
(4) Safe, healthy, efficient work environments free from discrimination

These provisions are based on existing international standards such as the United Nations Universal Declaration of Human Rights. Sony also requests that its electronics suppliers comply with the "Sony Supplier Code of Conduct"*1, which is based on compliance with each nation's laws and refers to social standards, including the prohibition of forced and child labor.

*1 See page 16 for details of the Sony Supplier Code of Conduct.

Equal Opportunities and the Prohibition of Discrimination

In line with the Sony Group Code of Conduct, Sony's fundamental policy is to recruit, hire, train, promote and otherwise treat applicants and employees without regard to race, religion, color, national origin, age, sex, disability or any other factors that are unrelated to Sony's legitimate business interests. Guided by this global policy, Sony is implementing various initiatives in different countries and regions.

In Japan, Sony Corporation has adopted a "Basic Stance on Human Rights" statement that is followed by all domestic Group companies. Human rights representatives in the Sony Group in Japan formed a network to reinforce this philosophy and share information. During fiscal 2005, various human rights initiatives, including forums focusing on, among others, the psychology of harassment, were implemented. Training sessions were held, aimed at preventing sexual harassment and deepening respect for the rights of all people, including individuals with disabilities, women and people from other nations and cultural backgrounds.

In the United States, Sony maintains clear guidelines on equal employment opportunities and the prohibition of discrimination in all businesses.

Sony Europe*2 has established a basic policy on equal employment opportunities for all regional Group electronics businesses.

*2 Sony Europe, the Sony Group companies that handle the electronics business in Europe.

Respecting Employee Diversity

With the dizzying pace of change in the operating environment, including the rise of global competition and the diversification of customer needs, companies are under increasing pressure to provide products and services that accurately reflect the customer's viewpoint, offer innovative ideas and create new value. Taking such factors into account, Sony believes that it is important to introduce diversity throughout the company and bring personalities and ideas of employees together in the workplace. Sony strives to promote diversity among its employees, encouraging the employment of people of various nationalities, minorities, women and individuals with disabilities.

Pursuing Diversity Initiatives

In 2004, Sony Electronics Inc. held its first Leveraging Diversity for Competitive Advantage workshop for all general managers and managers of higher rank, with the goal of improving awareness of how the changing demographics and increasing diversity of the workforce and Sony's customer base in the United States affect its business. In 2005, e-learning-based diversity training was introduced to middle-ranking managers. A cumulative total of 800 employees have taken part in awareness training since it began.

In October 2005, Sony Electronics inaugurated 2 affinity groups to further enhance its diversity initiatives. These affinity groups, which focus on the engagement of, respectively, women and minorities, endeavor to raise employee motivation, productivity and satisfaction through a variety of programs. These programs support diversity recruitment efforts, and provide assistance for the establishment of a network and training and educational opportunities that cross organizational lines. In addition, they also provide coaching and mentoring experiences and host forums to enhance information exchange and communication.

Sony Pictures Entertainment Inc. in the United States has set up a special group within its human resources department to help foster diversity, and it is advancing the employment of minorities and women by exchanging information and cooperating with external organizations, by participating in recruiting information sessions that focus on diversity and by offering an internship program. The company also enhances awareness of diversity issues through training courses, required for all employees, which aim to prevent gender-based and other forms of discrimination as well as harassment.

Sony of Canada Ltd. is striving to increase its representation of women, indigenous peoples, people with disabilities and minorities in line with Canada's Employment Equity Act. Some of the initiatives undertaken in the last several years include the establishment of a network to support employment diversity, and focused efforts to promote female employment in retail electronics sales. As part of the last effort, in 2004 the company performed a survey of female employees in the retail group to identify some of the specific challenges that they face in working in the retail electronics sector. As a result of the survey findings, training programs have been reviewed and a practice of regular reporting to retail management on the work environment and training for women has been implemented.

Promoting Gender Diversity

In July 2005, Sony Group companies in Japan launched DIVI@Sony*1, a project aimed at stimulating the creation of a corporate climate that enables employees with diverse identities and values to realize their potential and invigorate the organization. As its first step in addressing the wider issue of employment diversity, the project is focusing on gender diversity, with the aim of fostering greater job opportunities for female employees. Project members interviewed managers and non-managerial employees, conducted surveys and met regularly to discuss their findings, enabling them to identify problems and formulate proposed measures. Since then, project members have commenced efforts to further encourage the employment of women, create a framework to foster the careers of female employees, promote information sharing internally and with parties outside the group, and build new networks. They report on their efforts directly to top management and communicate their efforts to employees. The project team has also launched a new website to publicize its activities and provide information in an effort to raise the awareness of all employees.

The Japan Women's Innovative Network was founded in April 2005, with the aim of supporting women in establishing networks across industries and businesses to help develop their careers. It consists of 50 companies and organizations that participate voluntarily. Sony Corporation, as one of the steering companies, plays an active role.

In Europe, Sony is also actively promoting the careers of female employees through the ongoing development of its employment and work practices, which are aligned to senior management review of the progress of these initiatives. In 2004, Sony Europe established a number of female focus groups, interviewing 80 women to understand the issues key to promoting employment opportunities and creating a better working environment for women. As a result, in 2005 Sony Europe published interviews with several women in management positions on its internal website to provide role models for other female employees. Sony Europe also established an internal mentoring system. In addition, Sony Europe is reviewing its maternity and paternity policies with the aim of establishing common standards for all parts of Europe and, where necessary, taking steps to revise employment policies. The company's long-term objective is to increase the percentage of female specialists and managers in the workplace. In March 2005, Sony Europe, in cooperation with CSR Europe*2, set up a "Women in Leadership Positions" working group in which Sony and several companies look at best practices and discuss measures to help achieve this objective.

*1 DIVI is an acronym for Diversity Initiative for Value Innovation. The DIVI@Sony project is designed to promote employment diversity in the Sony Group in Japan.
*2 A nonprofit organization that promotes corporate social responsibility (CSR) in Europe.

Meeting at DIVI

Ratio of Female Employees and Management Positions by Region*3

		2004	2005	2006	Benchmark*5
Sony Group (Japan)	Sony female employee ratio	28.0%	30.0%	29.0%	26.5%
	Sony female management level ratio	2.4%	2.9%	3.1%	2.6%
Sony Group (U.S.)	Sony female employee ratio	38.1%	37.8%	38.0%	47.9%
	Sony female management level ratio	31.9%	32.7%	32.5%	35.2%
Sony Group (Europe)*4	Sony female employee ratio	35.0%	36.0%	38.0%	40.2%
	Sony female management level ratio	13.5%	15.3%	17.0%	24.9%

*3 Totals are based on data provided by Sony Group companies. Data for Japan and Europe is as of March 31 for each year. Data for the United States is as of July 31 from the prior year. There are cases where the definition of manager varies among Group companies.
*4 Sony Group (Europe) electronics business
*5 Japan: Data for fiscal 2004 is based on a corporation with 1,000 or more employees and according to a basic statistical survey of salary structures by the Ministry of Health, Labour and Welfare. For management level, calculated as the total number of department and section managers.
United States: Based on Equal Employment Opportunity Commission statistics for 2003
Europe: HR Index Benchmarks 2006, European Human Capital Effectiveness Report, Saratoga/PricewaterhouseCoopers

Employing People of Diverse Nationalities

Europe is home to many countries, languages and cultures, and thus a failure to understand differences would impede business success. Sony Europe places a high value on employee diversity, believing that the employment of people of various backgrounds from both inside and outside Europe helps further understanding of and respect for diverse cultures that are essential to doing business in the region. As of January 31, 2006, Sony Europe employed people from 79 countries.

In Japan, Sony Corporation has traditionally had an open-door policy and hired non-Japanese employees. In 2001, the company began to actively recruit newly graduated engineers, mainly from neighboring East Asian countries, so that they may pursue active careers at Sony.

In the Pan-Asia region, Sony Electronics (Singapore) Pte. Ltd. and Sony Electronics Asia Pacific Pte. Ltd., which oversees Sony's Pan-Asian electronics business, are actively promoting employee diversity. As of February 28, 2006, the 2 companies employed people from 13 countries.

Composition of Sony Corporation's Directors and Corporate Executive Officers

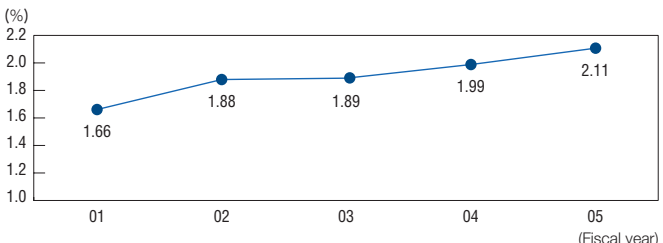
As of June 22, 2006, of Sony Corporation's 14 Board members, 1 is female and 4 are non-Japanese nationals; of the 7 Corporate Executive Officers, 1 is female and 2 are non-Japanese nationals.

Employing Individuals with Disabilities

Japanese law requires that individuals with disabilities constitute at least 1.8% of the workforce of companies of a certain size. Consistent with this law, the Sony Group in Japan strives to provide individuals with disabilities opportunities to play a more active role in society.

In fiscal 2005, individuals with disabilities accounted for 2.11% of Sony Corporation's workforce. Several Sony subsidiaries are recognized as companies providing special employment opportunities for individuals with disabilities: Sony Taiyo Corporation, established in 1987; Sony Hikari Corporation, established in 2002; and Sony Kibo Corporation, established in 2003. To promote the employment of individuals with disabilities throughout the Sony Group in Japan, the Office for Employment of the Disabled at Sony Corporation takes the initiative to encourage hiring in Group companies.

Sony Corporation Disabled Employees Ratio*1



*1 Average of month-end ratios for each fiscal year

Sony Taiyo's integrated operations encompass all stages of manufacturing, from device production to after-sales service. The company operates on the basis of custom cells, an approach which makes it possible for individuals to manufacture entire products. The manufacturing methods for models are adapted to the individual, thereby minimizing fatigue and accommodating individual disabilities.

A custom cell at Sony Taiyo

Sony Music Manufacturing Inc. conducts surveys regarding job openings suitable for individuals with disabilities at its various workplaces, and also conducts sign language classes at workplaces prior to the hiring of hearing-impaired employees. The company has also upgraded its facilities to accommodate employees with disabilities. As a result of such initiatives, Sony Music Manufacturing's disabled employees ratio was 3.65% as of March 31, 2006.

Employing Senior Citizens

In accordance with the revised Law Concerning Stabilization of Employment of Older Persons, the Sony Group in Japan is updating its reemployment system, which enables employees to continue working after mandatory retirement age. For example, Sony Corporation is revising certain aspects of its reemployment system, which has been in place since 2001, expanding the applicability of the system to include management-level employees as well as non-managerial employees and increasing the number of times annual reemployment contracts can be renewed. In addition to full-time work, various part-time options as well as positions at other Sony Group companies in Japan will be made available.

For Employees: Human Resources System and Personnel Development

Sony aims to build an appealing workplace that inspires the fulfillment of the creative and innovative potential of all Sony employees. Sony also strives to provide employees with sufficient opportunities, education and training.

Personnel Development

Sony endeavors to create a work environment that motivates employees to pursue new challenges and grow into independent professionals. In addition to learning on the job, employees have access to a variety of programs tailored to different regional needs, including the education of next-generation business leaders, management skill improvement training, and training aimed at enhancing the abilities and skills of individual employees. As indicated by its internal open recruitment system, introduced by Sony Corporation in 1966, Sony also respects the desire of employees to pursue new careers, enabling it to place the right people in the right jobs.

Employee Opinion Surveys

Sony surveys its employees in each region and uses the results to create better workplaces. Since fiscal 2004, Sony Corporation in Japan has surveyed all its employees with the aim of evaluating workplace culture, individual awareness and management conditions, soliciting employee opinions and requests, and in addition, holding interviews for individuals if employees request it. Based on survey results, related departments organize discussions and workshops, thereby promoting communication across technological and professional lines, and assist with efforts to revitalize the organization. Since fiscal 2005, Sony Corporation has provided feedback to individual managers and used the results to enhance management capabilities.

Sales companies in Latin America have conducted regular opinion surveys of their employees since 2002. Based on survey results, they continue to offer training aimed at raising management and leadership skills.

Evaluation and Compensation Systems

To ensure all its employees are able to realize their full potential, Sony has consistently initiated new evaluation and compensation systems with a perspective toward the future. In 1992, Sony Corporation in Japan introduced a self-assessment system that involves setting personal objectives and conducting reviews, and more recently changed its traditional grading system into a compensation structure that emphasizes the policy of "contribution = compensation (pay for performance)." As an independent professional, each employee can enhance his/her capabilities and expertise under this new system and is awarded compensation according to his/her contribution level.

Work-Life Balance

Sony seeks to offer versatile working styles that cater to different lifestyles and enable employees to fully express their abilities. In Japan, Sony Corporation offers the "Flex-time System" and "Expert System" (a discretionary work system) and supports the efforts of employees, both male and female, who are struggling to balance the demands of work and caring for children or ill family members through a system that includes leaves of absence and other forms of assistance in addition to those mandated by law. Sony Corporation also offers the "Child Care Flexible Work" program, which enables employees to work at home during child care leave. In recognition of these efforts, Sony Corporation was named the top company in the Family-Friendly Company Awards, awarded by Japan's Ministry of Health, Labour and Welfare, in 2005.

Number of Employees Taking Leave-of-Absence for Child Care at Sony Corporation (Japan) (Fiscal 2005)

Leave of absence for child care	356 (incl. 5 males)
Percentage of eligible employees	95%*1

*1 Calculated based on the number of employees who gave birth during fiscal 2005

Interview: My Experience with Child Care Leave

Hidenori Ishikawa
Semiconductor Group,
Sony Corporation

When my daughter was 9 months old, I took a 3-month leave of absence for child care. Children grow so much and so quickly at that age and I wanted to be around, to play a part in my daughter's life at this important time. The other reason was that my wife was hoping to return to work sooner than planned after her child care leave. At that time, I was working on the development of a new display device and was extremely busy, so I became a pilot participant in the Child Care Flexible Work program. This enabled me to work 20% of the normal workload and to base myself at home.

While on leave, it was all I could do to take care of my daughter and keep up with the housework. I was that busy every day—the only time I could work was when she was asleep. But it turned out to be a valuable experience not only because I was able to spend precious, quality time with my daughter but also because I learned to work more efficiently, which is important when one has only a limited amount of time to achieve results. This was something that I was able to apply back in the workplace. My wife and I are both back at work now, so we share the child-rearing duties each day.

Awards for Employees Contributing to the Creation of Sony Value

Sony introduced the Sony MVP award in fiscal 2003. Honoring employees around the globe, particularly those who have applied specialized technology and knowledge to create enhanced value for Sony, this award is designed to motivate employees to pursue greater challenges and achievements. In fiscal 2005, a total of 37 employees from Group companies were certified as MVPs.

Developing Future Business Leaders

Sony established Sony University in 2000 to help develop future leaders of the Sony Group. In fiscal 2005, approximately 200 Sony employees from various countries, regions and businesses participated in the university's 5 original programs. Through direct dialogue with top executives, offered by each of these programs, the engaged participants proposed management-related themes based on discussions with experts from within and outside the company and exchanged frank opinions with top executives. For their part, top executives spoke with attendees to gain a better understanding of the circumstances in different workplaces and convey management-related messages directly. As part of the Sony University Program, there is also training to develop the future leaders at global manufacturing sites.

Fostering Local Leaders

Sony operates worldwide according to a basic philosophy of "global localization," which aims to promote harmony with the countries in which it operates. This philosophy also applies to human resources, including a commitment to seeking the best people wherever we do business.

Sony (China) Limited introduced the Management Associate Program in fiscal 2005 with the aim of identifying and fostering the development of promising new recruits. The program comprises 1 year of on-the-job training and study followed by 2 years of on-the-job training overseas, and is designed to cultivate Sony (China)'s next generation of leaders.

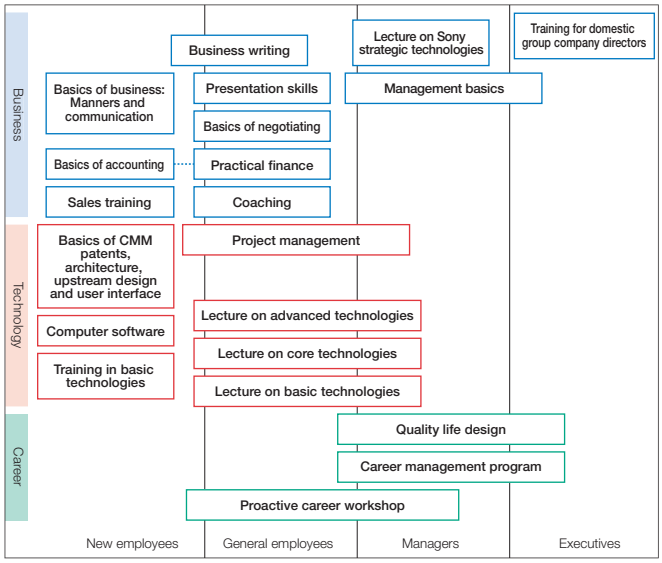
Sony (China) continues to implement the Sony CEIBS Management Development Program, an MBA-based course that was started in 2000 in cooperation with the China Europe International Business School (CEIBS) to promote local management. This program contributes to the creation of a foundation for inter-departmental communication and an environment conducive to the development of top-notch local personnel.

Sony also offers an executive management training program in Pan-Asia. The success of this program has inspired companies in the region to establish their own personnel development programs. For example, in fiscal 2005, Sony India Pvt. Ltd., introduced a new program for mid-level managers aimed at recruiting and nurturing leaders capable of supporting the company's business growth today and in the future. Going forward, this program will contribute to efforts to localize key leadership positions.

Employee Training Designed to Satisfy a Variety of Needs

Sony organizes various training programs for employees of all levels, from new graduates to senior executives suitable to each region and business.

Employee Training Programs in Japan



In Japan, the Sony Group is reinforcing its technological training to share information on core technologies and nurture advances in cutting-edge technologies. Approximately 200 Sony employees with frontline technological expertise serve as instructors.

In fiscal 2005, technological training focused on a Project Leadership course to improve the quality of software. A new addition was the Productivity-Enhancement Technology course, which focuses on Sony's tradition of craftsmanship and aims to strengthen the capabilities of employees in the workplace. A total of 7,800 employees participated in technological training during the period.

Since fiscal 2003, the Sony Group in Japan has also offered Management Basics, a training program to reinforce the ability of managers to develop the skills of their subordinates. The program consists of a 2-day group training session and 40 hours of e-learning and focuses on coaching, leadership-building and methods for evaluating employee achievements that help foster personnel development. In fiscal 2005, approximately 1,000 employees took part in this program, bringing the cumulative total to date to more than 3,600.

For Employees: Work Environment and Occupational Health & Safety

Sony strives to adopt sound labor and employment practices and to maintain a healthy, safe and productive work environment.

Basic Policy and Management System

In 1998, Sony enacted a Global Policy on Occupational Health and Safety (OH&S), which serves as a Group standard and reflects Sony's commitment to the health and safety of employees. The policy not only stipulates compliance with countries' and regions' laws concerning occupational health and safety, but also sets out additional activities to be undertaken through its health and safety management structure.

To further supplement the policy, Sony is continuously improving the OH&S management system at each site. Each site has set its own goals, in line with Sony's OH&S policy, and is implementing ongoing initiatives. Under this system, sites are also promoting a comprehensive approach to OH&S, including protection measures in the event of fires and earthquakes, as well as anti-terrorist and other security measures, in light of the potential threat of such occurrences to safety and health.

Risk Assessment

Sony conducts risk assessments to ascertain the types and degrees of risk to its employees and property and implements appropriate measures to prevent and manage risks. Sony uses risk identification check sheets to identify potential risks and, in accordance with the risk management system, individual sites take steps to reduce and manage risks related to occupational accidents, fires, earthquakes, severe weather and site security.

Gas safety check in the clean room of Sony Semiconductor Kyushu Corporation Kagoshima Technology Center

Efforts to Protect Employee Safety

Through Sony's global OH&S management system and/or related programs, Sony companies around the world strive to protect the health and safety of employees through a variety of initiatives.

The health and safety initiatives of the Ayuthaya Technology Center of Sony Technology (Thailand) Co., Ltd., were recognized with a safety award from Thailand's Ministry of Labour. Achievements that were cited include the complete automation of television lifting, a task that was previously performed manually.

Fully automated television lifting at the Ayuthaya Technology Center of Sony Technology (Thailand)

Sony Group companies in Europe are managing health and safety improvement programs based on a Plan-Do-Check-Act (PDCA) cycle*1. Since fiscal 2004, these companies have conducted employee training using a comprehensive e-learning program that covers Sony's Global Policy on OH&S and OH&S management system, as well as health and safety initiatives related to dangerous and hazardous work procedures. As of the end of fiscal 2005, a cumulative total of more than 350 middle management employees had participated in this program. In 2006, Sony Group companies in Europe established the Occupational Health and Safety Best Practices Award to recognize companies with outstanding internal practices. The awards are also presented to serve as examples to other Sony sites.

*1 Repeating the cycle of making policies and plans (Plan), executing the plans (Do), assessment (Check) and review by management (Act)

The Barcelona Distribution Center of Sony España, S.A., won the 2006 OHS Best Practice Award for developing this box-pulling tool, which prevents back strain in warehouse operations.

Global Workplace Injury Statistics

Since fiscal 2001, Sony has built and employed a data collection system to gather annual injury workplace data in the countries and regions in which it has operations. Sony analyzes these statistics to gain an understanding of circumstances and analyze trends in terms of country/region, injury, accident and illness, and the related practices of Sony companies. Corporate audits are also conducted regularly with the aim of improving the health and safety performance of all Sony sites.

In fiscal 2005, improvements were seen in workplace injury statistics in all regions. The main causes of workplace injury were slipping, tripping and falling as well as work posture issues related to assembly and the handling of tools.

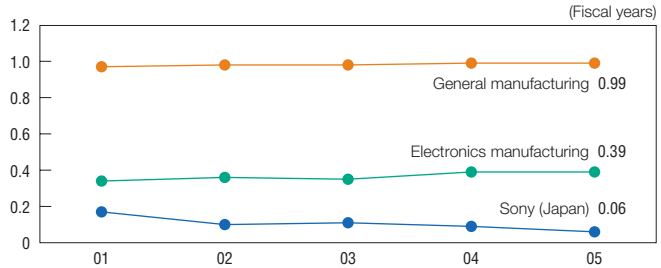
In Japan, the frequency of workplace injuries resulting in lost days in fiscal 2005 declined from the previous period. This was attributable to a renewed effort to identify risks in production facilities and of chemical substances and limit or eliminate them prior to use and to ongoing measures implemented in line with the OH&S management system to reduce and manage procedure-related risk.

Overall safety performance improved in the Americas as a result of better workstation designs, more frequent safety inspections and frequent safety awareness promotion and training.

In Pan-Asia and East Asia, various efforts contributed to an improved safety performance and better awareness of workplace safety. These efforts included the improvement of ergonomics to reduce musculoskeletal disorders, thorough safety risk assessment reviews and the ongoing commitment of top management.

