

SONY

CSR Report 2007

Sony places a high priority on ensuring accurate disclosure and effective communication 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 in the report to include more comprehensive information on corporate social responsibility (CSR) and renamed it the "CSR Report." Sony's CSR Report 2007 has been prepared using this format.

Reporting Scope and Period

This report summarizes the CSR activities of the Sony Group worldwide during fiscal 2006 (the fiscal year that began on April 1, 2006, and ended on March 31, 2007). It also includes reporting on some material activities, such as major organizational changes, up to June 21, 2007.

Composition of Report

- Sony discloses its operating and financial results in the Annual Report and information on CSR activities in the CSR Report.
- Sony's CSR Report 2007 is made up of a printed report and website components. The printed report provides information relevant to key CSR topics, while the website contains supplemental data, as well as an electronic version of the report. For links to more detailed information, please see "For more information >>" indicators in the printed document.
- In light of increasing stakeholder interest and their importance in the context of Sony's business as a whole, four significant themes are specifically featured: climate change, supply chain management, innovation and China. The remainder of the report is organized into five sections (Management, Product Responsibility, Employees, Community and Environment).
- Comments from stakeholders, including external experts and employees, are included.
- Messages from top management and outside directors are included.
- Sony has obtained third-party verification to ensure the reliability of environmental data reported and to facilitate the ongoing improvement of its environmental management.
- This report is published in Japanese, English and Chinese.
- Guidelines referenced in the preparation of this report are as follows: *2006 Sustainability Reporting Guidelines*, published by the Global Reporting Initiative in October 2006 (URL: <http://www.globalreporting.org/>); *Environmental Reporting Guidelines (Fiscal 2003 Version)*, published by Japan's Ministry of the Environment; and *Environmental Reporting Guidelines 2001 with Focus on Stakeholders*, published by Japan's Ministry of Economy, Trade and Industry. For comparative tables that are covered in *2006 Sustainability Reporting Guidelines*, please refer to the website.

Sony Group and Company Names

In this report, the name "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%. Some of the descriptions and data also reflect information of joint ventures, such as ST Liquid Crystal Display Corporation (Japan), Sony Ericsson Mobile Communications Japan, Inc., and certain others, in which Sony holds a capital stake of 50%.

Sony's CSR Report Website: <http://www.sony.net/csr/report>

About the cover:

The cover of this report represents the many multi-faceted interactions between Sony and society, and the new harmony created between them. (Designed by Creative Center, Sony Corporation)

* "For the Next Generation" is the descriptive phrase used for Sony's CSR activities, which aim to help create a sustainable society.

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Sony's Views on Corporate Social Responsibility (CSR)

The core responsibility of the Sony Group 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 stakeholders, including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The Sony Group will endeavor to conduct its business accordingly.

Highlights of CSR Activities

Management Structure

Reinforcing Corporate Governance

Compliance with the Sarbanes-Oxley Act (SOX) of 2002, including global evaluation of the effectiveness of internal control over financial reporting – 22

Strengthening Compliance

Reinforcement of education regarding the Sony Group Code of Conduct and the internal hotline system throughout the global compliance network – 24

Product Responsibility

Establishing the Sony Pledge of Quality

Establishment of the Sony Pledge of Quality, which lays out Sony's basic policy on product and service quality – 29

Strengthening Supply Chain Management

Introduction of the Sony Supplier Code of Conduct and implementation of self-assessment questionnaires with the aim of encouraging suppliers to comply with the code, with emphasis on environmental preservation, human rights and the work environment – 12

Employees

Promoting Diversity

Organizing training programs, events, workshops and revising employment policies in an effort to promote gender diversity (Japan, United States, Europe) – 35

Enhancing Work-Life Balance Support Systems

Revising child care leave-related support systems to assist employees trying to balance the demands of work and home – 37

Introducing Distinguished Engineer System

Initiating the Distinguished Engineer System, a human resource program designed to foster outstanding engineers – 37

Community

Participating in Project to Identify the Causes of Disease

Participation in Folding@home™, a distributed computing project established by Stanford University to analyze difficult diseases – 14

Initiating China-Japan Exchange Project

Start of Sony Student Project Abroad (China), a social contribution project aimed at helping Chinese students gain a deeper understanding of Japan and global environmental issues – 19

Organizing Volunteer Projects in Developing Countries

Initiation of the Digital Photo Project for Children—EYE SEE II in cooperation with UNICEF, and the organization of workshops – 45

Implementing In-House Volunteer Programs

Activities of Someone Needs You (initial letters together spell “SONY”), a program designed to enhance relations with communities under which approximately 23,000 Sony employees participate in a variety of volunteer activities – 46

Environment

Promoting Mid-Term Environmental Targets

Reinforcement of environmental conservation activities with the aim of achieving our Green Management 2010 mid-term environmental targets – 52

Promoting Reduction of Energy and Resources in Products

Promotion of energy- and resource-saving measures.

- Achieved energy savings target for approximately 90% of product categories; achieved reused/recycled materials utilization rate of approximately 10% – 55

Eliminating Specified Chemical Substances from Products

Continuous operation of the Green Partner Environmental Quality Approval Program as part of the effort to manage chemical substances in electronics products – 58

Building and Operating Product Recycling Systems

Ongoing development and operation of product recycling systems to meet the requirements of different regions

- Recovered 36,355 tons of resources from end-of-life products worldwide – 62

Reducing the Environmental Impact of Sites

Implementing efforts aimed at meeting targets for reducing the absolute environmental impact of Sony's sites

- Reduction of greenhouse gas emissions: 9%; Reduction of waste: 30%; Reduction of water used: 16%; Reduction of volatile organic compounds released: 41% (Compared with fiscal 2000) – 65

Other CSR Initiatives

Establishing Partnership with an NGO to Address the Issue of Climate Change

Participation in the Climate Savers Programme, organized by the World Wide Fund for Nature (WWF), under which the NGO partners with companies to implement various initiatives aimed at lowering greenhouse gas emissions – 10

Participating in Global CSR Procurement Alliance

Involvement in the Electronics Industry Code of Conduct group, an alliance for promoting CSR considerations in supply chain management – 12

Working Toward the Construction of CSR Frameworks

Involvement in the development of ISO 26000, a global standard for CSR and revisions to the Global Reporting Initiative's sustainability reporting guidelines, as well as participation in various CSR-related organizations, including the World Business Council for Sustainable Development (WBCSD), CSR Europe, Business for Social Responsibility (BSR) and the Council for Better Corporate Citizenship (CBCC)

Message from the CEO



Sony is strongly committed to using its unique talents in developing new and innovative approaches to help maintain a sustainable society for the next generation.

Sony is now in the third year of its strategic revitalization program. Over the past two years, we have implemented significant structural and business changes to make the company a highly focused organization that defines clear priorities company-wide and pursues these priorities with relentless discipline and energy. Corporate social responsibility (CSR) is one of the key priorities for our company. I hope this report will illustrate that CSR is both a core value and a passion of Sony, its management and its employees worldwide. In this message, I would like to highlight two aspects of our corporate social responsibility programs.

Upholding Sound Business Practices

Sony clearly recognizes that sound business practices are a fundamental aspect of corporate social responsibility. As a global company, we have set forth worldwide standards and initiatives to strengthen corporate governance, ethics and compliance, product safety and quality, internal controls, and supply chain management. Sony is committed to observing the highest standards of ethical business behavior, as set forth in the Sony Group Code of Conduct, and as frequently reinforced through training courses and other awareness programs.

Beyond striving to manage our own global operations in a sound manner, collaboration in the supply chain is also essential for us to create high quality and socially responsible products and services. As we have expanded our operations worldwide to meet our customers' needs and to increase competitiveness, our supply chain has also become more global and more complex. We are working cooperatively with our suppliers to ensure social responsibility in the supply chain. In fiscal 2005, Sony introduced and distributed to its electronics suppliers the Sony Supplier Code of Conduct, a global standard of conduct based on the Electronic Industry Code of Conduct (EICC). In fiscal 2006, Sony worked closely with fellow EICC members to develop common methods for efficient and effective implementation.

It is Sony's responsibility not only to develop innovative high-technology products but also to do so while maintaining the highest standards of business conduct. Sound business practices are a foundation of Sony's success, allowing the company to more effectively drive corporate social responsibility programs for current and future generations.