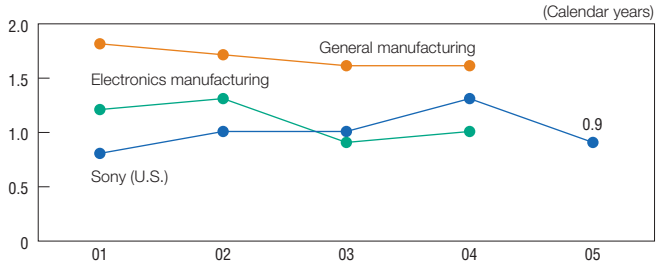
In Europe, the implementation of a joint regional safety program using Sony Six Sigma customized methodologies has improved safety performance.

Workplace Injury Statistics for Japan*1



*1 Frequency rate = Number of injuries resulting in more than 1 lost day ÷ Total working hours x 1,000,000

Workplace Injury Statistics for the United States*2



Workplace Injury Statistics for Brazil, Canada and Mexico*2

(Calendar years)

Country	2001	2002	2003	2004	2005
Brazil	N/A	N/A	1.7	1.6	0.6
Canada	N/A	N/A	N/A	N/A	4.1
Mexico	N/A	2.4	3.5	2.0	1.4

*2 Rate of incidence = Number of cases of injuries requiring any days of missed work ÷ Actual number of hours worked × 200,000
Incidence rates for electronic device manufacturers are based on NAICS Code 3343, Household Audio and Video Equipment. Included in the above Sony statistics are incidence rates for its CRT manufacturers, which had a BLS rate in 2003 of 1.4, and its glass manufacturing, with a BLS rate of 1.8. Brazil does not include all manufacturing sites. The scope of Canada has been changed from year 2005.

Workplace Injury Statistics for Pan-Asia and East Asia*3

(Fiscal years)

Country/Region	2001	2002	2003	2004	2005
Malaysia	N/A	2.2	1.2	2.9	1.5
Singapore	N/A	1.6	1.4	0.7	1.3
Thailand	N/A	0.1	0.2	0.5	0.1
Mainland China	0.5	0.4	0.3	0.3	0.2
South Korea	N/A	1.7	1.1	1.9	1.7

*3 Frequency rate = Number of injuries resulting in more than 1 lost day ÷ Total working hours × 1,000,000. Rates include all Sony employees and Sony temporary employees in manufacturing companies.

Workplace Injury Statistics for Europe*4

(Calendar years)

Country	Sony vs. National Industry	2001	2002	2003	2004	2005
Austria	Sony	13.5	13.3	12.5	13.5	17.7
	National industry	38.0	37.0	39.0	39.0	38.5
France	Sony	34.7	28.5	26.8	25.4	16.7
	National industry	42.8	43.0	40.9	N/A	N/A
Hungary	Sony	26.5	13.2	35.6	26.9	18.2
	National industry	N/A	N/A	N/A	N/A	N/A
Slovakia	Sony	9.4	13.7	15.6	9.4	7.7
	National industry	15.4	14.6	13.0	10.5	N/A
Spain	Sony	105.3	142.9	116.6	120.6	123.0
	National industry	110.4	105.2	99.6	102.4	N/A
UK	Sony	23.7	25.2	30.5	18.6	7.7
	National industry	11.3	11.6	10.8	10.2	N/A

*4 Units used: Number of injuries per thousand employees
The definition of workplace injury statistics varies from country to country. Statistics for Spain include both occupational and non-occupational illnesses as required by legislation. As such, the definition is different and direct comparison cannot be made with other European countries.

Asbestos-related Issues in Japan

Since the latter half of the 1970s, Sony has taken steps to protect the health of employees of Sony Group companies in Japan in buildings where sprayed asbestos has been used as insulation and fire retardant by removing asbestos or preventing asbestos dust emissions. However, in light of the increasing awareness in Japan of the dangers of asbestos, in October 2005 Sony undertook a survey of all its sites in Japan to determine the extent of asbestos use. As a result, the presence of certain building materials containing asbestos or sprayed asbestos was confirmed at a number of sites. In all cases, however, effective controls were in place, precluding any danger of asbestos dust emissions. In cases where asbestos is exposed, either effective controls are in place or employees periodically measure asbestos concentrations in the air to confirm they are within the limits specified under Japanese law.

Sony also investigated the use of asbestos in manufacturing processes. As a result, Sony discovered that asbestos had been used in Japan in the 1980s in adhesive substrates and the cushion materials of conveyor belts used in the production of cathode ray tubes. Although adequate steps were taken at the time to protect employees from inhaling asbestos dust, in December 2005 Sony organized health checkups for all potentially affected individuals.

Based on the results of its investigations, in December 2005 Sony established asbestos management guidelines. Going forward, Sony will periodically survey sites where asbestos is present, replacing asbestos with alternative materials and taking adequate steps to prevent health risks arising when structures containing asbestos are demolished.

In 2005, asbestos was removed from the Nakada Factory of Sony Miyagi Corporation in accordance with relevant laws and regulations. As part of a project conducted by the Ministry of the Environment, the factory was monitored during asbestos removal to ascertain that concentrations inside the boundaries of the factory site remained below legislated limits.

Employee Health

Sony Corporation is committed to creating workplaces conducive to sound health. Related activities focus on monitoring the health of its employees through regular health checks, providing counseling and publishing information on the Internet to increase understanding of health-related issues.

Clinical studies in recent years have shown an increasing incidence of illnesses resulting from changes in eating habits, a lack of exercise and other lifestyle-related problems. Among the general working population such illnesses correlate closely with longer working hours, which often result in inadequate exercise and irregular, unhealthy eating habits. The increasing complexity of tasks, changes in the industrial structure and diversifying work styles are compelling society to search for solutions to health problems caused by long working hours and working practices that threaten mental health. To counter this trend, Sony Corporation provides access to industrial medicine practitioners and counseling if desired for employees with health problems related to, among others, long working hours. It also provides managers with special training so they can identify symptoms of disorders at early stages and prevent such disorders from developing into other serious illnesses. Sony Corporation has also established in-house and external counseling services to advise employees regarding mental and physical health issues and help them deal with a variety of work-related and other concerns.

Initiatives to Combat HIV/AIDS

Recognizing HIV/AIDS as an urgent issue for humankind, Sony is implementing various initiatives, focusing on areas having a high prevalence. For example, Sony Device Technology (Thailand) Co., Ltd., initiated HIV/AIDS awareness training for all employees in 1993 and developed a specific policy in 1998. The policy covers nondiscrimination in hiring, awareness training, the confidentiality of employee medical information and other matters. Sony Device Technology (Thailand) also recognizes drugs as a serious social problem in Thailand and has combined its HIV/AIDS policy with antidrug use policies to enhance effectiveness.

Sony South Africa Pty. Ltd. is also undertaking various initiatives to combat HIV/AIDS. In addition to prohibiting discrimination in hiring and in the workplace, Sony South Africa is implementing an ongoing HIV/AIDS awareness program, under which medical specialists give talks to employees on the causes and prevention of transmission of HIV/AIDS and other related topics. In 2005, the company launched the Community Upliftment Program, one theme of which is to provide food and medicine to school-age children infected with the virus and their families and to implement various HIV/AIDS-related public education programs. (For more information on Sony South Africa's Community Upliftment Program, please see page 35.)

For the Community: Social Contribution Activities

Sony undertakes a wide variety of social contribution activities in fields in which it is best able to do so, to help address the needs of communities in regions around the world where Sony conducts business.

Social Contribution Activities

In Sony's Founding Prospectus, Sony's co-founder, Masaru Ibuka, declared the enhancement of scientific literacy as one of the missions of the company. Thirteen years after Sony's establishment, he set up the Sony Fund for Education to support primary schools that pursue excellence in science education. Mr. Ibuka was convinced that promoting science and technology would be critical to the recovery of postwar Japan and that education for children was the key.

As Sony's business activities have expanded around the globe, Sony has extended its social contribution activities to different regions around the world. Sony's conviction that it must contribute according to current social need—especially in fields where Sony is best able to do so—has been inherited from the company's founders.

Structure

Sony's companies, offices and foundations around the world engage in social contribution activities. In fiscal 2005, Sony established the Social Contribution Committee to help review the Sony Group's social contribution policies and share information.

The Sony Group's Social Contribution Organization

Social Contribution Policy
Undertake activities in fields where Sony is best able to do so, to help address the needs of communities

Activities of Sony Group Companies

Principal Programs

Employee Volunteer Initiatives
- Someone Needs You
- Sony Matching Gift Program

Museum Operation

Foundation Activities

Sony Foundation for Education

Sony Music Foundation

Sony USA Foundation Inc.

Sony Foundation Australia Trustee Limited

Sony of Canada Science Scholarship Foundation Inc.

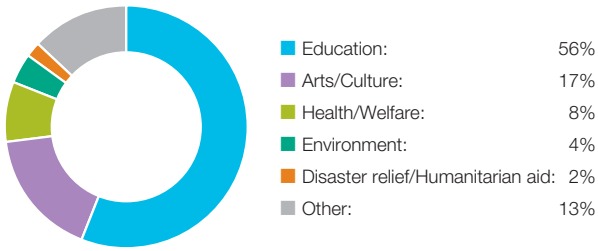
Sony Europe Foundation

Activities during the Fiscal Year

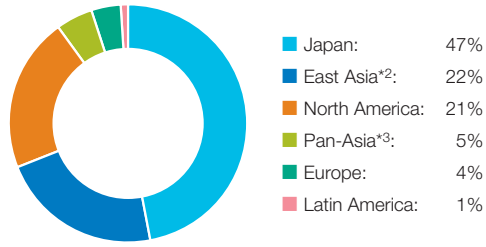
In accordance with Sony's social contribution policies, Sony's activities—conducted in areas where Sony has operations—focused on education, particularly science education, as well as the arts, music and culture. This was accomplished by making good use of Sony's resources, such as technology and products. During fiscal 2005, the Sony Group spent approximately ¥4.2 billion on social contribution activities*1.

*1 Expenditures for social contribution activities include: (a) donations in cash; (b) sponsorships; (c) program expenses; (d) market values of contributed products; (e) employee support, calculated based on the number of hours devoted to social contribution activities during working hours; and (f) renting of facilities, calculating the value of opening facilities for regional activity use based on facility rental fees.

Social Contribution Expenditures by Field



Social Contribution Expenditures by Region



*2 Mainland China, Hong Kong, Taiwan and South Korea
*3 Southeast Asia, Middle East, Africa and Oceania

For the Community: Local Involvement

With the goal of fostering positive relationships with the communities in which they operate, Sony Group companies, offices and foundations engage in a variety of activities to address local needs and encourage employees to play an active role in their communities through an extensive employee volunteer activity support system.

Initiatives Tailored to Local Characteristics

Sony plays an active role in the various communities in which it operates. The needs of each region vary according to social, cultural and historical background. Sony respects diversity and tries to tailor its activities to reflect local characteristics and local customs.

Sony also provides employees with many opportunities to participate in volunteer activities in their communities, supporting their efforts with a variety of initiatives. We believe such activities not only benefit local communities but also enhance employees' perspectives and provide opportunities for greater social interaction. During fiscal 2005, nearly 30,000 Sony Group employees in 21 countries participated in volunteering activities.

Some of the programs organized by Sony Group companies are introduced below.

Support for Education Programs (United States)

Sony Pictures Entertainment Inc. continues to support the Sony Pictures Media Arts Program, a partnership with the California Institute of the Arts (CalArts) Community Arts Partnership and the Los Angeles Cultural Affairs Department. This program features workshops that cover drawing, painting, animation and media arts taught by CalArts faculty, alumni and students. The workshops operate at 5 different community centers throughout Los Angeles and are held twice weekly after school for students aged 10–14. In 2005, Sony Pictures Entertainment donated new equipment and materials, including personal computers and digital camcorders, for use by this program.

Sony Corporation of America regularly supports organizations like the Inner-City Scholarship Fund, New Visions for Public Schools and Teach For America to improve schools in some of the poorest neighborhoods in New York City and around the country.

Participants learning how to use video equipment in Sony Pictures Media Arts Program

Community Upliftment Program (South Africa)

Sony South Africa Pty. Ltd. has started a Community Upliftment Program (CUP) as part of its CSR initiatives. By adopting 2 schools based in Alexandra, a community with a high unemployment rate, the program aims to improve the learning environment for children. Each month CUP selects and sponsors 1 project related to arts and culture, science and technology, sports, health, education or the environment. This program has also taken up HIV/AIDS as an important theme, as South Africa has a high prevalence of HIV/AIDS—a situation that has left many children orphans, many of whom are also infected with the virus. The CUP also works with the school governing bodies to provide food parcels and medicine to patients and their families each month, as well as to implement education programs.

HIV/AIDS education program

Sony Nature Photography Project (Malaysia)

In 2005, Sony (Malaysia) Sdn. Bhd. held its inaugural "Sony Nature Photography Project" on the theme of "Living with Nature." This project seeks to promote public awareness of the environment through photography and includes nature photography talks by prominent professional photographers, a nature camp for 100 secondary school students and teachers, and a nature photography contest and exhibition. The nature photography contest was open to amateur and student photographers and attracted more than 2,000 entries, with Sony products and cash prizes awarded to 16 talented winners.

Nature camp

Sony Volunteer Program

Someone Needs You

Someone Needs You is a global, in-house volunteer program designed to enhance community relationships. Under the program, Sony Group companies formulate volunteer programs tailored to local needs and encourage employee participation. Several volunteer programs in fiscal 2005 are introduced below.

Report from Russia

Park Restoration

ZAO Sony CIS held a cleanup event at a national park in Moscow in which 22 employees participated. The park is popular among Moscow residents, but park authorities are unable to conduct proper maintenance due to a lack of funding, so the support of volunteers is essential. One of the more useful projects involved cleaning the area near the park's central entrance, which is one of the most popular areas but also one that was in need of the most maintenance. It was a rather hot day, so cleaning everything well and within the time allotted was quite an undertaking.

The park authorities were very grateful for the assistance. The reaction to the event from the ZAO Sony CIS employees was also very positive.

Ivan Kumarin, ZAO Sony CIS

Report from South Korea

Happy Melody Day

Approximately 80 employees of the Sony Group in South Korea visited the Seoul National University Hospital for Happy Melody Day, an event aimed at providing encouragement to children suffering from cancer and other serious illnesses. The event included a performance by a band made up of employees and a concert by a Sony BMG Music Entertainment singing group, after which an employee dressed up as a game character toured the wards and handed out gifts.

For the past 6 years, Sony Korea Corporation has been encouraging employee participation in volunteer activities related to underprivileged children and the environment. As an employee, I am proud of our company's efforts to contribute to society. Efforts to promote participation in such events have made employees more aware of the importance of relations with our local community. Sony Korea Corporation and its employees will continue to undertake a variety of volunteer activities.

HaeNa Woo, Sony Korea Corporation

Report from Singapore

Environmental Event

Approximately 400 Sony Group employees in Singapore and children from underprivileged homes spent a day touring the NEWater water recycling plant to learn about resource reuse, greening and environmental problems through various interactive games and activities, including an exhibit in the plant on environmental protection efforts. This activity was part of an annual community/environment program, this year titled "Our Home to Care," which aims to remind us of the importance of doing our part in caring for the community and the environment. This program, which began in July 1999 and is now in its seventh year, is organized jointly by Sony companies in Singapore and various government agencies.

I am very honored to have led the organizing committee for this year's event. Our staff served as mentors for the invited children for the first time this year, and it was such a joy to hear the children exclaim how much they were learning about environmental conservation. I am glad that through this event, Sony was able to contribute positively to the local society and at the same time help to promote environmental awareness.

Mustafa Ibrahim, Sony Electronics Asia Pacific Pte. Ltd.

Report from Japan

Environmental Beautification

A total of 485 employees of the Sony Group in Sendai, their families and local residents took part in a project to clean up a municipal road and replant flowers in flowerbeds in the city of Tagajo. This biannual activity was launched in 2000 and has continued, thanks to a group of regular volunteers composed of both employees and residents. In addition to contributing to local beautification, the activity is an opportunity for children to learn about the environment. For this reason, we were really pleased to see the children show initiative in helping with the flower planting effort and playing with a handmade *taketombo*, a traditional helicopter-like bamboo toy, in our workshop. I look forward to participating in this activity again.

Shinji Honda, Sony Corporation

Report from the United States

Support for Education

Employees of Sony Electronics Inc. in San Diego worked with Junior Achievement and Rolling Readers, 2 nonprofit organizations that support education for children. With Junior Achievement, employees visit first- through fifth-grade classrooms weekly for a period of 6 weeks to teach students the basic concepts of business and economics and show them how education is relevant to the workplace. With Rolling Readers, employees visit kindergarten through third-grade classrooms once weekly during the school year to read to the children. In addition, Sony Electronics Inc. donated books to the participating schools.

There are many positive aspects of Junior Achievement and Rolling Readers, both of which allow us to interact directly with children. I really enjoy coordinating these programs because it's so rewarding for our employee volunteers and because they understand the value of working with children in these areas.

Rosanne Brown, Sony Electronics Inc.

Emergency Humanitarian Assistance

Sony aims to take immediate action to provide emergency humanitarian assistance to the victims of large-scale natural disasters and regional conflicts.

Hurricane Relief (United States)

In an effort spearheaded by Sony Corporation of America, the Sony Group supported relief efforts for victims of several massive hurricanes that caused catastrophic flooding and related damage in parts of the southern United States in 2005. Contributions made by Sony employees were matched by Sony Group companies in North America and Japan, resulting in a significant cash contribution to hurricane relief. Sony Group companies contributed in numerous other ways as well, donating radios to disaster-stricken areas and providing free studio space for televised benefit concerts.

Disaster Relief (Pakistan Earthquake)

The Sony Group made contributions to disaster relief for the victims of the devastating earthquake that struck Pakistan, India and Afghanistan.

Funds collected from Sony Group employees in Japan were matched by Sony Corporation and were donated to Japan Platform, an organization dedicated to providing international humanitarian assistance. Three months after the earthquake, Japan Platform gave a presentation on its relief efforts to Sony Group employees in Japan.

The Sony Building, in Tokyo's Ginza district, also participated in this effort, collecting donations for earthquake victims and staging a presentation to report the extent of damage and the activities of nongovernmental organizations (NGOs) in the stricken area.

Japan Platform's presentation held at Sony Corporation headquarters in Tokyo

For the Community

For the Next Generation

Sony strives to enhance the creativity of children through a variety of programs that offer memorable experiences.

Poster for Opera for Kids—*Don Giovanni*

The children presented a short performance of *Don Giovanni* before a large audience.

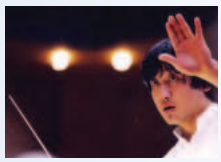
Opera for Kids—*Don Giovanni*

Sony Music Foundation

The Sony Music Foundation's Special Concert Series offers children the opportunity to enjoy performances by world-class musicians. In fiscal 2005, the Foundation sponsored a special performance of Mozart's opera *Don Giovanni* for children in cooperation with the Royal Opera House of Belgium (La Monnaie), which made its first tour of Japan. The performance featured highlights of *Don Giovanni* with the opera house's music director and conductor, Kazushi Ono, providing commentary to help the children follow what was happening.

The Royal Opera House of Belgium is active in the area of musical education and frequently holds workshops and stages special performances for children. In addition to the special performance, the opera house held a workshop on *Don Giovanni* for students at Gunma Kokusai Academy. The children not only learned about the opera's music but also studied how characters in an opera convey emotions and examined Mozart and his life. The children presented their accomplishments from the workshop in a short performance before a large audience.

Message from Kazushi Ono, Music Director, Royal Opera House of Belgium



Kazushi Ono
Music Director
Royal Opera House of Belgium

Some people were doubtful about the whole idea, saying that opera—and particularly a work like *Don Giovanni*—would be beyond the grasp of most children. But we were confident it would be a success. Opera is really ideal in many ways because it embraces so many things that are difficult to teach children about in everyday life—love, hate, jealousy, despair, war, different countries and people. It was such an emotionally powerful experience for me to see these children experience intuitively, through the magic of Mozart's music, an event that will surely have an impact on their character and their future. My greatest hope is that this experience will help them to grow into perceptive people who can communicate well and easily. I thank everyone at the Sony Music Foundation for giving me this opportunity and wish them success with this program in the future.

URL Sony Music Foundation (Japan): http://www.smf.or.jp/company_info_e/index.html

Sony Movie Works

Sony Corporation

Sony Corporation offers the Sony Movie Works program, which seeks to enhance creativity among youth through the medium of film production. In 2005, the theme chosen for the program was “Dreams.” High school and junior high school students who were selected for the program participated in workshops on film planning, shooting, editing and sound effects before embarking on the challenge of making an actual film. Sony Group employees volunteering for the program served as tutors and provided advice to film production teams throughout the process. The Sony Group also assisted by providing video cameras and personal computers for post-production editing.

The completed works on the theme of “Dreams,” which displayed the unique sensibilities and individuality of the students, were shown at a special presentation. Judges at the presentation critiqued each of the films and awarded prizes to those that they considered the best.

Sony Foundation for Education

Wellspring of Science Inspiration—Children’s Schoolhouse of Dreams

Sony Foundation for Education

The Foundation strives to foster children’s curiosity and creativity through science. The Foundation does this with the aim of helping children grow up into individuals who are always open to new challenges.

In 2005, the Foundation sponsored the first “Wellspring of Science Inspiration—Children’s Schoolhouse of Dreams” program. Led by Dr. Hideki Shirakawa, recipient of the Nobel Prize in Chemistry, the program is comprised of a variety of science-related activities aimed at helping children learn from nature and increase their understanding of humanity.

In his opening presentation on the first day of the program, Dr. Shirakawa shed light on the program’s central theme of “learning from nature.” The program began with the students dividing into several groups, each including children in different school years, and choosing topics to study over the remaining 5 days. Among the unique topics selected were: “Why are wall lizards able to climb straight-standing trees?” and “What sorts of insects do ants drag back to their nests?” After discussing their chosen topics, the groups set about to conduct research. On the final day, the groups presented their findings. The children had a great deal of fun during the 5-day program as they explored nature and attempted to discover answers to their questions.

URL Sony Foundation for Education (Japan): http://www.sony-ef.or.jp/english/index.html

Support-for-Schools Project

Sony (China) Limited

In classrooms in poor, rural areas of central China, there is a shortage of desks and chairs, and most of those in use are old and worn. In addition, reflections off antiquated blackboards have a detrimental effect on the health of children. In an effort to improve the environment in which these children study, Sony (China) Limited has donated desks, chairs and blackboards to approximately 60 schools in 16 provinces in the region since 2003. Sony employees visit these schools after donated items have been received, providing an opportunity for them to interact with local children.

For the past 10 years, Sony (China) Limited has also sponsored an electronic design contest in China with the cooperation of China’s Ministry of Education and Ministry of Information Industry. Sony Group employees in China also participate in tree-planting and cleanup projects and a host of other volunteer activities in their communities.