Initiatives for the Next Generation

Sony is committed to working toward a sustainable society for the next generation. As we know, the world is facing such serious challenges as climate change, poverty, disease and educational needs. It is our generation's responsibility to address these issues—to create a better society and maintain the global environment for the next generation. As a global company, we at Sony recognize our responsibility to play an important role in achieving these critical objectives, both on our own and in partnership with others.

As part of our efforts to help address the issue of climate change, Sony joined the World Wide Fund for Nature (WWF)'s Climate Savers Program in fiscal 2006 and committed to a significant reduction of greenhouse gas emissions by Sony sites worldwide. We also agreed to further develop energy-efficient

products through the application of innovative technologies such as that used to increase energy efficiency in our popular BRAVIA line of liquid crystal display (LCD) televisions. In addition, we are collaborating with the WWF on communicating to consumers how they can reduce energy consumption when using our products.

Sony is also applying its advanced technologies in support of scientific research to benefit current and future generations. For example, Sony Computer Entertainment Inc. began to collaborate with Stanford University's Folding@home™, a distributed computing project, in fiscal 2006. Through this collaboration, users of the PLAYSTATION®3 (PS3™)—the next-generation computer entertainment system— may sign up to share the powerful computing capacity of their PS3 consoles with Stanford researchers who are investigating serious diseases afflicting our society. As a result of a remarkable response from PS3 users, this program has greatly increased the computing capacity available to Folding@home™, thereby significantly speeding its research efforts.

In developing countries, in addition to diseases and the impacts of climate change, there are of course other serious issues, including poverty and educational needs. I believe there are many ways that Sony can contribute through methods utilizing its special expertise. For example, in addition to prior cash donations to the victims of the Pakistan Earthquake, Sony cooperated with UNICEF in fiscal 2006 to help children affected by the earthquake. We donated digital cameras to the children, supported workshops that taught them how to take photographs, and then encouraged them to communicate creatively through their photos. The result was a touching exhibit of their photographs that was shown in Islamabad, New York and Tokyo. In viewing the exhibit, I was particularly moved by the way these children, whose lives were devastated by natural disaster, were still eager for new experiences, and demonstrated in their photos their hope for the future. I was also very proud that Sony products had helped these children to express their creativity, and also played a role in connecting them and their messages with the rest of the world.

These are just a few examples of what we are doing. We at Sony are utilizing our businesses, our technologies, and the talents of our employees throughout the company in a coordinated manner to reduce our impact on the environment, to develop and market high-quality, innovative products that contribute to cultural and social progress, and to support local communities.

I sincerely hope that this report will provide you with a greater understanding of our efforts and our commitment.

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



Interview with the President



Efforts that help ensure Sony is a company respected by all its stakeholders. For Sony, this is CSR.

What are your thoughts on the past year?

After performing sluggishly for several years, Sony finally began to show signs of a recovery in fiscal 2006, thanks to the support of its many stakeholders and the efforts of all Sony Group employees. Through it all, we have never wavered from our belief that corporate social responsibility (CSR) is essential to Sony's revitalization. Where performance, design, price and other such considerations crucial to product appeal are necessary conditions for revitalization, CSR, including attention to environmental considerations, quality control, and social contributions, is also a necessary condition. The importance of CSR is difficult to grasp when looking at Sony products, but it is the foundation of all our businesses; it is something that must be pursued with consideration for the expectations of stakeholders and we must never, ever let our attention to it lapse.

While responding to the expectations of stakeholders sometimes means confronting problems head-on, what was the objective of the global replacement program for certain notebook computer battery packs that Sony implemented in fiscal 2006?

With the complexity of technology today, identifying the causes of a problem can be difficult. On the other hand, a corporate position which expresses that causes are often not clear to avoid addressing problems, will only cause customers greater concern.

In fiscal 2006, several computer manufacturers implemented recalls for certain battery packs using Sony-manufactured lithium-ion battery cells. As a measure of our commitment to ensuring customer satisfaction and alleviating any consumer concern which may have arisen as a result of these recalls, we initiated a global replacement program for certain notebook computer

battery packs. The success of launching this program was due to the understanding and cooperation of the relevant parties, including the computer manufacturers that implemented the program, and we believe it was a necessary response to ensure that customers use products comfortably.