Employee Interview:
Organizing the Support-for-Schools Project

Cathy Lu
Sony (China) Limited

I have participated in a variety of volunteer activities as an employee of Sony (China) Limited, but the one that really sticks out in my mind is the Support-for-Schools Project. It was a very valuable experience for me to go to schools and speak directly to the students in rural areas. I’ll never forget the smiles and spark of hope in the eyes of the children as they sat at their bright, clean new desks—and I would like to go to rural schools to take part in such activities again. I hope we can expand this program to more schools in the future.

Sony and the Global Environment

History of Environmental Activities at Sony

2006
Completion of shift to the globally integrated environmental management system, based on ISO 14001

Establishment of Green Management 2010

2004
Acquisition of ISO 14001 for the headquarters functions of Sony Group environmental management

Commencement of a globally integrated environmental management system

2002
Introduction of the Green Partner Environmental Quality Approval Program

2001
Revision of the Sony Environmental Action Program and establishment of Green Management 2005

2000
Enactment of the Sony Environmental Vision (revised the Sony Group Environmental Vision in November 2003)

1999
Opening of the Sony Eco Plaza environmental exhibition room

1998
Worldwide integration of the Sony Environmental Action Program and enactment of Green Management 2002

1996
Revision of the Sony Environmental Action Program and enactment of Green Management 2000

1995
Acquisition of ISO 14001 for Sony Kohda Corporation (currently Sony EMCS Corporation Kohda TEC), an achievement subsequently repeated at other sites worldwide

1994
Enactment and introduction of the Sony Guideline for acquiring International Organization for Standardization (ISO) certification for its environmental management system

1993
Enactment of the Sony Environmental Policy and the Environmental Action Plan

1990
Publication of top management's policy for environmental conservation

Formation of the Sony Environmental Conservation Committee

Sony DADC Pitman Plant's Wildlife Sanctuary in New Jersey, United States (See page 71)

Sony Group Environmental Vision

The Sony Group Environmental Vision presents a vision and basic approaches for environmental management activities throughout the global Sony Group with the aim of creating a sustainable society. It utilizes eco-efficiency to manage progress toward the target.

Sony Group Environmental Vision (Excerpt)

Vision

Sony recognizes the importance of preserving the natural environment that sustains life on earth for future generations and helps humanity to attain the dream of a healthy and happy life. Sony is committed to achieving this goal by seeking to combine ongoing innovation in environmental technology with environmentally sound business practices.

Sony aims for greater eco-efficiency in its business activities through maximizing the efficiency of nonrenewable energy and resource use and providing products and services with greater added value. Efforts will focus on reducing harmful effects on the environment by ensuring compliance with all applicable environmental regulations and reducing the environmental impact of energy and resource use on a continuing basis. Steps will also be taken to find solutions to complex environmental issues through closer cooperation and enhanced information sharing with the broad spectrum of Sony stakeholders.

Approaches to Environmental Issues

Sony recognizes how closely linked its business activities are to environmental issues, on the global as well as regional levels and is committed to applying the following strategic approaches to the 4 key environmental issues outlined below.

Global Warming

Sony is committed to reducing energy consumption and emissions of greenhouse gases generated by business activities throughout the life cycle of Sony products and services.

Natural Resources

Sony will continue to improve resource productivity in its manufacturing processes. Efforts will include reducing the volume of materials and water consumed and recycling and reusing these and other resources wherever possible.

Management of Chemical Substances

Sony will maintain strict control over the chemical substances it uses, while taking steps wherever possible to reduce, substitute and eliminate the use of substances that are potentially hazardous to the environment.

Natural Environment

Sony recognizes the importance of maintaining the earth's biodiversity by protecting the ecosystems that make up the earth's forests and oceans and the wildlife they sustain, and will take constructive steps wherever possible to contribute to the preservation of the natural environment.

Approach to Business Activities

Sony is committed to a program of continuous improvement of global environmental management systems throughout the entire business cycle. The cycle begins with the initial planning for new business activities and continues through the product and service development, marketing, product use, after-sales services, disposal and recycling phases. The Sony Group Environmental Vision defines Sony's approach to the following 11 topics:

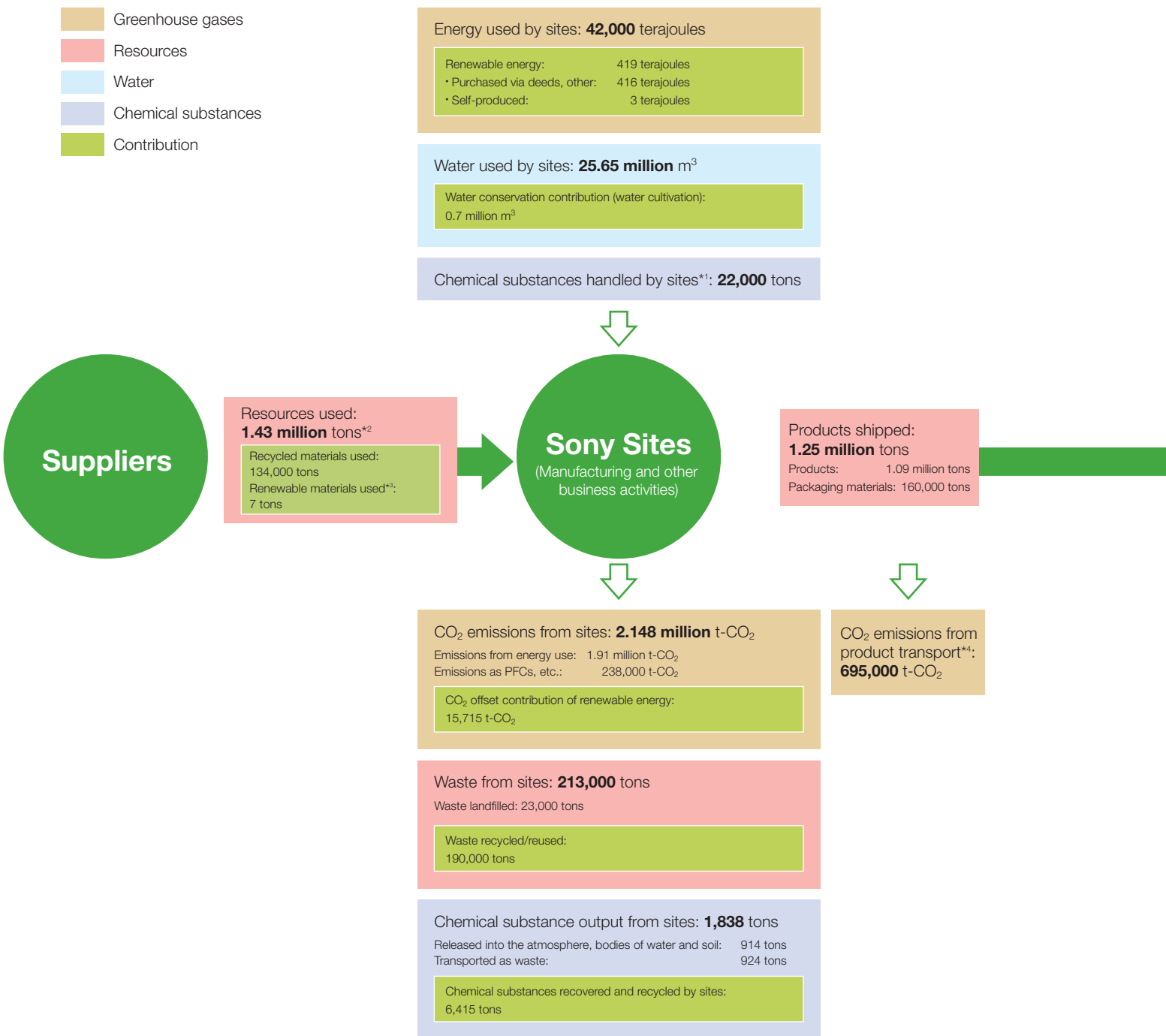
- **Compliance with regulations**
- **Corporate citizenship**
- **Disclosure of information and effective corporate communications**
- **Education**
- **Business planning**
- **Research and development**
- **Planning and design of products and services**
- **Parts and materials procurement**
- **Site management**
- **Distribution, sales, marketing and after-sales service**
- **Post-use resource management**

Sony complements the commitments expressed in the Sony Group Environmental Vision with a program of specific targets and objectives for achieving the various environmental goals.

URL Sony Group Environmental Vision: http://www.sony.net/csr/

Overview of Sony's Environmental Impact

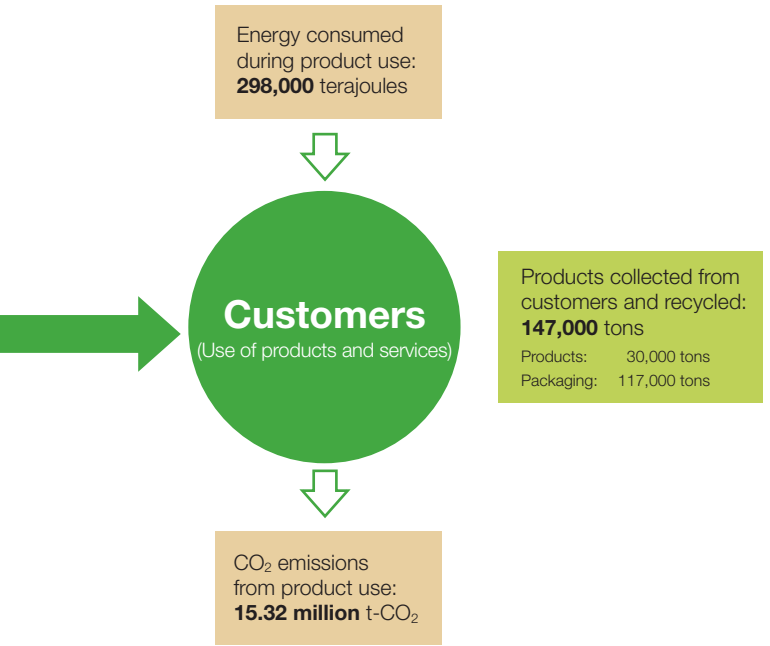
Sony's business activities may affect the environment in various ways. This overview looks at Sony's environmental footprint from the perspective of product life cycles. Sony is undertaking numerous activities to lower environmental impact to realize the Sony Group Environmental Vision.



*1 Total amount of Class 1 through Class 3 substances handled (see page 69)
*2 Total of products shipped and waste from sites
*3 Total amount of vegetable-based plastics used
*4 Calculated based on weight and distance transported

Understanding Environmental Impact from the Perspective of Product Life Cycles

The chart below shows Sony's impact on the environment throughout product life cycles, including energy and resources used during Sony's business activities, energy consumed by Sony products when used by their purchasers, and the recycling and disposal of products after use. The chart shows the principal environmental impact during fiscal 2005 for items that Sony can recognize and manage directly.



Five Environmental Indices

Based on careful consideration of the life cycles of its business activities, Sony has established its own unique set of environmental indices, which identify aspects of operations that Sony can audit and improve. These indices provide quantitative measurements of environmental impact, with lower numerical values signifying lower levels of impact. In addition to the goal of raising the eco-efficiency of greenhouse gases and resources, Sony's Green Management 2005 plan contained detailed targets related to each of these indices, which guided Sony's environmental initiatives. In Green Management 2010*1, which sets targets through fiscal 2010, Sony has revised its environmental indices and targets.

*1 For more information on Green Management 2010, see pages 46–47.

1 Greenhouse gas index

CO_2 emissions from sites + CO_2 emissions from product use − CO_2 offset contribution of renewable energy

2 Resource input index

Resource consumption − Recycled materials used, Renewable materials used

3 Resource output index

Waste landfilled from sites + Products shipped − Products collected from customers and recycled

4 Water index

Water used by sites − Water conservation contribution (water cultivation)

5 Chemical substances index

Chemical substance output from sites + Chemical substances in products shipped − Chemical substances in products collected from customers

* Business processes other than those shown in this chart, including the production of purchased materials and product recycling, also may have environmental impact.

Results of Green Management 2005

With the aim of realizing the Sony Group Environmental Vision, Sony strove to meet the mid-term targets stipulated in its Green Management 2005 group environmental action plan. Achievements under the plan, which concluded in fiscal 2005, are summarized below.

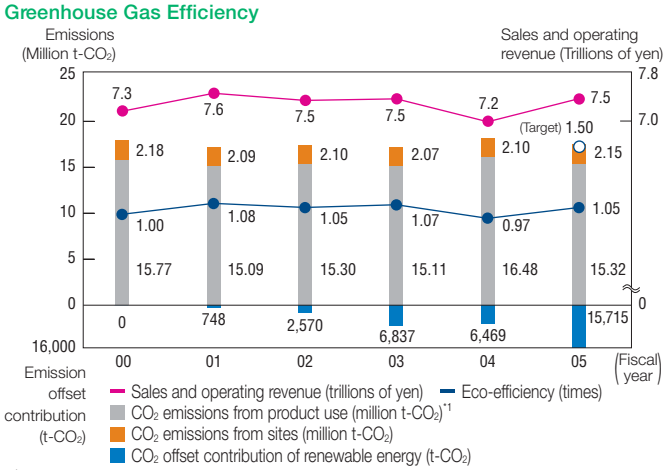
Eco-Efficiency

Eco-efficiency is a numerical indicator used to gauge a company's impact on the environment relative to the scale of its business activities. Sony has defined eco-efficiency using the equation indicated—measured in terms of greenhouse gas emissions, resource input and resource output—and under Green Management 2005 had set a goal of raising eco-efficiency to 1.5 times the level of fiscal 2000 by fiscal 2005.

Looking at eco-efficiency, both Sony Group's resource input and resource output for fiscal 2005 were 1.42 times the level of fiscal 2000—greatly improved from the previous year. A major factor behind these improvements was the shift from cathode ray tube (CRT) to flat panel televisions, which accelerated in fiscal 2005, resulting in a decline in the total weight of products. In contrast, the shift to flat panel televisions has also spurred an increase in television size, which has, in turn, boosted average per-unit power consumption. In addition, production at semiconductor/liquid crystal (LC) plants in Japan and manufacturing sites in China has increased. As a consequence, greenhouse gas efficiency was 1.05 times the level of fiscal 2000, not as large an improvement as in resource efficiency.

From fiscal 2000 to fiscal 2005, resource input efficiency and resource output efficiency showed an overall improvement, reflecting a shift toward smaller products and efforts to reduce resource consumption. In contrast, greenhouse gas efficiency remained essentially level, as the trend toward larger televisions and audio products with increasingly high-performance features offset the positive impact of reducing product operating power consumption.

Greenhouse Gas Efficiency

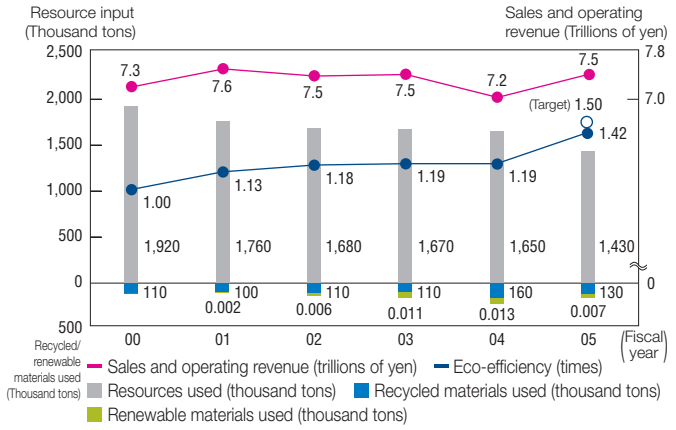


*1 Regarding the CO_2 emissions from product use, since fiscal 2004 the CO_2 conversion factor has been calculated using the CO_2 conversion factors for each country where the products are sold. Until fiscal 2003, however, representative figures for each country/region (Japan, North America, Europe and Others) were used.

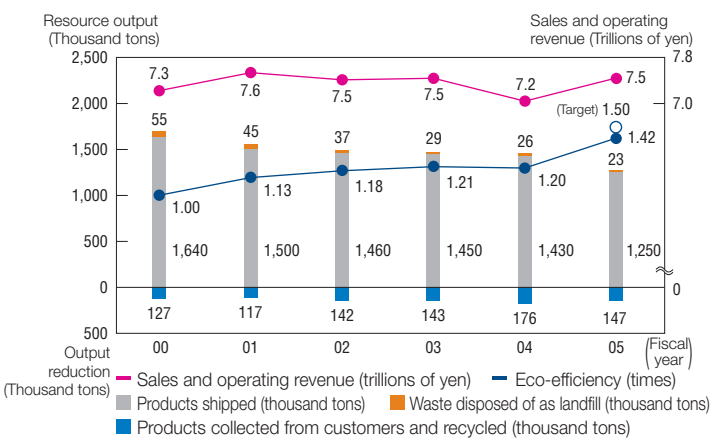
Eco-Efficiency Equation

$$\text{Eco-Efficiency} = \frac{\text{Sales}}{\text{Environmental impact (Environmental index)}}$$

Resource Input Efficiency



Resource Output Efficiency



Green Management 2005 Targets and Progress

In addition to eco-efficiency targets, Green Management 2005 set forth detailed targets related to products and sites, aimed at lowering the environmental impact of Sony's business activities. Although not all targets were met, they served as a guideline for Sony's business units and sites to implement a variety of measures to reduce environmental impact. Sony's achievements under Green Management 2005 also served as the basis for its next mid-term environmental targets, Green Management 2010, for fiscal 2006 through fiscal 2010.*1

*1 For more information, see page 46.

Greenhouse Gas Emissions

Target	Base Fiscal Year	Target Fiscal Year	Progress by Fiscal 2005	Page
Reduce product operating power consumption by 30%*2	2000	2005	Achieved for 70% of product categories	50
Reduce standby power consumption to 0.1W or less*2	—	2005	Achieved for 56% of product categories	
Reduce power consumption of AC adapters when unloaded	—	2005	Achieved for 95% of product categories	
Reduce energy use, calculated in terms of CO_2 emissions, from business sites by 15% per sales unit*3	2000	2005	Decrease of 1% from base fiscal year	65
Reduce emissions of greenhouse gases other than CO_2, calculated in terms of CO_2 emissions, from business sites by 30%	2000	2005	Decrease of 22% from base fiscal year	
Increase use of renewable energy to at least 5% of energy used at all sites	2000	2010	Increase to 1% of energy used at all business sites by Green Power Certification and internal power production	66
Reduce fuel consumption by business vehicles, calculated in terms of CO_2 emissions, by 15% per sales unit*4	2002	2005	Increase of 3% from fiscal 2002	55
Reduce CO_2 emissions derived from in-house and subcontracted logistics operations	—	—	Reduced emissions through modal shift and efforts to improve logistics efficiency	

Resource Conservation

Target	Base Fiscal Year	Target Fiscal Year	Progress by Fiscal 2005	Page
Reduce resource input by at least 20%*2	2000	2005	Achieved for 90% of product categories	50
Shift to environmentally conscious packaging materials*5	—	2005	96% of packaging materials used are environmentally conscious	
Reduce waste from sites by 30% per sales unit	2000	2005	Decrease of 26% from base fiscal year	67
Achieve waste reuse/recycle rate of 95% or higher	2000	2005	Waste reuse/recycle rate: 90% for global sites, 98% for sites in Japan	
Reduce volume of water purchased or drawn from groundwater by 20% per sales unit	2000	2005	Decrease of 12% from base fiscal year	68

Chemical Substance Management

Target	Base Fiscal Year	Target Fiscal Year	Progress by Fiscal 2005	Page
Prohibit, phase out or reduce use of controlled chemical substances in products	—	—	Specified chemical substances eliminated from nearly all Sony products shipped worldwide	52
Prohibit, phase out, reduce or control use of controlled chemical substances at sites Reduce, release and transfer of Class 3 substances by 50% per sales unit	2000	2005	Among substances to be prohibited or eliminated, mercury and lead solder continue to be used at Sony sites for exceptional applications. Amount of Class 3 substances released and transferred decreased 27%.	69

*2 In line with these targets, detailed targets were set for each product category based on its specific characteristics.
*3 Per sales unit: Amount of environmental impact generated divided by sales for the fiscal year
*4 Global data regarding fuel consumption by business vehicles has been collected since fiscal 2002, and therefore the base year is fiscal 2002.
*5 Environmentally conscious packaging refers to product packaging with such features as recycled materials, reduced weight or environmentally conscious inks, etc.

Green Management 2010

Sony has established Green Management 2010, new mid-term group environmental targets that will succeed Green Management 2005 and run through fiscal 2010. The targets will guide the Sony Group in its efforts to help prevent global warming, recycle resources, ensure appropriate management of chemical substances and address a broad range of other complex environmental issues.

Establishing Green Management 2010

Under Green Management 2005, which set targets to be achieved by fiscal 2005, Sony focused on a variety of activities, such as developing environmentally conscious products, reducing the environmental impact of its sites and promoting product recycling. Following Green Management 2005, Sony launched Green Management 2010, new mid-term targets outlining the challenges facing the Sony Group between now and fiscal 2010.

When setting targets for Green Management 2010, Sony gave full consideration to the conclusions drawn from its review of Green Management 2005, as well as to legislative trends that could affect the Sony Group in the medium to long term. Consideration was also given to the concerns of investors, environmental nongovernmental organizations (NGOs) and other stakeholders regarding Sony and the direction of its business over the next 5 years. As a part of these activities, Sony exchanged opinions with several environmental NGOs, according to specific themes such as prevention of global warming and natural environmental conservation.

Sony also had 3 basic goals in mind when setting the targets, which were to aim high as a cutting-edge, global corporation, set targets for reductions of absolute greenhouse gas emissions and other sources of environmental impact, and create global challenges for the entire Sony Group.

Establishing Green Management 2010

- **Conclusions of Sony's review of Green Management 2005**
- **Legal changes in the medium to long term**
- **Concerns of stakeholders**
- **Direction of Sony's business**

Targets of Green Management 2010

Green Management 2010 encompasses general indicators, as well as individual targets. The general indicators, comprised of greenhouse gas and resource indices, are set to determine the environmental impact of the total life cycle of the Sony Group's business activities, products and services, to the maximum possible extent. The indicators are also used to monitor Sony's performance of the individual targets set to reduce environmental impact throughout the business cycle. The various elements of each of these indices were chosen based on such criteria as seriousness of environmental impact and controllability. Sony will continue to monitor eco-efficiency*1 and evaluate the progress of environmental efforts and use the results to revise its various initiatives and targets.

Green Management 2010 General Indicators

Indicator	Calculation
Greenhouse gas index	Total greenhouse gas emissions from sites (calculated in terms of CO_2) + Total CO_2 emissions from product use + Total CO_2 emissions from logistics – Greenhouse gas emissions offset by greenhouse gas reduction activities
Resource index	Waste landfilled from sites + Product resource input*2 – Volume of reused/recycled materials – Volume of resource recovery from end-of-life products

*2 Defined as the volume of resources used in products, accessories, manuals and packaging, less the volume of waste resources from the Sony Group that are reused/recycled

*1 For more information, see page 44.