This episode also provided an opportunity for us to review and strengthen our internal quality controls system. The biggest change that I can see lies in the rule that if someone notices a problem he or she must report it to his or her supervisor, and adherence to this rule has really taken root among employees. This ensures that all relevant individuals share key information early on, enabling them to begin working promptly to identify the cause. I believe that observance of this rule will contribute to improved product quality on several fronts. The unyielding commitment of all employees to resolving quality control issues is essential.

What role do employees play in putting CSR into practice?

CSR is not just a series of activities that are implemented and overseen by a special department, but is the cumulative result of efforts by each and every employee. Each employee must take the initiative to be socially responsible and accountable for his or her own actions. Only then do the company's efforts come in. This is and always will be the heart of CSR. When I asked this year's crop of new Sony recruits what themes interested them most, the answer that came back most frequently was "R&D and social contribution." To me, employees contribute to putting CSR into practice by cultivating their innate desire to do something useful in the world. One of the main themes of Sony's CSR programs is "For the Next Generation." Going forward, we recognize the need to enhance employee awareness and take steps to transform that awareness into action. A case in point is initiatives aimed at reducing energy consumption. The objective here cannot simply be to cut costs. We need to comprehend that the real issue we face is that conventional energy sources have been depleted to the point where there will not be enough to sustain the next generation, and we must maintain this awareness. If we can do this, our approach to reducing energy consumption will certainly, if gradually, change. This generation has an obligation to explore issues until we determine what we can do for the next generation and then translate our conclusions into action.

In October 2006, the 60th anniversary year of Sony, we completed our new headquarters in Minato-ku, Tokyo, which is the new base of the Sony Group. The building is now the workplace of approximately 6,000 individuals. An environmentally conscious structure, the building incorporates all kinds of advanced energy-saving features. We hope that the new surroundings will inspire greater dynamism and encourage employees to discuss various issues in a free and open-minded manner—in other words, to become a symbol of Sony's approach to CSR.

With the "revitalization of Sony" well advanced, what issues will you need to address going forward?

We live in a modern society with all the benefits of civilization. At the same time, we face crucial challenges. In Japan, for example, we must contend with a host of problems, including environmental concerns, a declining birthrate and educational issues. None of these are problems that can be resolved overnight.

Thirteen years after our establishment, at a time when our business was still far from stable, we had already launched a foundation to support science education. This foundation, which gradually evolved into the Sony Foundation for Education, will soon celebrate its 50th anniversary. The foundation came into being because Sony's co-founder Masaru Ibuka viewed education as a high priority. The idea of fostering the development of future generations is something that has been passed down continuously throughout Sony's history. To date, the Sony Foundation for Education has provided assistance to nearly 5,000 schools. While it is true that one company can only do so much, it is also true that perseverance and ongoing efforts are important in finding solutions to many problems. Going forward, I believe that collaboration on numerous fronts with government, academia and other companies in the industry, as well as with our many stakeholders, will continue to play a key role.

For Sony to continue growing and evolving as a company that is esteemed by society, it must continue not only to offer appealing products and services, but also, through its various activities, to generate value and prove itself worthy of respect. To these ends, it is necessary that our activities consider the needs of all our stakeholders, including our business partners, customers, communities and employees. To bring this idea closer to home, it is necessary that we strive to be a company that our employees can take pride in with their families, as well as a company that is appreciated in the communities in which it operates. We can be a highly competitive company with stable growth strategies, but if we pollute the environment and are a bane to our communities we will alienate our employees. I think the "revitalization of Sony" will truly be complete when we have earned the respect of all our stakeholders.