Green Management 2010's individual targets cover Sony's entire business cycle, from the procurement of parts to the manufacturing, use, disposal and recycling of products. For example, to contribute to the prevention of global warming, targets have been set for absolute reductions in greenhouse gas emissions at Sony Group sites throughout the world. At the same time, by including targets for controlling operating power consumption, as well as for ascertaining and reducing energy consumption during transport, Sony aims to gradually reduce the environmental impact of manufacturing, transporting and using Sony products. Green Management 2010 also outlines a broad range of other targets pertaining to, among others, communicating effectively with Sony's diverse stakeholders about environmental issues, promoting partnerships with other companies and encouraging education on the subject of conservation.

Individual Targets of Green Management 2010

Category		Targets for fiscal 2010
Site operations	Prevention of global warming	Achieve an absolute reduction in greenhouse gas emissions (calculated in terms of CO_2) of 7% or more from the fiscal 2000 level
	Resource conservation	Achieve an absolute reduction in waste from sites of 40% or more from the fiscal 2000 level
		Achieve a waste reuse/recycle ratio of 99% or more at manufacturing sites in Japan Achieve a waste reuse/recycle ratio of 95% or more at manufacturing sites overseas
		Achieve an absolute reduction in volume of water purchased or drawn from groundwater of 20% or more from the fiscal 2000 level
		Ensure using paper from appropriately managed forests and paper with a high recycling ratio
	Management of chemical substances	Prohibit, reduce or control use of controlled chemical substances*4
		Achieve an absolute reduction in released amounts of volatile organic compounds (VOCs) into the atmosphere of 40% or more from the fiscal 2000 level
		Reduce water pollutants: Voluntarily control biological oxygen demand (BOD) and chemical oxygen demand (COD)
		Reduce atmospheric pollutants: Reduce the amount of emissions of nitrogen oxides (NOx) and sulfur oxides (SOx)
		Develop and continue to implement measures to prevent environmental accidents
		Complete the appropriate disposal of all large equipment that includes polychlorinated biphenyls (PCBs)
	Green procurement	Promote green procurement of non-production materials
	Construction/ modifications to sites	Reduce the environmental impact of construction and modification of plants and other sites
Products/recycling	Prevention of global warming	Reduce annual energy consumption
		Ascertain and take measures to reduce CO_2 emissions during the transport of products and other materials
	Resource conservation	Increase reused/recycled materials utilization ratio of 12% or more*5
		Continuously increase resource recovery from end-of-life products and reusing/recycling ratio*6
	Management of chemical substances	Prohibit, reduce or control use of controlled chemical substances
		Reduce use of polyvinyl chlorides (PVCs) and brominated flame retardants*7
	Life cycle assessment (LCA)	Conduct life cycle assessments for all major products
Communication, cooperative efforts, education, etc.	Corporate citizenship	Conduct environmental conservation activities tailored to the needs of each area or support local environmental initiatives
	Suppliers/business partners	Request environmentally conscious parts, products and services and promote environmentally conscious operations
	Disclosure of information	Ensure regular disclosure of information and improve communication with stakeholders Provide environmental information about products
	R&D	Promote environmentally conscious research and development
	Education	Ensure that each employee achieves a level of competence to perform his or her assigned duties while taking the environment into consideration

*4 See page 73 for a list of relevant chemical substances.
*5 The ratio of reused/recycled materials to product resource input
*6 The ratio of resource recovery from end-of-life products to total weight of products, accessories, instruction manuals and packaging materials
*7 See pages 52–54 for a detailed explanation.

Environmental Management Structure

Sony is implementing and continuously improving its globally integrated environmental management system with the aim of realizing the Sony Group Environmental Vision, achieving Green Management 2010 mid-term environmental targets and complying fully with internal policies established for the Group.

Global Environmental Management System

Since the early 1990s, Sony sites throughout the world have sought certification under ISO 14001, an environmental management system based on the rationale of the Plan-Do-Check-Act[*1] (PDCA) cycle. This was achieved in early fiscal 2000. In fiscal 2003, Sony further developed this activity by implementing a group-wide, globally integrated environmental management system. This system integrates group headquarters with all business units and sites, while taking advantage of the management systems already operational at each business site. Steps were taken subsequently to establish regulatory and audit systems and to reinforce regional environmental offices. In fiscal 2005, 402 Sony Group sites, including the Sony Group's headquarters, which represents the core of this management system, acquired integrated ISO 14001 certification in accordance with the fundamental requirements of this integrated management system.[*2]

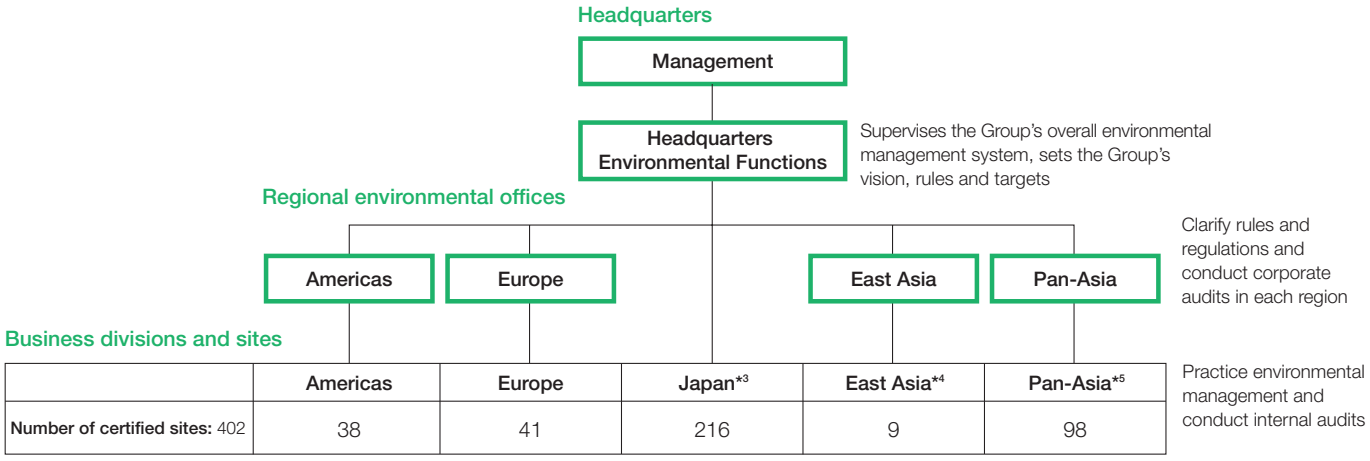
[*1] Repeating the cycle of making policies and plans (Plan), executing the plans (Do), assessment (Check) and review by management (Act)

[*2] The scope of integrated ISO 14001 certification is all manufacturing sites and non-manufacturing sites with 100 or more employees.

Improved Governance

To deal with increasingly diverse and complex environmental issues that may affect Sony's operations, such as manufacturing and sales of environmentally conscious products, recycling and environmental management at sites, Sony has established specialized functions at Sony Group's environmental headquarters, specifically in the areas of environmental management related to sites, products, procurement and product recycling. Each of these specialized functions works together with regional offices and departments that specialize in such areas as product quality, customer satisfaction, occupational health and safety, and disaster prevention, to achieve a uniform and effective management system. Each specialized function issues targets to the operating units, divisions and sites and reviews their progress. To promote integrated environmental management globally, Sony has established regional environmental offices to facilitate region-wide environmental management activities, such as a better understanding of local, legal and regulatory trends, effective communication of rules and directives set forth by headquarters to the regional divisions and sites, and effective performance of audits at all regional business divisions and sites.

The Sony Group Global Environmental Management System



	Americas	Europe	Japan[*3]	East Asia[*4]	Pan-Asia[*5]
Number of certified sites: 402	38	41	216	9	98

[*3] Coverage area: Japan and Taiwan

[*4] Coverage area: Mainland China

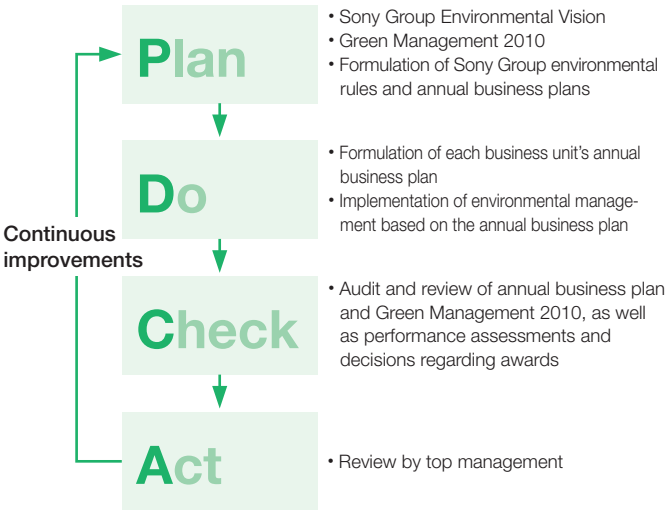
[*5] Coverage area: Southeast Asia, South Korea, Hong Kong, Middle East, Africa and Oceania

Environmental Management Linked to Business Activities

To realize the Sony Group Environmental Vision and effectively execute Green Management 2010, business units and sites establish and implement annual business plans incorporating environmental considerations. Progress on the implementation of these business plans is reviewed regularly, and results of environmental activities are assessed annually as part of overall performance evaluations for main business units and sites. To accurately assess these efforts, Sony has developed an online data system for the assessment of global performance data for, among others, energy consumption and weight of products, division/site energy use and volume of waste generated.

Another means by which the Sony Group encourages environmental action is to provide a broad environmental education for employees that is tailored to specific objectives or the type of work they perform. Sony also organizes environmental lectures by outside keynote speakers with the aim of raising the environmental awareness of its employees.

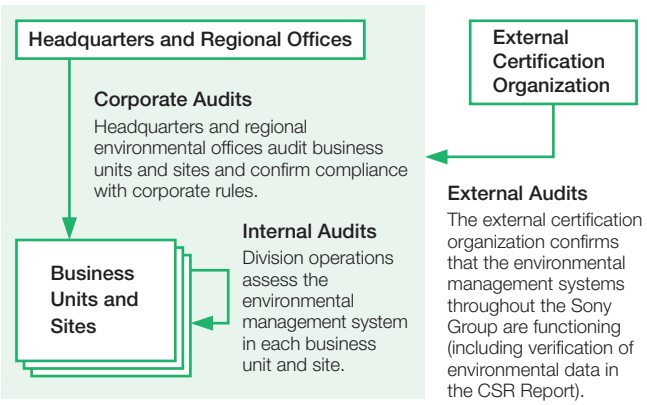
The Sony Group Environmental Management System PDCA Cycle



Integrated Environmental Audits

Sony has established an integrated group environmental audit system that combines 3 kinds of audit—site-based, corporate and external—and aims to facilitate continuous improvements to the Group's environmental management system, prevent environmental accidents at sites, and ensure the reliability of environmental data.

Sony Group Environmental Audit System



Examples of Improvements Resulting from Audits

- Clarification of environmental management functions of Sony Group headquarters
  The position of the procurement departments—which play a key role in the management of chemical substances in products—was clarified.
- Reinforcement of performance review system
  The frequency and substance of site and product performance reviews for both the Sony Group headquarters and individual business units were improved.
- Horizontal expansion of initiatives
  By effectively implementing the globally integrated system, steps were taken to expand outstanding initiatives, such as environmental audit methods and case studies for environmental education, and to address common issues across the Sony Group.
- Administrative efficiency
  Management of regulations and other official documentation was consolidated, improving the administrative efficiency of individual groups.

Energy Saving and Resource Conservation of Products

Sony continues to implement measures aimed at reducing the environmental impact of its products throughout their life cycles. These measures encompass performing life cycle assessments at the planning, design and engineering stages, setting targets for reducing power consumption and resource use, and testing to gauge progress at various stages up to and including shipment.

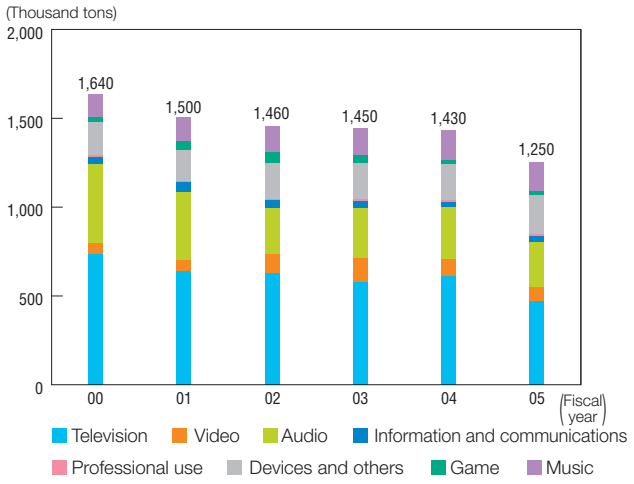
Use of Resources in Products

For products sold in fiscal 2005, Sony used approximately 1.25 million tons of resources, a decrease of approximately 13% from fiscal 2004, and approximately 134,000 tons of recycled materials, down approximately 17% from fiscal 2004. The major reason for the decline in resources used was a shift in demand from CRT televisions to flat panel televisions, which are lighter and use fewer resources, in Japan, Europe and North America. The decline in recycled materials used reflected a decrease in the use of cardboard cartons to pack televisions, audio products and others, which more than offset an increase in the volume of recycled plastic used.

Approximately 90% of product categories achieved targets for reduction in the use of resources. Categories not achieving targets included notebook computers, for which the market trend is toward larger models, and certain types of professional equipment. Approximately 96% of product packaging was environmentally conscious. Product categories not achieving targets included certain models produced in areas where environmentally conscious materials are difficult to procure.

Despite the impact of expanded sales volume for DVD players, digital cameras and other products and a trend toward large-screen televisions, the use of resources in Sony products decreased approximately 24% between fiscal 2000 and fiscal 2005, owing to efforts to reduce the use of resources in individual products. The decrease also resulted from the shift in demand from CRT televisions to flat panel televisions and the shift to smaller size and lighter weight in stereo components.

Total Volume of Resources Used in Products



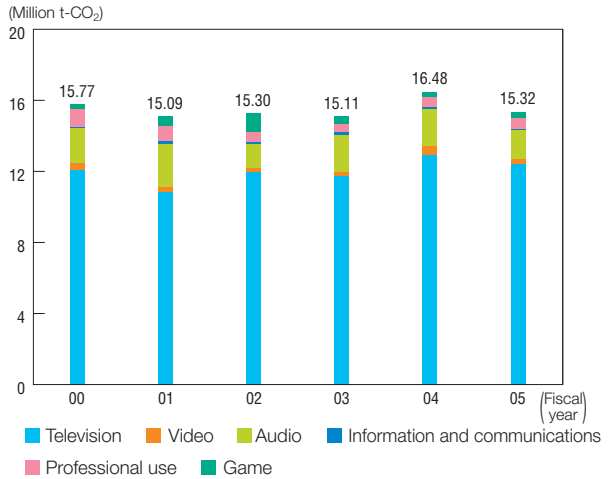
Greenhouse Gas Emissions Related to the Use of Products

During use, Sony products consume energy, resulting in the indirect emission of CO_2. CO_2 emissions from use over the life cycle of Sony products sold in fiscal 2005 decreased approximately 7% from fiscal 2004, to 15.32 million tons. The principal factors behind the decline in CO_2 emissions, as with resources used in products, was the shift in demand from CRT televisions to flat panel televisions in Japan, Europe and North America. However, because the larger size of flat panel televisions boosted power used per unit, the decline was smaller than that for resources used.

Approximately 95% of product categories achieved targets for reduction in the power consumption of AC adapters when unloaded. Approximately 70% of Sony product categories—led by televisions and video products—met their targets for operating power consumption and approximately 56% met their targets for standby power consumption.

Between fiscal 2000 and fiscal 2005, CO_2 emissions remained largely level despite increases resulting from the shift to large-screen televisions—televisions account for approximately 80% of Sony's total CO_2 emissions—and increasingly high-performance audio products. This achievement reflected successful efforts to reduce power consumption and the shift in demand toward flat panel televisions.

Greenhouse Gas Emissions from Product Use*1

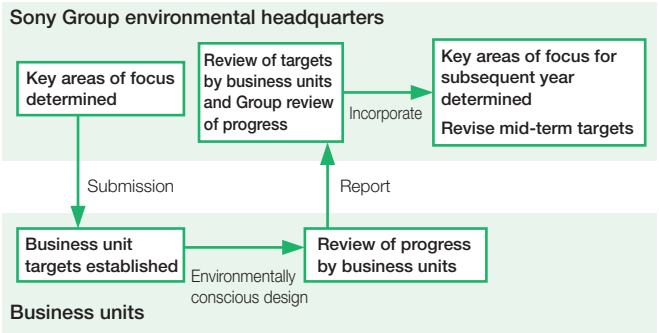


*1 The CO_2 conversion factor for fiscal 2004 and fiscal 2005 is calculated using the CO_2 conversion factors for each country where the products are sold. Until fiscal 2003, however, representative figures for each country/region (Japan, North America, Europe and Others) were used.

Product-Related Environmental Management Targets

The Sony Group's mid-term environmental targets, set forth in Green Management 2010, include targets for product-related environmental management that relate to the reduction of annual energy consumption and resource use, the management of chemical substances, and the implementation of product life cycle assessments*1. Each business unit establishes targets for each of its product categories that reflect the unique characteristics of the category and are consistent with overall Group targets. Business units review the progress of efforts and report to the Sony Group's environmental headquarters on a quarterly basis. The environmental headquarters in turn reviews the progress of efforts, the results of which it uses to determine key areas of focus for the subsequent year and to revise targets.

Setting Product-Related Environmental Management Targets



Targets relating to resource use in products include not only reducing the amount of resources used but also assertively expanding the use of environmentally conscious materials. Accordingly, the Sony Group is promoting the use of vegetable-based and recycled plastics and recycled paper.

Recycled paper already accounts for a significant share of the paper used by the Sony Group. In comparison, the volume of recycled plastics it uses is still small. The first priority in increasing use of recycled plastics is to secure stable supply routes. To this end, a dedicated team has been established, primarily within the procurement department, to investigate potential supply sources, demonstrate quality requirements and ensure secure procurement volume for the long term. This team communicates with design departments and environmental divisions, as well as with manufacturing sites, in an effort to promote expanded use of recycled plastics. Key Sony products containing recycled plastics include the "LocationFree™" TV monitor, audio products, the BRAVIA line of liquid crystal display (LCD) televisions, VHS videocassettes and mini discs*2.

*1 For Green Management 2010 targets, see page 47.
*2 For recycled plastics used in products, see page 58.

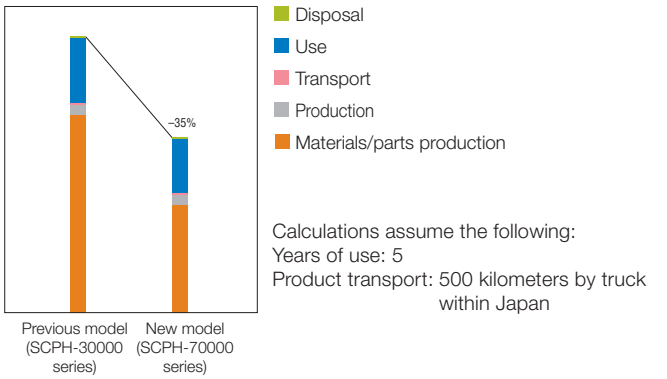
Product Life Cycle Assessments

Reducing the environmental impact of products necessitates assessments that study environmental impact throughout the products' life cycles, from parts production, product assembly, transport, use (power consumption, etc.), disposal and recycling. Such assessments enable us to identify products and stages in the life cycle that have high environmental impact, and to clarify priorities for improvement and prepare targets.

Sony developed a product life cycle assessment system in fiscal 2000 and since then has used it to analyze the environmental impact of a wide range of products. In fiscal 2005, Sony conducted life cycle assessments for numerous products, including a new model of PlayStation®2 and portable audio products.

The graph below looks at the environmental impact (in terms of CO_2 emissions) of the new and previous models of PlayStation®2 at each stage of the life cycle. Reductions in the weight, number of components used and operating power consumption enabled a 35% reduction in CO_2 for the new PlayStation®2.

Environmental Impact (CO_2 Emissions) of New and Previous Models of PlayStation®2



Calculations assume the following:
Years of use: 5
Product transport: 500 kilometers by truck within Japan

Previous model

New model

As of the end of fiscal 2005, life cycle assessments for representative models in major product categories had been completed. Based on the results of these assessments, Sony will continue working to quantify the environmental impact of its products at each stage of the life cycle, thereby reducing the overall impact of its products.

Management of Chemical Substances in Products

Sony recognizes the importance of efficient supply chain management in facilitating management of chemical substances in its products. Accordingly, Sony has deployed an advanced management system to facilitate the control, reduction or elimination of a range of hazardous chemical substances.

Globally Consistent Management of Chemical Substances

Almost every electronic product that Sony makes and sells contains between a few hundred and a few thousand parts. Many of these parts are made with or may contain a variety of chemical substances, some of which may be classified as hazardous and harm the environment if they are not properly controlled prior to disposal. To prevent such environmental harm, some countries and regions have introduced laws and directives—such as the European Union's Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive*1—restricting specified chemical substances in products. In Japan, products containing specified chemical substances are required to carry the J-Moss mark.*2

In view of the global nature of Sony's markets and supply chains, Sony is observing certain standards such as the RoHS Directive on a worldwide basis. Sony has also established its own global standards for management of chemical substances, titled "Management Regulations for Environment-Related Substances to be Controlled which are included in Parts and Materials" (SS-00259), which take into account applicable local and regional laws and regulations and the opinions of various stakeholders. In line with these standards, as of the end of fiscal 2005 Sony had eliminated specified chemical substances from nearly all Sony products shipped worldwide, not only in regions where the elimination has been mandated. Sony's standards also target products not covered under the RoHS Directive, including CDs, MDs and other disc media, and videotapes.

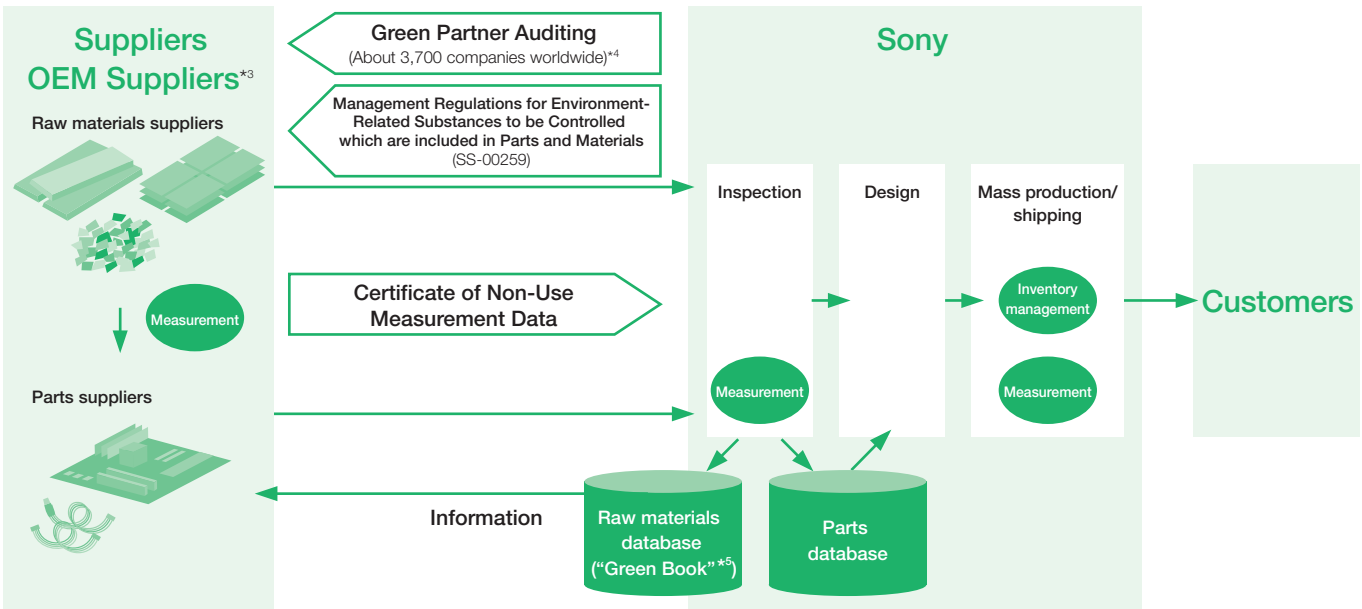
*1, *2 See page 53.

"Management Regulations for Environment-Related Substances to be Controlled which are included in Parts and Materials" (SS-00259)

To ensure the control of chemical substances from parts and materials, in February 2006 Sony published the fifth edition of SS-00259, which is presented to all Sony suppliers.

SS-00259 classifies specified chemical substances and their uses as: those that must be banned immediately (Level 1); those

System for Managing Chemical Substances in Products



*3 Companies that manufacture products ("OEM products") on behalf of Sony
*4 Suppliers and OEM suppliers that completed audits as of March 31, 2006
*5 See page 54 for a detailed explanation.

for which a period for phase-out is individually set (Level 2); and those for which no deadline is set for ban of use but phasing out is planned (Level 3). These standards are applied as mandatory requirements to Sony's suppliers when procuring from them. For most Level 1 substances, SS-00259 also sets forth allowable concentrations of impurities and specific measurement methods, using measurement equipment to verify such concentrations.

Substances Specified by Sony as Subject to Control*1

	Substance	Level for Major Use
Heavy metals	Cadmium and cadmium compounds	1
	Lead and lead compounds	1*2
	Mercury and mercury compounds	1
	Hexavalent chromium compounds	1
Chlorinated organic compounds	Polychlorinated biphenyls (PCBs)	1
	Polychlorinated naphthalenes (PCNs)	1
	Polychlorinated terphenyls (PCTs)	1
	Chlorinated paraffins (CPs)	1
	Other chlorinated organic compounds	3
Brominated organic compounds	Polybrominated biphenyls (PBBs)	1
	Polybrominated diphenyl ethers (PBDEs)	1
	Other brominated organic compounds	3
Organic tin compounds	Tributyltin compounds, triphenyltin compounds	1
Asbestos		1
Azo compounds		1*2
Formaldehyde		1
Polyvinyl chloride (PVC) and PVC blends		*3

*1 For detailed information, please refer to the website for Sony's procurement activities.
*2 Certain types for which alternatives have not yet been found are treated as Level 3.
*3 Level varies depending on application.

Management Standards
Level 1: To be prohibited immediately
Level 2: To be phased out in predetermined intervals
Level 3: To be phased out but currently without an effective date set

Three Core Principles for Managing Chemical Substances in Products

To guide its efforts to manage chemical substances in products in compliance with these standards, Sony has established 3 core principles.

Three Core Principles for Managing Chemical Substances in Products

1 Upstream Management
Green Partner Environmental Quality Approval Program
OEM Green Partner Environmental Quality Approval Program

2 Management in QC/QA Processes
Multiple inspections of parts and materials at delivery, manufacturing and shipment stages based on measurement rules

3 Application of Measurement Rules
Management based on actual measurement data measured internally and by suppliers

1. Upstream Management

In 2002, Sony established the Green Partner Environmental Quality Approval Program. This program outlines Sony's Green Partner Standards, that is, its standards for chemical substance management, and audits suppliers based on these standards. Sony purchases electronic parts only from suppliers who have passed this audit and been certified as Green Partners.

Certified suppliers are audited periodically to confirm whether the Green Partner Standards are being followed. An identical system has also been introduced for OEM suppliers, who make products to Sony specifications. Sony has audited almost all electronics suppliers and OEM suppliers around the world. In fiscal 2005, approximately 3,500 suppliers and 200 OEM suppliers were certified as Green Partners.

RoHS Directive

An EU directive brought into effect February 13, 2003, that restricts the use of 6 substances—cadmium, lead, mercury, hexavalent chromium, polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs)—in electrical and electronic equipment brought to market on or after July 1, 2006. Sony has introduced uniform global standards for chemical substance management around the world, not only in Europe, and has implemented stringent management procedures to ensure such substances are not contained in its products.

J-Moss

The J-Moss system for marking the presence of specified chemical substances for electrical and electronic equipment is a Japan Industrial Standard (JIS) announced in December 2005. By standardizing marking for the presence of specified chemical substances, this standard seeks to accelerate the efforts of manufacturers to improve the management of chemical substances and at the same time further consumer understanding, thereby encouraging the efficient use of resources, reducing environmental impact and furthering the market penetration of products for which chemical substance use has been appropriately managed. In line with Japan's Law for Promotion of Effective Utilization of Resources, designated products in Japan that contain one or more specified chemical substances in excess of official standards must carry a mark indicating this fact, while designated products with a content below official standards may bear a "green" mark. Sony's product catalog for the Japanese market bears the green mark.

URL Sony's procurement activities (Green Partner Environmental Quality Approval Program and Excerpt from Management Regulations for Environment-Related Substances to be Controlled which are included in Parts and Materials [SS-00259]): http://www.sony.net/SonyInfo/procurementinfo/

2. Management in QC/QA Processes

Sony has positioned chemical substance management within quality control/quality assurance (QC/QA) processes to create a group-wide chemical substance management system. Before new parts or materials can be used for products, they must be inspected to confirm that they satisfy required conditions. In addition to the normal quality standards, we check to ensure conformity with the SS-00259 standards. If they conform, the results are entered into the parts database, allowing product engineers to use such parts and materials. As of April 2006, the database contained approximately 580,000 registered parts.

At the mass production stage, mass-produced parts are sampled and inspected regularly. If a component does not pass inspection, appropriate measures are taken, including halting procurement. Products destined for Europe, where in some countries laws restricting the use of certain substances have already been adopted, are strictly managed. For example, these products undergo a warehouse inspection prior to customs clearance. In addition to inspections at each stage, Sony implements strict inventory management procedures throughout the supply chain, from procurement through to delivery, to prevent any inappropriate products from entering the market.

3. Application of Measurement Rules

Sony's chemical substance management system is supported by the application of measurement rules based on scientific methods. If invisible chemical substances were managed via declaration documents alone, prohibited substances might accidentally enter products. To prevent this from occurring, suppliers are required to submit certificates of nonuse—attesting that the parts and materials they supply do not contain prohibited chemical substances—as well as measurement data. Sony has also implemented internal control systems that involve using measurement devices distributed to Sony sites around the world for inspecting product quality, to help keep prohibited substances out of products.

Sharing Information with Suppliers

Based on the above system, Sony manages chemical substances thoroughly with the cooperation of its suppliers. To further enhance the efficiency of the system, in autumn 2003 Sony introduced the Green Book, a raw materials database, which was made available to Sony's direct suppliers via its electronic procurement system.

In the Green Book, Sony has registered only those materials that have been confirmed to comply with the SS-00259 standards for resins, inks, electric wires, printed wiring boards and other basic materials that are commonly used by multiple primary suppliers. Primary suppliers are not required to submit measurement data when they use materials registered in the Green Book. As of April 2006, the Green Book contained approximately 15,000 materials.

Reducing PVC Usage

Polyvinyl chloride (PVC), a widely used plastic, may pose a risk to the environment if disposed of improperly. Another concern is that PVC might contain various other chemical substances, including plasticizers and stabilizers, which are believed to pose risks to the environment and human body. While PVC is not currently regulated by any laws that apply to chemical substances used in electronics products, Sony is working to eliminate PVC from its products wherever a technologically and economically viable alternative is available. With a few exceptions, Sony has succeeded in eliminating PVC from packaging materials. From the outset, Sony did not use PVC in its contactless IC card, FeliCa, or in most of the carry bags and carry cases for its products. Sony is also striving to gradually replace PVC used in other areas. These efforts have already enabled Sony to switch to olefin materials for certain power cables, AC adapter cords and electrical cords used in its products.

The DAV-DZ110 home theater system features speaker boxes made with a PVC-free facing.

Reduction of Environmental Impact in Logistics

Sony is working to reduce the environmental impact arising from the transportation of parts and products by realizing a modal shift, improving packing procedures and increasing transportation efficiency.

Environmental Impact of Logistics

Efforts to reduce the energy and packing materials used in the transportation of parts and finished products are crucial to reduce environmental impact throughout product life cycles. Beginning in April 2006, all consignors in Japan will be obliged to take steps to reduce energy consumed during the transport of their products, indicative of the growing public awareness of issues involving the logistics sector.

In fiscal 2005, CO_2 emissions arising from the transportation activities of Sony Corporation's logistics subsidiary Sony Supply Chain Solutions, Inc. (SSCS), such as procurement of parts, domestic shipment and international logistics, amounted to approximately 695,000 tons. As the consignor, Sony is working to reduce these emissions by, among others, optimizing transport methods and loading efficiency.

CO_2 emissions from business vehicles owned or exclusively leased by Sony around the world totaled approximately 35,000 tons in fiscal 2005, an increase of approximately 1,000 tons from fiscal 2002, or 3% per sales unit*1.

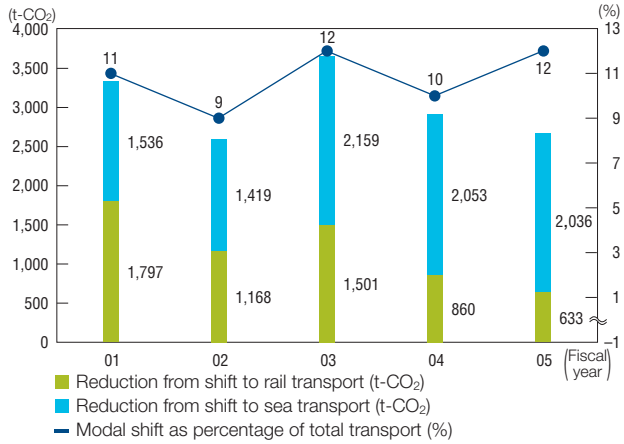
*1 Sony began collecting data related to the use of fuel by business vehicles in fiscal 2002. Accordingly, this is the base year for CO_2 emissions from business vehicles.

Promoting Modal Shift in Japan

With the aim of reducing the environmental impact of transportation, SSCS is shifting the mode for long-distance transportation from trucks to rail and sea transport, which emit less CO_2 than trucks. SSCS is also continuing to promote co-transportation by sharing rail containers with other companies.

In fiscal 2005, Sony shifted the mode of transport for approximately 14,300 tons of finished products, reducing CO_2 emissions by approximately 2,670 tons from the estimated total had this volume been transported by truck.

Reduction in CO_2 Emissions Due to Modal Shift in Japan



Improving the Efficiency of International Logistics

SSCS, which is responsible for Sony's international logistics, took decisive steps to improve packing and transport procedures, cooperated with Sony's engineering and production departments. In fiscal 2004, SSCS introduced bulk shipping for transporting televisions internationally. Televisions are separated into stands, displays and accessories. Each is packed collectively in pallets in an optimal number for transport to the local site, where they are assembled and packed individually. This effort has contributed to the reduction of transportation costs and CO_2 emissions. In fiscal 2005, SSCS introduced reusable packaging materials for bulk shipping, including reusable shipping containers, a move that reduced packing material waste. In the future, SSCS also plans to use these containers for shipping parts.

Reusable shipping containers for international transportation

Introduction of Slim-Profile Packaging for LCD Televisions

Optimizing product weight and transport volume to match the size of pallets and containers is an effective way to reduce transportation costs and CO_2 emissions. Working with Sony's engineering and production departments, SSCS introduced an innovative packing method that enabled it to pack the stand for BRAVIA Type-X LCD televisions beneath the body of the television, reducing the volume of each unit by 40%. This has doubled packing efficiency and led to a significant reduction in CO_2 emissions.

Slim packing box for BRAVIA Type-X LCD television

Sony designs its products from 2 perspectives, which are to provide greater pleasure and exert less of an impact on the environment. Through its unique ideas and innovative technologies, Sony creates products that offer new ways to have fun and give better image and sound quality, while providing greater stamina. At the same time, Sony also creates better ways to be environmentally conscious.

Eco Products

This section introduces some distinctive examples of environmentally conscious products that capitalize on Sony's unique ideas and technologies.

Semiconductor chip based on Virtual Mobile Engine™ (VME) technology

"Walkman® A Series" NW-A608

Low-power consumption semiconductors ensure many hours of continuous play for the "Walkman®"

A tiny, millimeter-scale chip with the Virtual Mobile Engine™ (VME)—Sony's proprietary low-power consumption semiconductor technology—has more efficient circuitry that reduces power consumption to one-fourth of previous LSI without VME in playing mode. This improvement has enabled up to 50 hours*1 of continuous play on the "Walkman® A Series" NW-A608, allowing users to enjoy music for longer periods while remaining environmentally conscious.

*1 When listening to tracks in ATRAC3 format at 132Kbps in Normal Power Save mode and using the internal rechargeable battery

Compact optical engine

BRAVIA E series KDF-50E1000

BRAVIA E series LCD rear-projection televisions have large screens but consume less power

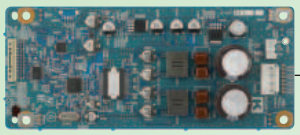
Sony's BRAVIA E series of LCD rear-projection televisions consume less power because they generate bright images from low output lamps, compared with other types of flat panel televisions. The lamps in these sets have newly developed reflectors that improve the efficiency of the optical engine. As a result, the televisions can achieve high levels of brightness on 50V (50-inch visual size) screens while consuming only 195 watts of electricity—less than half that of plasma televisions*2.

*2 Compared to the rated power consumption of the Sony KDE-P50HVX, a 50V plasma television

More Fun—Less Environmental Impact

Sony-made ECO

"Sony-made ECO" is the catchphrase of a campaign highlighting Sony's efforts to develop products and services that provide greater pleasure while reducing environmental impact.



"S-Master" circuit board*4

BRAVIA X series
KDL-46X1000

ES range high-end
AV receiver
STR-DA7100ES

Generating only one-tenth the heat of analog amplifiers, Sony's "S-Master" uses less power to produce high-quality sound

The "S-Master" digital amplifier, used in the BRAVIA X series and a range of other Sony products, is designed to transform electricity into sound efficiently. This fully digital amplifier minimizes power consumption by converting more than 85% of electricity into audio signals*5. Moreover, the "S-Master" suffers almost no sound deterioration due to heat, because it generates only one-tenth the heat of analog amplifiers. This improvement ensures high-quality sound. In addition, Sony contributed to the conservation of resources by significantly reducing the size of the heat sink—a part that stabilizes the generation of heat.

*4 The photo shows the "S-Master" mounted in BRAVIA X series televisions.
*5 Actual measurement of "S-Master" amplifier blocks at over 10% of rated output.

"VAIO T-Series" mobile notebook PC

Utilizing new LEDs to create a 4.5mm LCD with low power consumption

The 4.5mm LCD of a "VAIO T-Series" notebook PC is approximately 50% thinner and 30% lighter than conventional fluorescent tube LCDs. Sony achieved this improvement by utilizing a newly developed white LED as a backlight, and by creating a slimmer light guide panel and a smaller, lighter LCD system board. The use of the white LED backlight has also reduced power consumption by about 25% at the brightest setting. Sony's ultra-slim notebooks can now operate for up to 9 hours*6, owing to various energy-saving features, including the automatic shutdown when there is no media in the internal drives. Instead of fluorescent tubes, the new LCD uses a mercury-free LED backlight*7, thereby reducing environmental impact.

*6 For a VAIO VGN-TX T-Series notebook with Pentium® M Processor and 512 MB RAM
*7 The use of mercury in fluorescent tubes in LCDs is excepted from the RoHS Directive. See page 53 for information on the RoHS Directive.

Sony's "eco info" mark with examples of specific environmental information

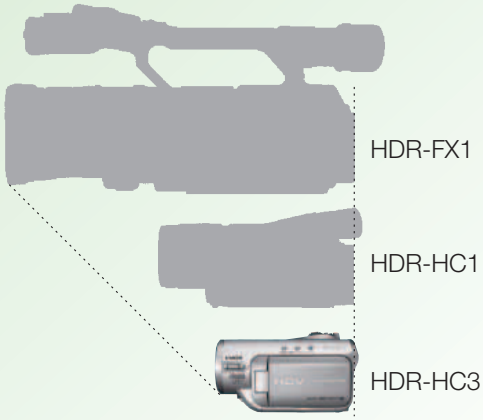
The "eco info" Mark Provides Environmental Information

Sony uses the "eco info" mark to indicate accurately the environmentally conscious aspects of its products. The mark is placed on product catalogs, stickers, packages, user manuals and advertising materials, and specific environmental information is included next to the mark. In addition to Japan, Sony uses the "eco info" mark in a number of other countries and regions, including Europe, South Korea and the United States.

- Lead-free solder is used.
- No halogenated flame retardants are used in cabinets and main printed wiring boards.
- Power-saving mode allows adjustment of image brightness, thereby reducing power consumption.
- Carton box is made from 100% recycled magazine paper.
- 100% recycled polystyrene foam is used for packaging cushions.

Unique, high-density technology made the “Handycam®” camcorder smaller and it uses fewer resources

Until recently, high-definition camcorders have been the preserve of professionals. The “Handycam®” HDR-HC1, however, brings such technology within reach of everyone thanks to Sony’s high-density technology. A later model, the : HDR-HC3, is approximately 26% smaller and lighter than the HDR-HC1. The HDR-HC3 also incorporates the new “ClearVid CMOS Sensor™,” which reduces power consumption by approximately 45%, compared to the HDR-FX1, a 3CCD camcorder. By making such improvements, Sony has made shooting high-definition video easier to handle.



Miniaturization of digital hi-definition video camera for the general consumer

Molded pulp cushioning material for DVD recorder RDR-HX65

Use of diagonally cut corrugated cardboard increases the ability of cartons to absorb shocks. XDCAM drive unit PDW-D1

Cushioning material made from a single piece of corrugated cardboard
PSP® (PlayStation®Portable)
PSP-1000K

Promoting Environmentally Conscious Packaging

Since 1989, Sony has implemented several projects in a concerted drive to promote “environmentally conscious packaging” as one of its key design goals. Sony uses only the minimum amount of materials necessary to protect its products. In addition, it selects easily recyclable materials, and utilizes materials that have a system in place for recycling, as well as recycled materials. To help customers dispose of their waste appropriately, Sony has developed easy-to-separate packaging with marks indicating materials used. Sony’s activities are not limited to conserving and reducing consumption of resources, but extend to its effort to promote recycling, which reduces the amount of materials incinerated and landfilled. This has entailed comprehensive measures, including the development of new technologies.

The “LocationFree™” TV LF-X11 monitor uses recycled plastic for parts, including bezel. (North American model)

Recycled plastics account for 30% of the plastic used in “Bianca” mini discs 5MDW74BAA

Using Recycled Plastics in Products

Sony aims to reduce consumption of exhaustible resources through concerted efforts to use recycled plastics in its products. Among other things, this requires Sony to conduct environmental assessments, ensure effective quality control and select appropriate technology. Sony uses such plastics in various products, including VHS cassettes, mini DV cassettes, mini disks and other recording media, as well as in the bezel for the “LocationFree™” TV monitor.

Mercury-free silver oxide button battery
SR626SW

Eco Technology

Sony approaches R&D and product development with the aim to contribute in solving environmental issues through technological innovation.

Introduction of Mercury-Free Silver Oxide Button Batteries

Conventional silver oxide button batteries contain mercury to prevent the generation of hydrogen gas, which causes battery deterioration. An exemption*4 has been made for the use of mercury in silver oxide button batteries because production of such batteries without mercury has generally been regarded as unfeasible. Nevertheless, Sony has been conducting research relating to mercury-free silver oxide button batteries since the 1990s. This research led to the creation of mercury-free silver oxide button batteries with the same levels of safety and integrity as their conventional counterparts. Sony accomplished this feat by utilizing a new zinc alloy powder, a new anticorrosion material and a corrosion-suppressing processing method. Having developed the batteries, Sony became the first company in the world to commercialize them in 2004. As of March 2006, Sony offers 10 models of mercury-free silver oxide button batteries that represent approximately 80% of its total output of silver oxide button batteries.

*4 Exemption approved under the proposed new European Battery Directive, which outlines obligations for the use and disposal of batteries, before the European Parliament and its Environment Committee (as of March 2006)

The Challenge of Developing Mercury-Free Batteries

Kazunori Teramoto
Sony Energy Devices Corporation

Sony has a long tradition of producing silver oxide button batteries that spans approximately 30 years. As one of the members responsible for these batteries, I have always felt a sense of pride in our product, but at the same time I felt concerned about the use of mercury. With the goal of making something that Sony could sell with full confidence, we had continued our research into the feasibility of mercury-free silver oxide button batteries.

Although our research led us to a substance that could replace mercury, we still had to figure out how to mass-produce the new batteries. We needed to put the alternative substance on the electrode collectors in an appropriate manner that would prevent leakage of electrolytes but not slow down the production process. After considering various methods, we chose a surface processing technology developed by the Sony Group for other types of devices, which enabled us to begin full-scale mass production. In recognition of these achievements, Sony received the Minister of Economy Trade and Industry Award in the first Monozukuri Nippon Grand Award competition. I attribute this success to the dedication of the project's participants who worked hard to develop a high-quality product that delivers added value in terms of environmental conservation.

Developing and Utilizing Vegetable-based Plastics

Vegetable-based plastics are derived from such biomass as corn and other vegetables. They are therefore considerably more environmentally conscious than regular plastics in terms of reducing oil consumption, controlling greenhouse gas emissions*1 and enabling various after-use processes*2.

For this reason, Sony has made every effort to develop and utilize vegetable-based plastics. In fiscal 2002, Sony pioneered the use of such plastics in the consumer products industry by utilizing them in "Walkman®" casings and other parts. Since then, the casings of 7 products in 5 categories have been made from these plastics. In 2004, Sony achieved a world first by developing a flame-retardant vegetable-based plastic*3. This achievement enabled the use of such plastics in a broader range of products.

In addition, Sony has completed successful trials of vegetable-based plastic "FeliCa" technology-installed cards—contactless IC cards used in e-money transactions—and is considering their introduction.

*1 The use of vegetable-based plastics ensures much lower CO_2 emissions over a product's life cycle—i.e., from the production of raw materials to the disposal of the finished product—because vegetables from which the raw materials are derived absorb CO_2 through photosynthesis during cultivation.
*2 Material recycling, chemical recycling, incineration and other processes
*3 Certain plastic parts for electronic products must be flame retardant.