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

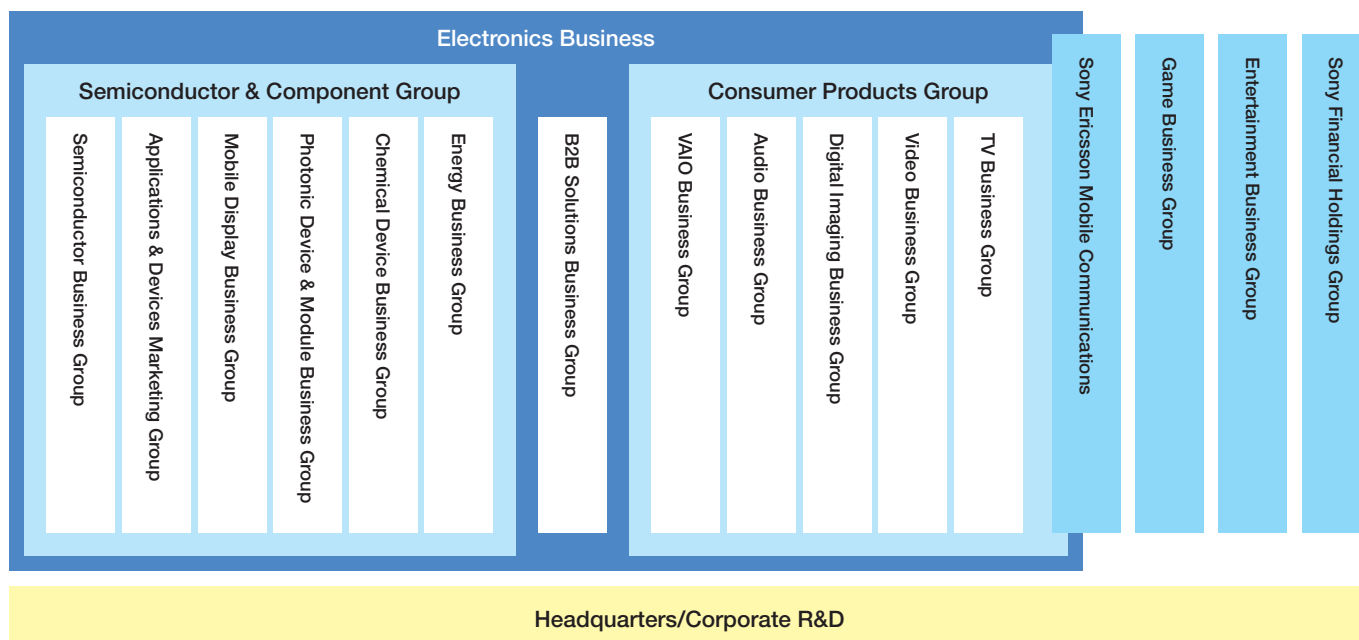


Sony Overview

Corporate Data

Headquarters	7-1, Konan 1-chome, Minato-ku, Tokyo 108-0075, Japan
Established	May 7, 1946
Employees	163,000 (as of March 31, 2007)
Sales and operating revenue	¥8,295.7 billion (for the fiscal year that began on April 1, 2006 and ended on March 31, 2007; hereafter referred to in this report as "fiscal 2006")

Sony Organization Chart (As of April 1, 2007)



Semiconductor Business Group

Semiconductor business

Applications & Device Marketing Group

Applications and devices marketing

Mobile Display Business Group

L-LCD business

Photonic Device & Module Business Group

Photonic devices business

Chemical Device Business Group

Recording media and optical film business

Energy Business Group

Battery business

B2B Solutions Business Group

B to B solutions business with professional use products and services

VAIO Business Group

Personal Computer products business

Audio Business Group

Audio products business

Digital Imaging Business Group

Digital imaging products business (video cameras and digital still cameras)

Video Business Group

Storage business (optical discs, etc.)

TV Business Group

TV products business

Sony Ericsson Mobile Communications

Mobile phones and next-generation multimedia mobile services

Game Business Group

Game business

Entertainment Business Group

Entertainment business

Sony Financial Holdings Group

Leasing, credit, life insurance, non-life insurance and banking services

Principal Organizational Changes in Fiscal 2006

- Sony NEC Optiarc Inc. was established with the aim of further strengthening the disc drive business.
- A holding company, StylingLife Holdings Inc., was established for retail businesses, comprised of PLAZASTYLE CORPORATION, LightUp Shopping Club Inc., B&C Laboratories Inc., CP Cosmetics Inc., Maxim's de Paris Corporation and Lifeneo Inc.