Vegetable based Plastic

Development and Utilization of Vegetable-based Plastics

Since 2000	Since 2002	Since 2004	Since 2005
Use in packaging materials	**Application in chassis**	**Utilization of material with outstanding flame-retardant properties**	**Expanded application in product categories**
Packaging film for "Neige" MD blanks	Front panel of DVD player (DVP-NS999ES)	Use in front panel of DVD players (DVP-NS955V and DVP-NS975V)	Contactless IC card (sample)
Blister wrap for portable radio (ICR-P10)	Use in underpaw, stopper and pole for "AIBO" entertainment robot (ERS-7, ERS-7M2)		Mobile phone premini®-II S*5 (macro switch)
	Body of "Walkman®" (WM-FX202)		"VAIO S-Series" SZ series (dummy card)
	Use in accompanying charger stand for "AIBO" entertainment robot software (ERF-210AW06J)		Mobile phone (not for sale) mova® SO506iC*5 (casing)

*5 "mova" and "premini" are registered trademarks of NTT DoCoMo, Inc.

Eco Entertainment

Through the entertainment it provides, the Sony Group seeks to highlight its environmental concerns and those of its artists, and to convey their messages through enjoyable means. At the same time, the Sony Group is promoting various key initiatives, including the use of Green Power, to further spread this message.

Live Music

Expanding Environmental Activities at Concerts

Enjoyable music events such as live performances and concerts bring artists and their fans together. The Sony Music Group in Japan uses various means to develop greater awareness of environmental issues among those attending these events. In addition, Sony promotes efforts to make the concert halls and backstage areas at these events environmentally conscious.

Hall Network Inc.*1, which uses Green Power to operate Zepp concert halls in 6 locations throughout Japan, cooperated in the trial of a recycling system for polylactide resin cups. Hall Network's efforts ensured a high percentage of cups returned and raised public awareness of the recycling system.

Sony Music Artists Inc. collaborated with Sekisui Chemical Co., Ltd., to develop and commercialize recyclable masking tape used for musical performances.

*1 A subsidiary of Sony Culture Entertainment (Japan) Inc.

Re-Style LIVE Vol. 3, a music concert at Zepp Tokyo that was sponsored by Japan's Ministry of the Environment to promote environmentally conscious lifestyles.

Concertgoers received trash bags and were encouraged to take part in beach cleaning activities by the music group TUBE, which visited 7 seafront locations around Japan during its Seaside Vibration tour.

Publications

Ecology in Everyday Life

In fiscal 2003, Sony Magazines Inc. began bimonthly publication of *Lingkaran*, a magazine that promotes mental and physical health by advocating ecologically aware lifestyles and organics, in Japan. In cooperation with artists and musicians, the magazine provides an entertaining introduction to ecological issues that are relevant to its readers' everyday lives. Sony Magazines created the name "Lingkaran Forest" (Lingkaran means "circle" in Indonesian) for part of the tropical rain forest that was destroyed by fire on Indonesia's Kalimantan Island. The magazine and its readers contribute to forest regeneration through their tree-planting activities on this island. In addition, Sony Magazines established Lingkaran Fields—an organic farm in Tochigi Prefecture, Japan—in cooperation with a local organic farmer with over 30 years' experience. Readers participate in various events at this farm where they discover the importance of ecologically sound farming and healthy food.

Lingkaran magazine

Staff and readers of *Lingkaran* magazine help cultivate Lingkaran Fields.

Green Power

The Green Power mark indicates the use of renewable energy sources and signifies certification under the Green Power Certification System by Japan Natural Energy Company Limited. For more information about the Green Power Certification System, see page 66.

GREENSTYLE Eco-Mail, a mailing format that uses no envelopes

Studios in Nogizaka, Tokyo, which run on Green Power

Eco Solutions

Eco Solutions Business

In fiscal 2004, Sony Music Communications Inc. (SMC) launched GREENSTYLE Design, a program aimed at supporting environmental conservation organizations through its eco solutions business. SMC donates a portion of its revenues to environmental conservation organizations through its GREENSTYLE Fund.

SMC provides a range of services that capitalize on its accumulated expertise in the entertainment field. These include CD and DVD production in Green Power recording studios and GREENSTYLE Eco-Mail, a mailing format that uses no envelopes.

Sony Music Direct (Japan) Inc. commenced sales of alpinist *Ken Noguchi's ECO×TOUR* DVD. The DVDs are produced in Green Power-run studios and use Forest Stewardship Council (FSC)-certified paper*4 for DVD jackets and inserts. Initial customers received a Green Power Certificate with each DVD as a complimentary gift.

*4 FSC accreditation shows that a company's products use pulp from trees of forests that have been appropriately managed.

Artists' Messages

Environmental Messages from Artists

The e-zine of Ki/oon Records Inc.*2 features an ECO-*Bana* ("Eco-stories") section, in which artists express their personal views on environmental topics, and readers can also send messages to describe their experiences and share opinions, thereby encouraging communication.

MUSIC ON! TV Inc., which broadcasts the music channel "MUSIC ON! TV,"*3 relies entirely on Green Power for the energy it uses. In the intervals between music programs, short programs promoting "Harmony with the Earth" outline the company's environmental activities and convey artists' opinions about environmental issues to viewers.

Defstar Records Inc.*2 has implemented several initiatives to promote environmental conservation, including the launch of the MY CO_2 TEST website. For a limited period, customers who have purchased a special CD can use the website to calculate the amount of CO_2 generated during the course of their daily lives.

*2 Subsidiary of Sony Music Entertainment (Japan) Inc.
*3 Subsidiary of Sony Culture Entertainment (Japan) Inc.

Musician Tamio Okuda appearing in a short program promoting "Harmony with the Earth"

Musicians Magokoro Brothers in the ECO-*Bana* section of Ki/oon Records' e-zine

Product Recycling

With the aim of effectively using limited resources and respecting the principle of extended producer responsibility*1, Sony is tasked with the collection and recycling of end-of-life products. Sony is committed to developing new recycling systems tailored to the requirements of different regions and countries.

Sony's Recycling Philosophy

To ensure the effective use of resources, Sony strives continuously to improve resource productivity through its business processes. Sony also acknowledges the importance of recycling end-of-life products and extracting resources for reuse. As a manufacturer, Sony recognizes its responsibility for ensuring the appropriate disposal of end-of-life products and complying with applicable national and regional laws and regulations. Sony tailors its collection and recycling programs accordingly around the world in compliance with laws, including the Home Appliance Recycling Law in Japan, the EU Directive on Waste Electrical and Electronic Equipment (the WEEE Directive) in Europe and the Electronic Waste Recycling Act in the state of California as well as other state-enacted recycling laws.

Sony's Green Management 2010 plan contains 2 targets related to recycling, which are to continuously increase the volume of resource recovery from end-of-life products and to continuously improve its reusing/recycling ratio. The "reusing/recycling ratio" refers to the percentage, by weight, of resource recovery from end-of-life products to products shipped. Accordingly, Sony strives not only to increase recycling but also to reduce the volume of resources it uses. To achieve these targets, Sony promotes implementation of product collection programs and development and adoption of new recycling technologies. Moreover, to facilitate an increase in the volume of reused/recycled product resources, Sony promotes the incorporation of recycling considerations into product development and design.

Recycling Activities in Japan

Sony recycles televisions and personal computers in line with applicable recycling-related laws in Japan. Sony also bears the cost of recycling nickel cadmium (NiCad) batteries, lithium batteries and other small batteries, as well as packaging materials, as required by law.

Japan's Home Appliance Recycling Law, which came into effect in April 2001, covers 4 major types of home appliances: televisions, refrigerators, washing machines and air conditioners. Of these, the only product that Sony manufactures is televisions (defined as CRT televisions and including those bearing the Aiwa brand). The law requires that (i) consumers pay a recycling fee when disposing of home appliances; (ii) retailers take back discarded appliances and pass them on to manufacturers; and (iii) manufacturers recycle discarded appliances thus retrieved.

Television Recycling in Japan*

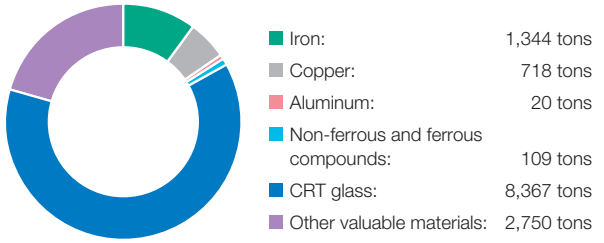
(Fiscal 2005)

Units received at collection centers	650,767
Units recycled	648,134
Total weight of products processed	17,636 tons
Total weight of recycled products/materials	13,490 tons
Recycling rate	76%

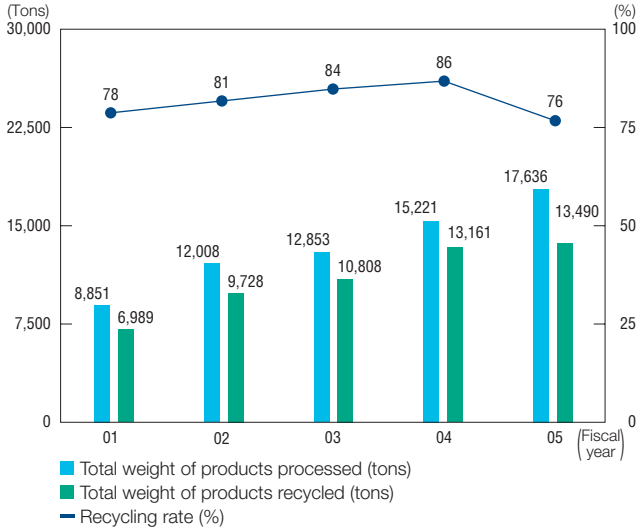
* The difference between the number of "units received" and "units recycled" is the inventory of units to be recycled as of March 31, 2006.

Resources Recycled from Televisions

(Fiscal 2005)



Television Recycling in Japan



*1 The principle of extended producer responsibility refers to the belief that producers have a responsibility, both financially and physically, for the disposal or recycling of the products they sell.

Sony has established a nationwide cooperative recycling network with 5 other manufacturers. As a consequence, Sony-manufactured televisions are now recycled at 15 recycling plants across Japan. Sony is the principal shareholder in 1 of the 15 plants: Green Cycle Corp., in Aichi Prefecture. In fiscal 2005, approximately 650,000 Sony-manufactured televisions were recycled.

The Home Appliance Recycling Law requires a recycling rate of at least 55% of televisions. Sony has consistently achieved this requirement since fiscal 2001. In fiscal 2005, the recycling rate for Sony-manufactured televisions was 76%, down from fiscal 2004. The major reason for the decline was a decrease in demand of waste glass cullets recycled from CRTs.

In October 2003, Sony began collecting and recycling personal computers (PCs) and displays discarded by private citizens, in line with the Law for the Promotion of Effective Utilization of Resources, in addition to its well-established recycling program for units discarded by corporate users. Products collected included desktop and notebook personal computers, and both CRT and LCD displays. These products are recycled by Green Cycle.

In fiscal 2005, approximately 23,000 Sony-manufactured PCs and displays were collected, generating approximately 190 tons of metals, plastics, glass and other materials. Parts of LCD panels used in notebook PCs and LCD displays were made available for reuse.

PC and Display Recycling in Japan

(Fiscal 2005)

	Units	Desktop PCs	Notebook PCs	CRT displays	LCDs
Units brought into plant	Units	5,801	4,558	9,316	3,073
Total weight of products processed	Tons	64.0	10.1	182.4	13.4
Total weight of recycled products/materials	Tons	46.1	4.6	133.1	9.1
Recycling rate	%	72	46	73	68

Recycling Activities in North America

Sony Electronics Inc. (SEL) in the United States and Sony of Canada Ltd. (Sony Canada) contribute to a growing recycling infrastructure in North America by promoting a variety of recycling and supporting activities.

2005 saw the completion of the first year of the Electronic Waste Recycling Act of 2003 in the state of California. SEL retail and business-to-business sales submitted recovery payments and a report on efforts to incorporate environmental considerations into product design to the state. In 2005, the total amount of waste consumer electronics collected was 32,000 tons in California, of which approximately 1,590 tons were estimated to be Sony products. In Maine, which passed its own legislation on the recovery of waste consumer electronics, SEL began processing invoices for recycling costs from January 2006, in accordance with a compliance plan submitted to the state. SEL also registered with the state of Maryland for its computer recycling program.

SEL continues to operate its voluntary sponsorship program for community efforts to develop local solutions to address electronic waste recycling where SEL bears the cost of recycling Sony products collected through the program. In 2005, SEL sponsored approximately 150 collection events in 13 states. Waste consumer electronics collected through such programs amounted to 1,921 tons, of which 53 tons were Sony products.

In Canada, regulations were introduced in 2005 in the provinces of Saskatchewan and British Columbia that require industry to develop and manage stewardship programs for waste electronics. Sony of Canada, Ltd. is playing an active role in the development of these programs.

SEL is a member of the nonprofit organization Rechargeable Battery Recycling Corporation (RBRC). In 2005, RBRC collected approximately 2,200 tons of rechargeable batteries and mobile phones in the United States and Canada, an increase of approximately 10% from the previous year. Sony of Canada also participated in this program at its 75 Sony store locations.

SEL facilities also engage in a variety of recycling activities. Sony Magnetic Products Inc. of America, in Dothan, Alabama, recycles lithium-ion batteries, while SEL subsidiary American Video Glass Company receives cleaned CRT glass and waste glass cullets generated during production and consumer electronics waste cullets received from Sony Technology Center–Pittsburgh for recycling and reuse.

Recycling Activities in Asia and Oceania

Sony promotes various recycling programs in Asia and Oceania. In Taiwan, Sony Taiwan Limited participated in a battery collection and recycling program in cooperation with the government. This program, which ran for 2 years (fiscal 2004 and fiscal 2005), collected and recycled approximately 290 tons of batteries from collection boxes set up at schools and other locations throughout Taiwan. Sony Taiwan provided collection boxes and posters calling for participation in the program and bore the cost of the program's implementation.

In 2005, Sony Australia Limited also launched a battery collection and recycling program, in cooperation with an Australian recycling firm. Battery collection boxes have been set up in Sony stores and Sony Australia offices across the country. Batteries are collected by the recycling firm and are dealt with through an appropriate process.

Battery collection box in Taiwan

Battery collection box in Australia

URL Sony's recycling activities: http://www.sony.net/csr

Recycling Activities in Europe

In Europe, Sony is establishing systems for the collection and recycling of waste electrical and electronic products with the aim of achieving extended producer responsibility while encouraging competition in the recycling market.

In the European Union (EU), the Directive on Waste Electrical and Electronic Equipment (the WEEE Directive) requires manufacturers of electrical and electronic products to organize and finance the collection and the recycling of end-of-life products. Most EU countries have transposed the WEEE Directive into national legislation, incorporating the requirements of the Directive into national laws. In fiscal 2005, several countries, including Austria, Finland, Germany and Ireland, started implementing collection and recycling activities based on these laws.

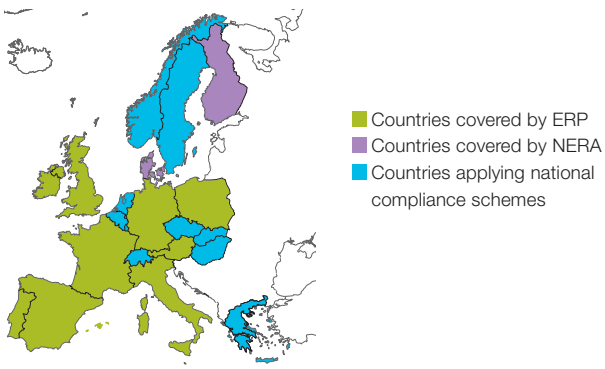
To comply with the WEEE Directive, in December 2002 Braun GmbH of Germany, Electrolux AB of Sweden, Hewlett Packard Co. of the United States and Sony established the European Recycling Platform (ERP). As part of this initiative, in November 2004 ERP established ERP SAS in France, a legal entity with the 4 companies as shareholders, which, in line with the WEEE Directive and local legal requirements, has since established local affiliates in Ireland, Poland and Portugal and a branch office in Spain.

To build a system for the handling of collection and recycling activities in Europe, in December 2004 ERP SAS formed agreements with 2 independent companies as general contractors. Under the supervision of ERP SAS, the 2 companies undertake the collection and recycling of products in cooperation with local recycling and logistics companies that comply with legislation and regulations in each country. As of May 31, 2006, the ERP was conducting such activities in 4 countries—Austria, Germany, Ireland and Spain—and was in the process of establishing collection and recycling schemes in France, Italy, Poland, Portugal and the United Kingdom. In Northern Europe, Sony established the Nordic Electronics Recycling Association (NERA) and legal entities for this association in Denmark and Finland. The legal entities are currently conducting collection and recycling in conformance with WEEE Directive-related legislation and regulations in both countries.

For EU member countries other than the 11 listed in the preceding paragraph, as well as such non-EU member countries as Norway and Switzerland, Sony cooperates with recycling organizations that undertake recycling in lieu of manufacturers to ensure its products are recycled in a manner that complies with the WEEE Directive or related legislation and regulations in each country.

In 2005, Sony spent approximately 8.0 million euros to recycle approximately 12,000 tons of waste electrical and electronics products in Europe.

Sony's WEEE Directive Compliance System



In accordance with the requirements of the WEEE Directive, since August 13, 2005, Sony has marked applicable Sony products for the European market with a crossed-out wheeled bin symbol and informed users of their role for WEEE recycling.

In numerous European countries, producers are responsible for the collection and recycling of waste from packaging and batteries. Recycling of packaging, in particular, is common practice throughout Europe. For batteries and packaging, Sony fulfills its obligation through membership in collection and recycling schemes wherever applicable.

Recycling Professional-Use Products in Europe

The WEEE Directive also requires manufacturers to recycle waste electrical and electronics products disposed of by users other than private households. In many European countries, regulations governing the recycling of such products differ from those for consumer-use electrical and electronic products in several respects, including the fact that manufacturers are also responsible for arranging for direct collection from users.

As part of its effort to fulfill these requirements, Sony introduced the Business WEEE Collection Service (BWCS), a unique recycling service whereby specified recycling companies accept collection requests from professional customers via the Internet and then collect and appropriately dispose of the products in question. Sony is also currently looking at ways to reuse recycled products and parts.

Sony began introducing BWCS throughout Europe via the Internet and brochures on August 13, 2005, the day the WEEE Directive became effective.

Global Warming Prevention Measures at Sites

Sony is making extensive efforts to reduce its emissions of greenhouse gases, which contribute to global warming. At all of Sony's sites, energy is used efficiently, energy conservation is promoted and renewable forms of energy that do not emit greenhouse gases are being introduced.

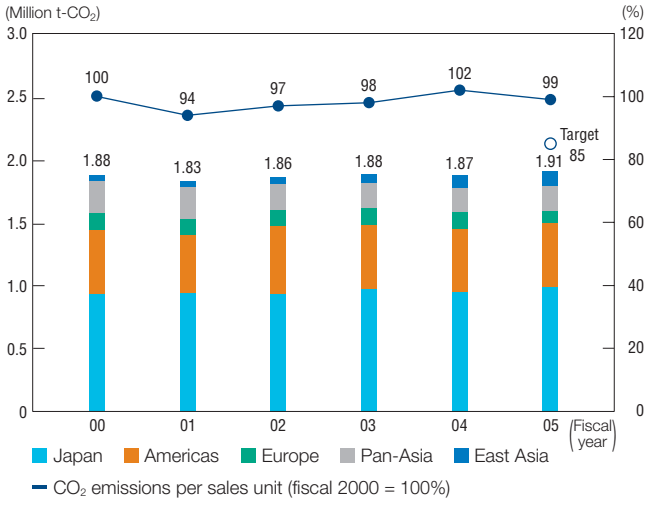
CO_2 Emissions Arising from Energy Consumption

Sony set a target for reducing energy consumption, calculated in terms of CO_2 emissions at its sites, of at least 15% per sales unit compared with fiscal 2000 by fiscal 2005, and made various efforts to reduce energy consumption. In fiscal 2005, energy consumption at Sony sites worldwide, calculated in terms of CO_2 emissions, totaled approximately 1.91 million tons*1, an increase of approximately 40,000 tons from fiscal 2004. Since fiscal 2000, declines in CO_2 emissions owing to the closure of CRT television plants in various locations have been outweighed by increases in CO_2 emissions caused by the construction of new plants and the expansion of semiconductor/LC plants in Japan and manufacturing sites in China. However, measures implemented at sites to reduce CO_2 emissions at sites around the world, as well as ongoing efforts to introduce renewable energy—notably at sites in Europe—and switch to low-emission fuels contributed to a 1% decrease in CO_2 emissions arising from energy use at sites per sales unit in fiscal 2005, compared with fiscal 2000. In Japan, total CO_2 emissions from energy use at sites amounted to approximately 990,000 tons.*2 This represented an increase of 40,000 tons from fiscal 2004.

*1 When considering the influence of changes in the CO_2 conversion rate in the energy purchased in Japan, the amount of CO_2 emitted by the use of energy in fiscal 2005 was approximately 2.03 million tons.

*2 When considering the influence of changes in the CO_2 conversion rate in the energy purchased in Japan, the amount of CO_2 emitted by the use of energy in Japan in fiscal 2005 was approximately 1.08 million tons.

CO_2 Emissions Arising from Energy Use by Sites

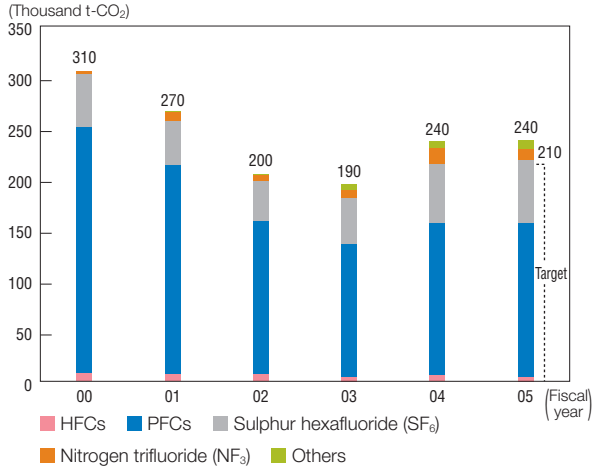


Efforts to Reduce Greenhouse Gas Emissions

In the cleaning and etching processes of manufacturing semiconductors and LCD panels, Sony uses perfluorocarbons (PFCs) and other greenhouse gases that contribute to global warming. Sony is currently striving to lower emissions of PFCs and other greenhouse gases in line with its goal of achieving a 30% reduction of emissions, calculated in terms of CO_2, compared with fiscal 2000 by fiscal 2005. In fiscal 2005, Sony's greenhouse gas emissions*3, calculated in terms of CO_2, totaled approximately 238,000 tons, largely level with the previous fiscal year. Despite increases in greenhouse gas emissions caused by the expansion of production capacity at existing sites and other changes in Sony's business, efforts to reduce emissions, including the installation of gas removal systems, contributed to a decrease of 22% from the fiscal 2000 level.

*3 Excludes CO_2 emissions from the consumption of energy

Greenhouse Gas Emissions from Sites (Except for CO_2 Emissions from Energy Use)



Greenhouse Gas Emission Reduction Targets under Green Management 2010

Green Management 2010 outlines Sony's target for reducing greenhouse gas emissions at sites, which is to achieve an absolute reduction in greenhouse gas emissions (calculated in terms of CO_2) of 7% or more from the fiscal 2000 level. This target refers to the combined total CO_2 emissions arising from energy consumption and PFCs and other greenhouse gases. To reduce energy consumption, sites are taking various steps, including introducing

high-efficiency equipment and the use of energy from renewable sources. Sites are also striving to lower emissions of PFCs and other greenhouse gases by using gas removal systems that decompose gases and are seeking alternative gases that are less likely to cause global warming.

Promotion of Efficient Energy Use

To replace worn-out air conditioners, Sony EMCS Corporation's Kohda TEC did not simply settle for the most efficient equipment available, but instead opted to design a unit that would facilitate a significant cut in energy use. Recognizing that lowering airflow volume is the key to reducing the amount of power an air conditioner uses, the Kohda TEC adopted high-row coils and high-efficiency plug fans while at the same time using a cascade control. The cascade control adjusts the fan speed and the opening and closing of the coolant valve as well as controls the temperature of the room and at the coil exits. This prevents the formation of condensation and makes it possible to increase the difference in temperatures between the coils and thus to operate the unit continually with the minimum necessary airflow. By replacing all air conditioners accordingly, CO_2 emissions resulting from energy use at Kohda TEC are expected to decrease by 3.2%.

Sony Magnetic Products Inc. of America, in Dothan, Alabama, switched to biofuel, from natural gas, to power its boilers in December 2005. As a consequence, the company's consumption of natural gas declined about 120 tons, calculated in terms of CO_2, for the first 4 months after the switch.

Sales subsidiary Sony Australia Limited participated in an energy-efficiency program organized by a state goverment. By introducing automatic dimmers for its office lighting and purchasing electric power generated using renewable energy, Sony Australia reduced its CO_2 emissions from electric power usage by approximately 2,600 tons between 1997 and 2005, the period of the program.

Air conditioning facilities at Kohda TEC

Use of Renewable Energy

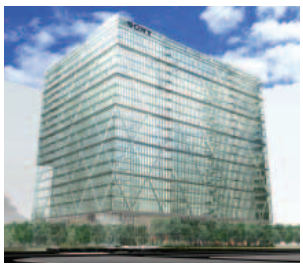
Sony is introducing renewable energy*1 as part of its efforts to reduce greenhouse gas emissions. In fiscal 2005, the use of Green Power Certification System and the introduction of solar power generation systems helped reduce Sony's CO_2 emissions by approximately 15,700 tons. The Green Power Certificate System is a way of promoting the use of electronic power produced by renewable energy sources. Even if the user is located far from a power plant, acquisition of the Green Power Certificate signifies recognition that the user is purchasing electric power generated using renewable energy. In Japan, Sony Marketing (Japan) Inc.'s showroom, as well as Sony Life Insurance Co., Ltd., and Sony Financial Holdings Inc. have commenced use of the Green Power Certification System in fiscal 2005. Sony Chemical Corporation's Kanuma Plant and Sony EMCS Corporation's CS Front Center EAST have introduced solar power generation systems at their properties. Overseas, companies such as Sony Logistics (Europe) BV, Sony United Kingdom and Shanghai Suoguang Visual Products Co., Ltd., have also been purchasing energy generated using renewable energy.

*1 Energy obtained from sources that are essentially inexhaustible. Examples include solar power, wind power and energy from biomass products.

Features of Environmentally Conscious New Office Building

Sony's new office building in Tokyo, due for completion in October 2006, represents the outcome of efforts to ensure the building's energy efficiency and—in collaboration with the architect and the contractor—to minimize environmental impact of construction. A concrete plant and a soil remediation plant—which removes naturally derived chemical substances detected in the soil—were installed at the construction site. This facilitated a significant reduction in the number of trucks needed to transport concrete and soil into the site during construction. Other efforts included the reuse of water for flushing out pipes and improving the efficiency of materials transport. Sony estimates these efforts will enable it to reduce CO_2 emissions by approximately 38,000 tons.

When completed, the new building will feature a lighting system that adjusts automatically in accordance with the amount of natural light available; an air conditioning system that automatically adjusts the intake quantity of fresh air; and a high-efficiency heating and cooling system. Additionally, exhaust heat transferred from the adjacent Water Reclamation Center of Shibaura will be used as an energy source for the building. Through these measures, Sony expects to achieve an 8% reduction in CO_2 emissions from energy use in its headquarters' area.



Architect's rendering of Sony's new office building in Tokyo

Resource Conservation at Sites

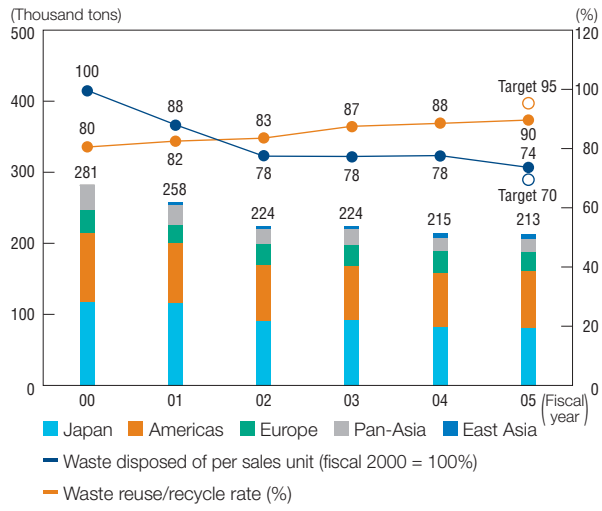
Sony sites pursue various ways to use resources efficiently while also reducing waste generation. The goal is to utilize a range of recycling methods to achieve zero landfill waste.

Waste from Sites

In line with its waste reduction targets for fiscal 2005, which were to reduce waste from sites by 30% per sales unit from the level of fiscal 2000 and achieve a waste reuse/recycle rate of at least 95%, Sony has implemented a variety of related measures.

In fiscal 2005, waste from Sony sites totaled approximately 213,000 tons, a decrease of approximately 2,000 tons from the previous fiscal year. Thanks to the efforts of sites to reduce waste, waste disposed of per sales unit declined 26% from fiscal 2000. Sony's global waste reuse/recycle rate for fiscal 2005 was 90%. This rate has risen steadily since fiscal 2000. In Japan, Sony already achieved its target waste reuse/recycle rate in fiscal 2001 with a rate of 96%, which in fiscal 2005 was 98%.

Waste from Sites



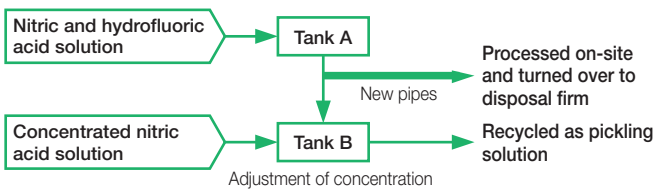
Waste Reduction Targets under Green Management 2010

Green Management 2010 outlines Sony's targets for reducing waste at sites, which are to achieve an absolute reduction in waste from sites by 40% or more from the fiscal 2000 level, a waste reuse/recycle ratio of 99% or more at manufacturing sites in Japan and a waste reuse/recycle ratio of 95% at manufacturing sites overseas. To achieve these targets, Sony is striving to reduce the absolute volume of waste from sites, as well as to promote the recycling of waste. The latter includes both increasing the recycling rate and enhancing the quality of its recycling initiatives by reusing resources at sites and by material recycling.

Promotion of Waste Reduction

The Kumamoto Technology Center of Sony Semiconductor Kyushu Corporation previously disposed of nitric and hydrofluoric acid waste by recovering the entire amount and turning it over to a disposal firm, where it was recycled as the pickling solution of stainless steel. In fiscal 2004, however, a change in Kumamoto Technology Center's production process caused the dilution of the hydrofluoric acid solution to fall below standard concentration, making it unsuitable for recycling. This situation was exacerbated by the fact that the expansion of production facilities had boosted nitric and hydrofluoric acid waste so that it accounted for approximately 40% of the site's entire waste volume. In response, Kumamoto Technology Center modified production equipment to minimize the amount of low-concentration nitric and hydrofluoric acid waste generated, enabling the adjustment of concentration levels. As a consequence, Kumamoto Technology Center is now able to dispose of low-concentration nitric and hydrofluoric acid waste on-site and recycle high-concentration nitric and hydrofluoric acid waste into pickling solution, contributing to an annual reduction in waste emissions from sites of approximately 820 tons and facilitating the effective use of nitric and hydrofluoric acid waste.

On-Site Disposal System for Nitric and Hydrofluoric Acid Waste

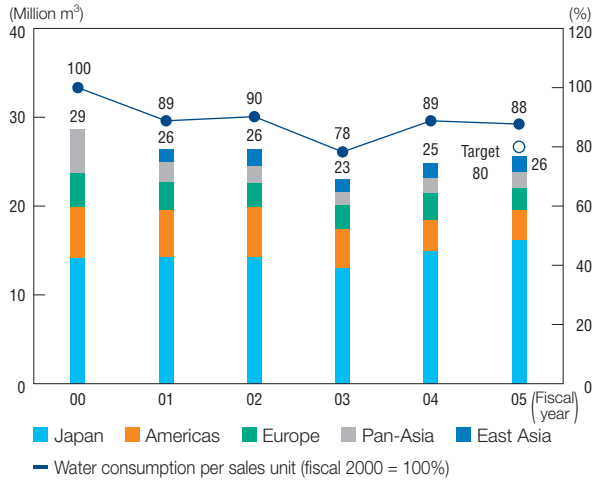


In November 2005, Sony Nuevo Laredo, S.A. de C.V., in Mexico, launched a program for recycling waste products generated during the production process, in collaboration with a recycling firm operating within this facility. In fiscal 2005, the company recycled approximately 247 tons of such waste products as film used in the production of videotapes and aluminum and iron used in the production of various types of discs.

Water Used by Sites

Sony set a target for reducing the volume of water used by Sony sites (purchased or drawn from groundwater) by 20% per sales unit by fiscal 2005 from the level of fiscal 2000. In fiscal 2005, Sony sites used about 25.65 million cubic meters of water, an increase of approximately 780,000 cubic meters from the previous fiscal year. This increase is attributable to Sony's acquisition in fiscal 2005 of a manufacturer of small LC panels. Between fiscal 2000 and 2005, efforts to promote water recycling and the closure of CRT television facilities around the world offset the impact of changes in Sony's business, notably increases in semiconductor/LC plants at sites in Japan, the start-up of operations at new sites and the expansion of production at Sony's sites in China, resulting in a 12% decline in water consumption per sales unit.

Water Used by Sites



Water Use Reduction Targets under Green Management 2010

Green Management 2010 outlines Sony's target for reducing water used at sites, which is to achieve an absolute reduction in volume of water purchased or drawn from groundwater of 20% or more from the fiscal 2000 level. To this end, Sony is promoting efficient water use and the recycling of wastewater from production processes, while at the same time taking steps to protect water resources, including groundwater cultivation*1.

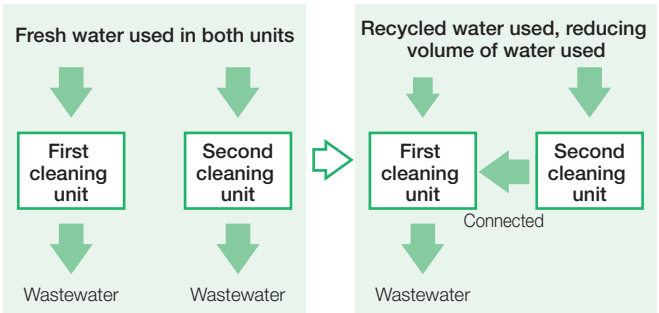
*1 For more information on groundwater cultivation, see page 71.

Promotion of Reduced Water Use

ST Liquid Crystal Display Corporation (ST-LCD), a joint venture established between Sony Corporation and Toyota Industries Corporation to produce small and medium-sized LCD panels, succeeded in using wastewater in the resist stripping system*2 used in its LC production process. This has reduced the annual volume of water used by the system by approximately 40,000m3, or 43%.

Previously, both the first cleaning unit and the second cleaning unit were constructed to accommodate independent supplies of deionized water. This was replaced with a system that uses a cascade connection to link the water pipe of wastewater from the second cleaning unit to the tank of the first cleaning unit. Initially, ST-LCD had considered modification using a cascade connection between the tanks of the two units that required an unloading pump and other new equipment. However, staff of ST-LCD determined that it was possible to create a cascade connection from the second cleaning unit's water pipe to the first cleaning unit's tank by bending the pipe, thereby increasing the number of bends. This would obviate the need for power by making it possible to reuse the wastewater simply by controlling the water level. These modifications were made by the staff themselves. As a consequence, ST-LCD was able to minimize investment and reduce its use of deionized water.

Water Recycling



Sony Display Device (Singapore) Pte. Ltd. installed a water recycling facility at its display plant in 1998 and has expanded this facility numerous times since then. As a consequence, in fiscal 2005 the company used 70% less water than it did in fiscal 2000. This facility enables water used to clean CRT displays to be reused for the same purpose. Moreover, the water thus recycled by the facility is equal in purity to that purchased from suppliers. This has reduced the amount of chemicals needed for purification of water to be used at the site.

In the United States, Sony DADC's plant in Terre Haute, Indiana, began reusing water from production processes in its cooling tower in December 2005. Effectively reusing water it had previously disposed of as drainage enabled the company to reduce disposal-related costs and the volume of water it uses.

*2 A system that uses corrosive chemicals to strip resist from panels

Chemical Substance Management at Sites

Recognizing the potential long-term impact of chemical substances, Sony is striving to achieve unequivocal, sustained reductions in the use and emissions of certain chemical substances that may be hazardous to the environment as well as people. Sony is also continually looking for substances to use as alternatives.

Management of Chemical Substances Used at Sites

The Sony Group has developed a group-wide common management approach targeted at chemicals used at sites where the use of these chemicals is controlled by legislation; the chemicals are designated as having a potentially harmful impact on the environment; or the chemicals are used in large quantities. Under Green Management 2005, these chemicals were categorized into 5 classes. Sony records and manages the amounts of these chemicals consumed, transferred or released into the air, water and soil. In countries where no legal reporting system exists, Sony sites apply internal standards based on Japan's Pollutant Release and Transfer Register (PRTR) for the management of these chemicals to reduce emissions thereof into the environment.

The following are the results of the chemical substance management in fiscal 2005, based on the classes defined in Green Management 2005:

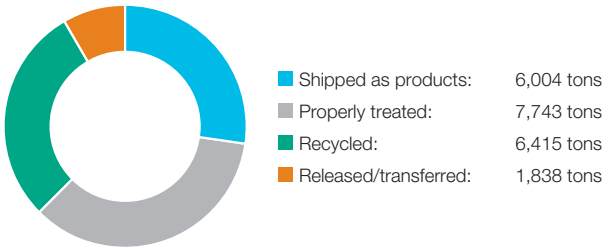
Class 1 substances are those whose use is prohibited. Among the Class 1 substances, Sony used 606 kilograms of mercury in fiscal 2005 as an additive for button batteries, as no viable alternative currently exists.

Class 2 substances are those which had been targeted for elimination by the end of fiscal 2005. Sony used a combined total of 20 tons of Class 2 substances, including lead solder and methyl cellosolve, in fiscal 2005. Sony has eliminated lead solder except in limited applications such as those for which there is no viable existing alternative technology.

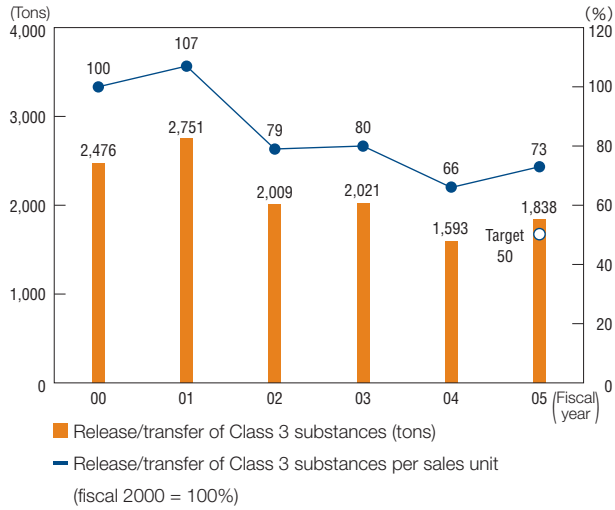
Regarding Class 3 substances, Sony had set a target of reducing releases and transfers by 50% per sales unit of fiscal 2000, by fiscal 2005. In fiscal 2005, Sony released or transferred 1,830 tons of Class 3 substances, 27% less than in fiscal 2000.

Volume of Class 1, 2 and 3 Chemicals Used

(Fiscal 2005)



Release/Transfer of Class 3 Chemical Substances



Chemical Substance Management Targets under Green Management 2010

Green Management 2010 outlines Sony's targets for chemical substance management, which refer to chemical substances in 4 classes. Class 1 chemical substances are those the use of which is immediately prohibited. These include substances that are already prohibited, as well as those that were to be phased out by March 31, 2006. Class 2 chemical substances are those that are to be phased out by March 31, 2011. Class 3 chemical substances are VOCs and greenhouse gases. The Sony Group's target for 2010 for the atmospheric release of VOCs is to achieve an absolute reduction of 40% or more from the fiscal 2000 level, while its target for greenhouse gases is to achieve a reduction of 50% or more, calculated in terms of CO_2 emissions, from the fiscal 2000 level. Class 4 chemical substances are those for which the use, release and transfer must be controlled.

Classification of Controlled Chemical Substances Used at Sites*1

Class	Measures
1 (Prohibited)	Use immediately prohibited
2 (Phased out)	Phase out by March 31, 2011
3 (Reduced)	Reduction in release and transfer
4 (Controlled)	Control of use, release and transfer

*1 For a list of chemicals subject to management, see page 73.

Promotion of Chemical Substance Management

The Kagoshima Technology Center of Sony Semiconductor Kyushu has begun reusing isopropyl alcohol (IPA)—the controlled chemical substance that it uses in the greatest quantities—in its production processes.

To date, quality problems have hampered the reuse of IPA in production. Accordingly, Kagoshima Technology Center has disposed of waste IPA either by using it to activate bacteria in its on-site wastewater treatment tanks or selling it to a third party. Recently, however, collaboration between Sony Corporation and Sony Semiconductor Kyushu led to the development of the technology for purifying IPA used to wash panels for wafers and reusing it for cut-off panels for wafers as well. In addition to reducing waste IPA, this technology has led to a significant reduction in the volume of IPA purchased by Kagoshima Technology Center. By making waste IPA generated from the process of purifying to be reused in the on-site wastewater treatment tanks, as a consequence, Kagoshima Technology Center has reduced waste IPA to zero.

Environmental Risk Management at Sony Sites

In fiscal 2005, no environmental accidents occurred at Sony sites. To carry out effective risk management regarding the management of chemical substances and emergency responses, the Sony Group enacted the Sony Group Standards for Site Environmental Risk Management, which set forth specific accident prevention policies and emergency response procedures. These include prohibiting the burial of tanks and pipes and the prevention of leaks. The Sony Group will continue to aim for a zero accident incidence rate through the appropriate management of chemical substances.

Response to Soil and Groundwater Contamination

By fiscal 2005, Sony reported incidents of soil and groundwater contamination at 4 Sony Group sites. One of the 4 sites, Sony Corporation's Yokohama Research Center, completed soil remediation work within fiscal 2005, while decontamination work is under way at the remaining 3 sites.

Progress of Soil and Groundwater Decontamination Work

(As of March 31, 2006)

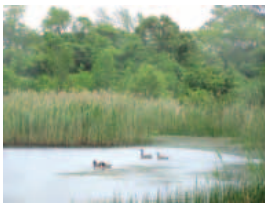
Site	Date Confirmed	Substance(s) Detected	Cause	Response
Sony Corporation Yokohama Research Center (Japan)	April 2005 (Result of assessment conducted in line with Japan's Soil Contamination Countermeasures Law)	Fluorine Lead Selenium Arsenic	Leak in area where substances had previously been used	Decontamination measures implemented and completed in fiscal 2005.
Sony Haneda Corporation (Japan)	September 2004 (Result of assessment conducted in line with Japan's Soil Contamination Countermeasures Law and Tokyo bylaws)	Fluorine Boron Lead Trichloroethylene	Leak in area where substances had previously been used	Pumping of groundwater began in July 2005.
Sony EMCS Corporation Inazawa TEC (Japan)	June 2001 (Result of voluntary assessment)	Fluorine	Leak from crack in drainage pipe	• Drainage pipes equipped with sensors to detect leaks installed • Decontamination and monitoring continue Degree of contamination has been reduced to 2mg/l, from peak level of 58mg/l.
Sony Magnetic Products Inc. of America, Dothan Plant (United States)	1990 (Result of voluntary assessment)	Organic solvents	Contamination in area where substances had previously been used (cause indeterminate)	• Decontamination completed • Groundwater pumped, aerated and then transported to the city of Dothan's water decontamination plant Degree of contamination has been reduced to a level where monitoring is no longer required.

Natural Environmental Conservation at Sites

Sony is taking steps to reduce the environmental impact of its business activities. At the same time, it is working to preserve the environment surrounding its sites by cooperating with local communities in such areas as resource recycling, greening and ecosystem protection.

Creating Wildlife Sanctuary

In 2006, Sony DADC's plant in Pitman, New Jersey, signed an agreement with the state of New Jersey to transform a portion of its site into a wildlife sanctuary. The area, a piece of forested land approximately 48,500m^2 in area and containing several ponds, is home to wild deer, foxes, birds and pond life. The Pitman Plant pledges to maintain the area in the condition it was at the time of the agreement and will undergo periodic audits by the state.



The Pitman Plant's wildlife sanctuary

Promotion of Greening

Since it began operations, Sony EMCS Corporation's Kohda TEC has sought to make its site a green industrial park. Accordingly, the facility has worked to preserve plants and trees growing naturally since the site's construction stage, as well as to promote other greening activities. Kohda TEC has pursued greening as a medium- to long-term endeavor: initial activities focused on planting trees to increase greenbelts, while subsequent efforts included planting deciduous trees and plants suited to the soil. In 1998, Kohda TEC named the trees growing naturally on the site the "Sony Forest," and added an observation deck and athletic track for the surrounding community.

In recognition of Kohda TEC's long-term commitment to the development and maintenance of greenbelts and contribution to the community, the facility received an Excellent Stage 3, the highest certification given under the Social and Environmental Green Evaluation System (SEGES) of the Urban Green Space Development Foundation of Japan, in its first trial evaluation.