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



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Pictures

Business Areas

Motion picture, television and other businesses



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Financial Services

Business Areas

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



All Other

Business Areas

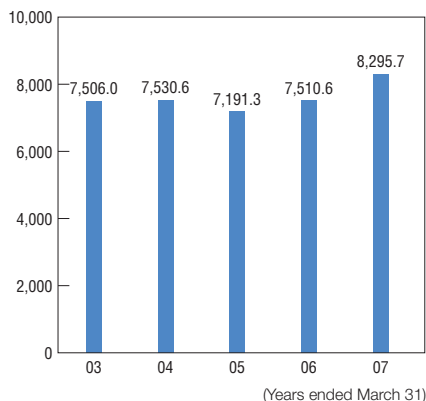
Music content, network service business, production and marketing of animation products, advertising agency and other businesses



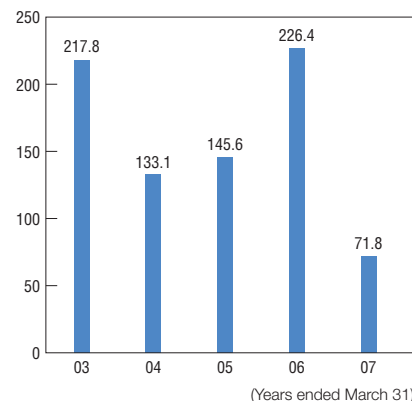
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Financial Highlights (Billions of yen)

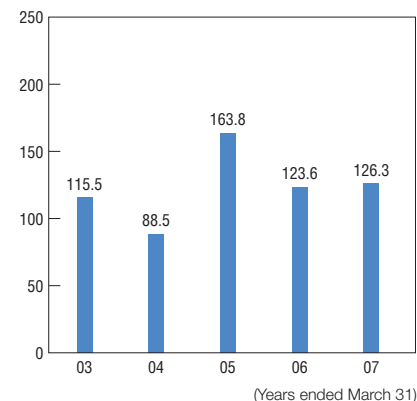
Sales and Operating Revenue



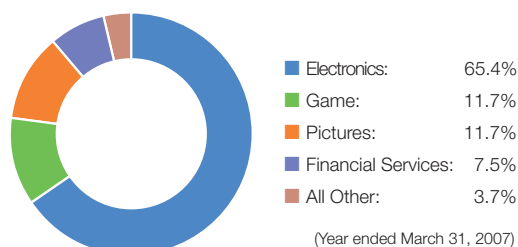
Operating Income



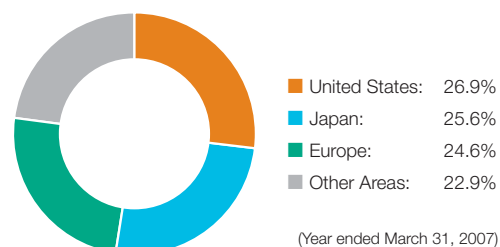
Net Income



Sales and Operating Revenue by Business Segment^{*1}



Sales and Operating Revenue by Geographic Segment^{*1, *2}



^{*1} Percent of sales and operating revenue to outside customers.

^{*2} Sales and operating revenue accounted for by customers in each particular market.

For more information >> <http://www.sony.net/IR/>

Climate Change

Climate change is one of the most critical global issues of the 21st century. Sony recognizes that addressing this issue is a task of paramount importance to ensure the sustainability of society as well as of Sony's business. It is expected that climate change will cause not only global environmental changes and large-scale natural disasters that have a significant impact on all life on this planet, but also the reinforcement of laws and regulations at various levels to mitigate climate change and a shift in consumer preferences to environmentally conscious products. These changes in the business environment will affect companies and their business activities.

Sony's annual greenhouse gas emissions—the total of direct emissions from Sony sites and indirect emissions from product transportation and use by customers, all calculated in terms of CO₂ emissions—is estimated to be approximately 20.53 million tons.*1

Sony is devoting extensive efforts to reducing greenhouse gas emissions in all of its business activities. It is not only making use of new technologies to reduce energy consumption by its products and direct CO₂ emissions from its sites, but also pursuing a number of other efforts, including forming partnerships with nongovernmental organizations (NGOs), actively promoting the introduction of renewable forms of energy and participating in emissions trading programs.

*1 See page 52.

Established Partnership With NGO



In July 2006, Sony signed an agreement with the World Wide Fund for Nature (WWF), a global environmental conservation NGO, to join its Climate Savers Programme.

Under the program, WWF partners with companies to implement various initiatives aimed at lowering greenhouse gas emissions. Through dialogue with the WWF, participating companies establish targets for reducing their greenhouse gas emissions that are more ambitious than previous targets. Targets and achievements are verified by the WWF and an independent third party.