Sony Forest, Kohda TEC

2005
SEGES

The SEGES Excellent Stage 3 mark of certification

Groundwater Cultivation Project

Since fiscal 2003, Sony Semiconductor Kyushu Corporation's Kumamoto Technology Center has been working with local residents, an environmental NGO, agricultural organizations and agricultural cooperatives to replenish groundwater. This is accomplished by covering nearby fields with water pumped from rivers. Kumamoto Technology Center has secured paddy fields with an area sufficient in size to enable it to replenish groundwater equivalent in volume to its annual use of water. In fiscal 2005, however, because rainfall was unusually low compared to most years, Kumamoto Technology Center replenished approximately 700,000m^3 of groundwater, equivalent to approximately 70% of its annual use of water. Kumamoto Technology Center bought rice for serving in its employee cafeteria from some of the paddy fields where water was replenished.

Importance of Biodiversity Conservation

Glenn Prickett
Senior Vice President for Business and U.S. Government Relations
Conservation International

The loss of biological diversity, our living natural heritage, is one of the most pressing environmental issues today. The abundance of different plant and animal species that make up our environment, biodiversity, helps to provide over US$50 trillion in natural services from clean air to fresh water that keep the planet's systems in balance and are essential to our survival.

Sony is taking an important first step by addressing efficiency issues and conservation on its properties. Global companies like Sony can contribute further by incorporating biodiversity into their supply chain management, recognizing the link between climate change and biodiversity, and educating the public. As a leader in the technology sector, Sony is in a unique position to also apply their innovation and research to help us better understand and monitor biodiversity.

Conservation International works with companies to demonstrate that the private sector can be a force for biodiversity conservation. We would like to see a company like Sony continue to build on its work and take up the global challenge to become a leader in conserving our biodiversity.

Site Environmental Data

(Fiscal years)

Six-Year Summary

		Unit	2000	2001	2002	2003	2004	2005
Energy	Electricity consumed	t-CO_2	1,325,478	1,317,742	1,360,856	1,393,452	1,423,706	1,496,083
	Gas consumed	t-CO_2	312,151	275,016	334,793	326,985	301,464	285,848
	Oil consumed	t-CO_2	240,770	234,095	165,083	161,859	149,299	125,247
	Vehicle fuel	t-CO_2	0	0	34,261	36,594	34,290	35,193
	Total	t-CO_2	1,878,399	1,826,854	1,894,993	1,918,889	1,908,759	1,942,371
Water	Water consumed	m^3	28,624,900	26,346,288	26,389,755	22,982,536	24,871,019	25,648,533
Waste	Waste disposed of	t	281,450	257,769	223,726	224,166	214,807	213,120
	Waste reused/recycled	t	226,046	212,630	186,528	195,156	189,197	189,893
	Waste disposed of as landfill	t	55,404	45,141	37,198	29,010	25,610	23,377
Chemical substances	Class 1 substances used	t	3.9	0.3	0.4	0.7	0.7	0.6
	Class 2 substances used	t	703	468	203	177	85	20
	Class 3 substances used	t	17,042	19,221	16,292	14,412	15,594	16,083
	Class 4 substances used	t	27,490	26,627	43,408	36,013	28,460	28,895
	Total	t	45,235	46,315	59,904	50,603	44,140	44,998

* Electricity consumption is calculated based on the t-CO_2 conversion factor used in the countries in which Sony sites are located in fiscal 2000.
* Chemical substances used represents the volume handled less the volume recycled.
* Effective from fiscal 2003, data used for Class 4 chemical substances represents the total of Class 4 and Class 5 substances.

Greenhouse Gas Emissions from Sites (t-CO_2)

	Greenhouse Gas Emissions						CO_2 Emissions from Energy Use	Total
	HFC	PFC	SF_6	NF_3	Other	Total		
2000	7,823	242,580	51,947	2,780	235	305,366	1,878,399	2,183,765
2001	6,553	206,780	43,118	8,669	401	265,522	1,826,854	2,092,375
2002	6,754	150,996	39,351	5,988	1,131	204,220	1,894,993	2,099,213
2003	4,275	130,464	45,481	7,833	6,634	194,687	1,918,889	2,113,577
2004	5,619	150,298	58,163	15,637	6,931	236,647	1,908,759	2,145,406
2005	4,492	150,928	62,099	11,490	8,864	237,872	1,942,371	2,180,244

* Some of the data in the above table is for the calendar year.
* Effective from the fiscal year ended March 31, 2003, CO_2 from energy use includes emissions from business vehicles owned or exclusively leased by Sony.
* Although NF_3 is a less harmful alternative to PFCs, Sony voluntarily lists this substance due to the large quantities it uses.

CO_2 Emissions from Energy Use at Sites in Japan (t-CO_2)

	1990	2000	2001	2002	2003	2004	2005
Electricity consumed	429,840	596,848	631,784	714,110	802,864	827,986	860,338
Oil consumed	41,874	139,828	130,598	134,177	129,054	92,605	116,936
Gas consumed	133,335	190,680	176,099	137,168	148,726	138,267	98,398
Total	605,049	927,355	938,480	985,455	1,080,644	1,058,858	1,075,672

* Electricity consumption is calculated based on the t-CO_2 conversion factor used in the respective fiscal years. However, the calculation for fiscal 2005 is based on the fiscal 2004 conversion factor.

Emissions of Air and Water Pollutants (Tons)

	NOx	SOx	BOD	COD
2002	457	156	140	420
2003	351	52	142	337
2004	288	64	135	311
2005	274	59	142	158

Environmental Conservation Costs (Millions of yen)

	Investment		Expenses	
	2004	2005	2004	2005
Product design	13	5	915	714
Product recycling costs	0	0	912	1,125
Production and service costs	3,415	3,964	10,891	11,723
Administrative costs	189	372	3,334	4,533
R&D costs	0	0	921	1,331
Community activity costs	30	6	150	106
Environmental remediation costs	0	2	12	21
Total	3,647	4,349	17,135	19,552

Environmental Conservation Costs in Fiscal 2005

In fiscal 2005, Sony's investment in environment-related activities totaled ¥4.3 billion, including forward-looking investments in the installation of water recycling and pollution-prevention equipment at sites. Environment-related expenses in fiscal 2005 totaled ¥19.6 billion and reflected expenses for groundwater and soil remediation efforts and the reinforcement of administrative activities. Both environment-related investments and expenses increased from fiscal 2004.

List of Controlled Substances at Sites

Class 1	**Ozone-depleting substances:** CFCs (non-refrigerant), HCFCs (non-refrigerant), methyl bromide, halon (other than for fire extinguishers and fire extinguishing equipment)
	VOCs: 1,1,1-trichloroethane, 1,1,2-trichloroethane, 1,2-dichloroethane, 1,1-dichloroethylene, 1,2-dichloroethylene, methylene chloride, chloroform, trichloroethylene, tetrachloroethylene, carbon tetrachloride
	Heavy metal compounds: Cadmium and its compounds, mercury and its compounds, lead solder
	Carcinogenic substances: Asbestos, vinyl chloride monomer, PCBs, benzene, N,N-dimethylformamide
	Endocrine disrupters and substances harmful to reproductive functions: Nonylphenol, octylphenol, methyl cellusolve and methyl cellusolve acetate, ethyl cellusolve and ethyl cellusolve acetate, dioxins/furan
	Agrichemicals, pesticides, others: Aldrin, dieldrin, endrin, chlorodane, heptachlor, toxaphene, mirex, DDT, polychlorinated naphthalene (with more than three chlorine atoms), hexachlorobenzene, bis (tributyltin) oxide, certain paraphenylenediamines, 2,4,6-tri-tertiary-butylphenol
Class 2	**Ozone-depleting substances:** CFCs (refrigerants for refrigerators/freezers up until March 31, 1985)
Class 3	**Greenhouse gases:** PFCs, HFCs, SF_6, N_2O, CH_4, NF_3, CO_2 (except in emissions from energy use)
	VOCs: Methanol, IPA, MEK, acetone, n-heptane, n-hexane, toluene, xylene, ethyl acetate, butyl acetate, styrene, ethyl benzene, tetrahydrofuran, 1-methoxy-2-propanol, n-butanol, MIBK, cyclohexanone, formaldehyde, other VOCs
Class 4	**Ozone-depleting substances:** HCFCs (refrigerant), HFCs (refrigerant) (HCFCs and HFCs may be used in new refrigerators until March 31, 2011), CFCs (refrigerants for refrigerators/freezers after March 31, 1985), halon (for fire extinguishers and fire extinguishing equipment)
	Heavy metal compounds: Lead-free solder, hexavalent chromium compounds, lead and its compounds (other than in lead solder), antimony and its compounds, arsenic and its compounds, nickel and its compounds, zinc and its compounds, manganese and its compounds, cobalt and its compounds, fluorine and its compounds, boron and its compounds, selenium and its compounds
	Toxic and dangerous substances: Substances specified under other laws/regulations
	Others: Substances specified under other laws/regulations

Class 1: Prohibited; Class 2: To be phased out by March 31, 2011; Class 3: Reduced; Class 4: Controlled

Environmental data available at Sony's website:

- Site environmental data by region
- List of sites that have acquired integrated ISO 14001 certification
- Environmental data for products
- PRTR data for Japan
- PCB content of electrical equipment in storage

URL Sony environmental data: http://www.sony.net/ecodata

Independent Verification Report

Sony CSR Report 2006
Independent Verification Report
To: Sony Corporation

26th June 2006

BVQI Japan Co., Ltd.

Objective of Verification

To verify the reliability and consistency of environmental data selected by Sony Corporation (Sony) for inclusion in the Sony CSR Report 2006 (Report), issued under the responsibility of Sony's management.

Scope of Work

The scope of the verification work covered the activities of the following Sony business entities for which environmental data is generated:
Sony Corporation Headquarters, JARED INC., Sony Corporation TV & VIDEO Business Group, Sony Corporation Audio Business Group / VAIO Business Division, Sony Semiconductor Kyushu Corporation Nagasaki Technology Center, Sony EMCS Corporation Kosai TEC, Sony Chemicals Corporation of America, Sony France S.A., EM&M Dax Tec
Eight sites were visited as part of the verification coverage, including four manufacturing, one logistics and two design and development sites, and the headquarters.

Verification Methodology

BVQI has conducted verification activities at:

Sony Headquarters

1. The reliability of data collection and aggregation systems and the adequacy of the process.
2. The accuracy and consistency of data collected for the fiscal year 2005 (April 2005 to March 2006) and the reliability of data transposition from sites to the Headquarters.
3. The validity of conclusions drawn from aggregated data.

Sites

1. The effectiveness of data measurement and monitoring.
2. The quality of data and the effectiveness of internal verification.
3. The reliability and adequacy of data measurement and monitoring and aggregation methods and the method of data reporting to the Headquarters.

Opinions

BVQI reports as follows:

1. As a result of verifying the quality of raw data, site aggregation processes and the environmental impact information collection system, including a comparison with the fiscal 2004 results, the environmental data from sites is considered to be reliable and free from significant error for inclusion in the Report.
2. Some inconsistencies were identified in the data during the verification process which were corrected with view to providing data that is as accurate as possible. However, this does indicate the need for improvement in some data management areas.
3. GHG emissions included in the Report are considered to be reliable, and although it may be feasible to improve the accuracy of some emission factors, this is unlikely to have a significant impact.
4. The product related environmental impact information is increasingly reliable, with a clear definition of the method to check the data coverage and to calculate the environmental impact.
5. Each business group is making commendable efforts towards achieving Sony's mid-term environmental targets incorporated in its "Green Management 2005" objective. The performance against each target is appropriately defined, accurately calculated and reflects current status.

Purpose and Scope of Verification

Sony has obtained third-party verification since fiscal 2001 to ensure the credibility of data reported and facilitate the ongoing improvement of its environmental management.

Since fiscal 2003, Sony has sought independent verification from the BVQI Group, the external auditing organization for the Sony Group's global environmental management system. In fiscal 2005, Sony asked the BVQI Group to undertake independent verification of the reliability of data collection and reporting processes, as well as the accuracy and the appropriateness of conclusions drawn from such data, at production sites, logistics centers, design sites and Sony's headquarters.

Reference View from BVQI

BVQI has verified the environmental data collection activities and environmental activities at the headquarters and at site level. BVQI has concluded as follows:

1. Site Environmental Impact Information

- The reliability of aggregated data has improved over the last year, with the use of spreadsheet software for the collection and aggregation of data at each site.
- The persons in charge at each site have a high level of understanding and proficiency, and data is collected effectively at those sites visited in Japan and overseas.
- The definition of input data for the site environmental impact information collection system was reviewed. The method for calculating NOx and SOx emissions was seen to vary depending on the site, and a common method across sites should be considered.
- In response to the finding raised in the verification for the previous reporting cycle, sites are checking data again for aggregation purposes. It should be noted that the sites verified for this year's report differ from those verified for the CSR Report 2005.
- For some of the sites, more errors were identified in the data than were identified last year across sites. Some significant variations from the previous reporting period are identified (such as waste) and action is required to improve the quality of data.
- Errors were identified regarding the scope and specific units of aggregation (for example, not accounting for fuel use for on-site vehicles), as were minor errors with the manual input of certain data. All such errors were readily corrected.
- The site environmental impact information collection system has a weakness that the revision history is not recorded when input values are revised and staff at the headquarters and at site level are therefore unable to review the revision history.

2. CO_2 Emissions

- CO_2 emissions are accurately calculated using the most up to date conversion factors.
- Electricity consumption is appropriately monitored. A few minor errors were identified (for example, the adding of electricity consumed by a non-Sony company located on Sony's premises), but all such errors were readily corrected.
- GHG emissions resulting from sources other than energy are calculated based on Sony's report to Japan Electronics and Information Technology Industries Association (JEITA) and the release and transfer of chemical substances in the chemical substances data management system. However, the emission factor used was not appropriate, and errors were identified in the release and transfer figures due to delays in updating the database. The emission factor has a potentially significant impact on GHG emissions data, but upon review the data was adjusted and can be confirmed to be valid. For N_2O, it would be necessary to use the emission factor based on actual measurement, considering the large amount of N_2O emissions.
- It is a good approach that the GHG emission reduction target is explicitly stated in Sony's new mid-term environmental targets incorporated in its "Green Management 2010" objective.

3. Product Environmental Impact Information

- There is now a systematic approach to the aggregation of resources used in products and CO_2 emissions from consequent product use. The method and reliability for estimating, aggregating and checking the coverage of data is improved.
- The mid-term targets for each product, based on the "Green Management 2005" objective, are deployed into each business group with suitable emphasis on improvement.
- The power consumption and resource input have been reduced and it is considered that significant efforts are being made to achieve the mid-term performance targets.
- The definition of performance was reviewed and the performance against each mid-term target is assessed appropriately.

The English versions of the Independent Verification Report and Reference View from BVQI are translated from the original Japanese versions. The Japanese versions shall be the sole official texts in case of discrepancy.

About CSR Report 2006

Sony places a high priority on ensuring accurate disclosure and effective communications with its stakeholders. Sony published environmental reports in 1994, 1997, 1999 and 2001. In light of the increasing attention given to companies' social accountability, in 2002 Sony published its first Social and Environmental Report. In 2003, Sony widened the scope of information on its corporate social responsibility described in the report and renamed it the "CSR Report." Sony's CSR Report 2006 has been prepared using this format.

Reporting Scope and Period

This report summarizes Sony Group CSR activities worldwide during fiscal 2005 (the fiscal year that began on April 1, 2005 and ended on March 31, 2006). It also includes reporting on some material activities, such as major organizational changes, up to July 1, 2006.

Sony Group and Company Names

In this report, the term "Sony" refers to the Sony Group, while "Sony Corporation" refers to the parent company. The Sony Group includes Sony Corporation and all consolidated subsidiaries in which Sony Corporation holds a capital stake of more than 50%. However, some of the captions and other data included are from joint ventures, such as ST Liquid Crystal Display Corporation (Japan), Sony Ericsson Mobile Communications Japan, Inc., and others, in which Sony holds a capital stake of 50%, and other companies using the Sony trademark.

Environmental Data

Reporting scope for data from sites: Sites included in integrated ISO 14001 certification, as of March 31, 2005. (See page 48)

- Data for certain sites overseas included in integrated certification has not been included in totals, while totals do contain data from certain non-certified sites that provided such data voluntarily.
- Data included is for fiscal 2005. However, data from certain sites includes estimates.
- CO_2 conversion values for power used by sites are calculated using the fiscal 2000 CO_2 conversion values for the countries of location, unless otherwise noted.

Reporting scope for product data: Products manufactured and sold by the Sony Group to non-Group customers in fiscal 2005. Accessories, semiconductors and parts are considered products. Data also includes packaging materials used for products.

Amendment of data from previous years:

- Product data for fiscal 2004 has been recalculated.
- Site data forecasts for fiscal 2004 have been recalculated.

Units of Measurement

In principle, the units of measurement used in this report are written out in the body of the text, with symbolic notation used in graphs, charts and diagrams.

Symbols are used to write chemical formulas in the text. Carbon dioxide is written as CO_2.

Unit of weight: tons/t
Unit of volume: cubic meters/m^3
Unit of heat: Joules/J
10^{12}: Tera/T

Guidelines Referenced

2002 Sustainability Reporting Guidelines, Global Reporting Initiative
Environmental Reporting Guidelines (Fiscal Year 2003 Version), Ministry of the Environment (Japan)
Environmental Reporting Guidelines 2001 with Focus on Stakeholders, Ministry of Economy, Trade and Industry

Information and Data Available at Sony's Website

- Methods and approach used for aggregating environmental data
- Environmental data for each Sony site
- Product environmental data
- List of ISO 14001-certified sites
- Site reports (environmental and other reports on individual sites)
- History of Sony's environmental activities
- Awards received in recognition of CSR and environmental activities

URL GRI's website: http://www.globalreporting.org/
Sony's CSR activities: http://www.sony.net/csr/

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Sony Website

English: http://www.sony.net/
Japanese: http://www.sony.co.jp/

For Inquiries Regarding this Report or Sony's CSR Activities

Corporate Social & Environmental Affairs Dept.
6-7-35 Kita-Shinagawa, Shinagawa-ku,
Tokyo 141-0001, Japan
Phone: 81-3-5448-3533
Fax: 81-3-5448-7838

Contact us at "Sony-related inquiries" on the website:
http://www.sony.net/SonyInfo/Support/Feedback/

CSR Activities Website

English: http://www.sony.net/csr/
Japanese: http://www.sony.co.jp/csr/

Annual Report

For Sony's latest Annual Report, please visit the following websites:
English: http://www.sony.net/IR/
Japanese: http://www.sony.co.jp/IR/

Communication Spaces

Sony organizes exhibitions of various kinds, such as exhibitions at science museums that are designed to stimulate interest in science, as well as other exhibitions that introduce the history of Sony and its environmental activities.

Sony Explorer Science (Tokyo and Beijing)

In these science museums produced by Sony, visitors can actually see, touch and enjoy the principles and laws of science in action, and the progress and fascination of digital technology.
http://www.sonyexplorascience.com

The Museum and Sony Eco Plaza (Tokyo)

At The Museum, Sony products are displayed chronologically from the founding of the company to the present day. Sony Eco Plaza is a showroom introducing Sony's environmental activities.
http://www.sony.net/csr

Sony Wonder Technology Lab (New York)

In this interactive museum, education, entertainment and technology are merged in exhibits featuring music, movies, video games and digital technology.
http://www.sonywondertechlab.com

[For environmental consideration]

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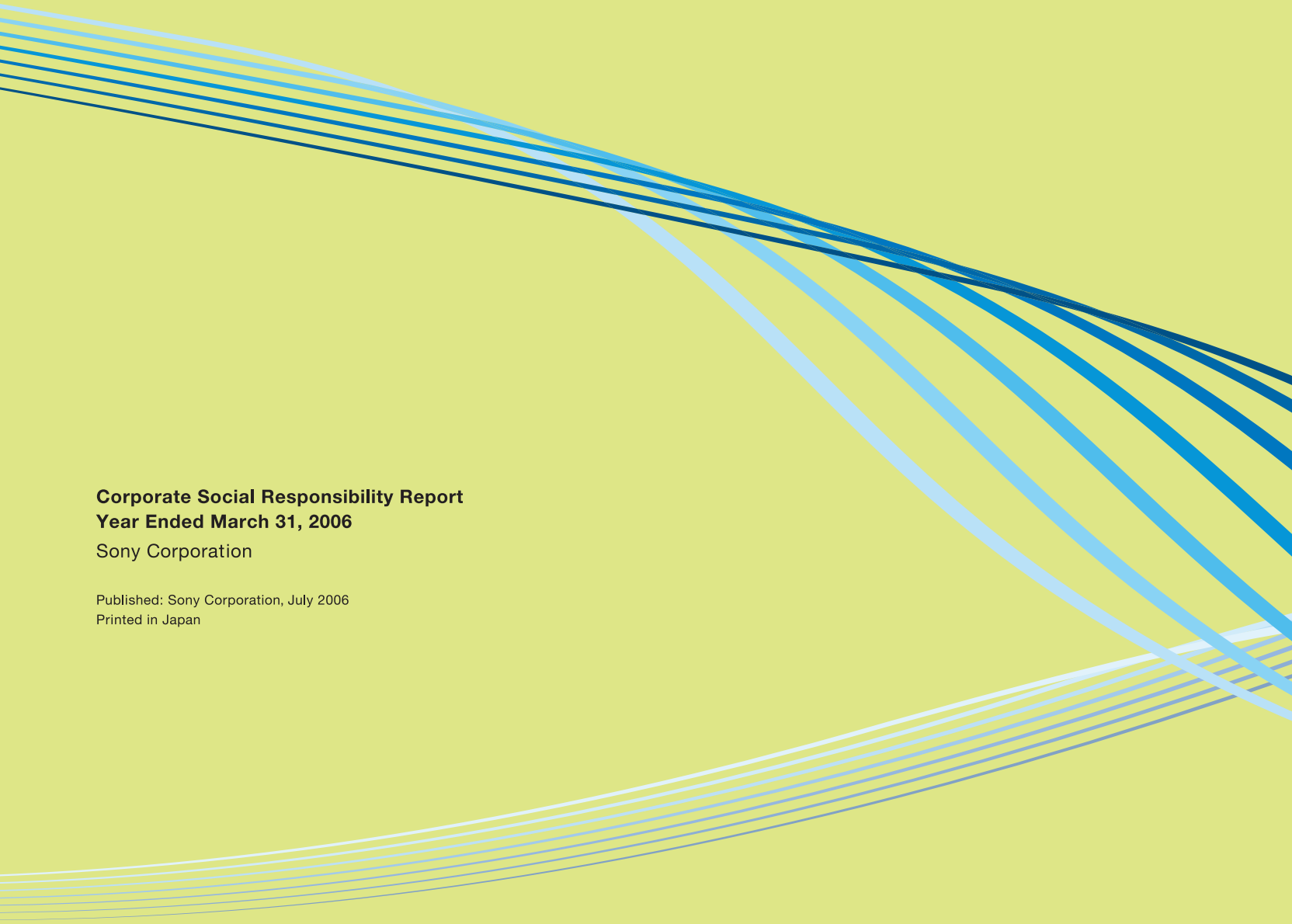

Corporate Social Responsibility Report
Year Ended March 31, 2006

Sony Corporation

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