After discussions with the WWF, Sony made the following four commitments to the WWF, most notably setting a target for the absolute reduction of greenhouse gas emissions at its sites around the world, including those located in countries not obligated to make such reductions under the Kyoto Protocol, such as the United States and China:

1. The Sony Group will cut absolute greenhouse gas emissions, calculated in terms of CO₂, 7% from the 2000 level by 2010;
2. Sony will reduce CO₂ emissions from product use by lowering the annual energy consumption of major Sony products;
3. Sony will cooperate with the WWF to raise consumer awareness of global warming prevention; and
4. Sony will support the view that the average global temperature rise must remain below 2°C above pre-industrial times.

In line with this agreement, Sony will work to lower greenhouse gas emissions at its manufacturing and non-manufacturing sites worldwide and promote energy-saving products. In particular, Sony will strive to reduce CO₂ emissions from product use by raising consumer awareness through global warming prevention-related consumer outreach activities undertaken in cooperation with the WWF.

A Stakeholder's Voice

Solving the Climate Change Issue

Climate change is having a negative impact around the world. The latest scientific findings urge the world community to reduce greenhouse gas emissions as quickly as possible. We must act now, as delay is not an option.

The WWF believes that companies have a special responsibility to fight climate change. The WWF Climate Savers Programme is designed to encourage companies to be proactive and ambitious in reducing their carbon footprint. By joining the program in 2006, Sony has taken responsibility to do its share in helping to solve the climate change problem.

The two partners agreed that Sony would reduce the CO₂ emissions caused by its business operations, and will gain leadership in energy efficiency for its main product lines. In fact, using Sony products causes more CO₂ emissions than the production process itself, as these products need electricity. The WWF believes that Sony's commitment to be world-class in developing energy efficient products illustrates how companies can help consumers reduce the consumption of electricity.

The WWF and Sony are now working together to monitor and measure the progress with respect to their agreed targets.



Oliver Rapf
Head
Business & Industry
Engagement
Climate Change
Programme
WWF International

Promoting Product Energy Saving

Sony is working to reduce product energy consumption and indirect emissions of CO₂ from product use by customers.*¹

Sony's mainstay BRAVIA line of LCD televisions, which was launched in fiscal 2006, earned the five-star label under the Energy-Star labeling program of The Energy Conservation Center, Japan, indicating the highest score on a multistage evaluation.

In addition, in a ceremony held in February 2007, Sony received a Sustainable Energy Europe Award, the first consumer electronics and entertainment company to earn this prestigious prize. This award is given as part of the European Commission's Sustainable Energy Europe Campaign. The award recognized Sony for its voluntary commitment and efforts to improve the energy efficiency of its products, as well as for its disclosure of information to consumers. As of February 2007, all Sony televisions sold in Europe had a standby power consumption below 1 watt, with 30 models achieving a standby power consumption of only 0.3 watts, below the market average.

*¹ See pages 55–59 for information on activities related to environmental products and services.

Reducing the Environmental Impact of Sony Facilities

Sony is making progress in reducing energy consumption and ensuring more efficient resource use at its business facilities*². Our new headquarters building, completed in October 2006, utilizes a high-efficiency heating system developed and introduced jointly with a system manufacturer for industrial use, as well as making efficient use of waste energy. In addition to planning for CO₂ emission reductions directly from the construction stage, we have worked to reduce energy consumption since moving into the building. Consequently, we expect the building to produce 40%*³ fewer CO₂ emissions than conventional buildings.

*² See pages 65–69 for information on environmental activities at sites.

*³ Based on Sony data

Use of Renewable Energy

Sony is also actively promoting the introduction of renewable energy*⁴. In Japan, Sony has used the Green Power Certification System, which Sony jointly developed with an electric power company, since 2001 to purchase electric power generated using renewable energy sources. Initially, Sony agreed to generate 4.5 million kilowatt hours annually under the Green Power Certification System. Since then, however, this amount has increased with the adoption of the system by other companies in the Sony Group, and in April 2007, Sony concluded a contract to purchase 10 million kilowatt hours of geothermal power, Japan's largest Green Power Certification System contract to date. As a consequence, Sony's annual purchase of renewable energy using the Green Power Certification System currently amounts to 20.4 million kilowatt hours, equivalent to the reduction of approximately 11,000 tons CO₂ emissions. Sony is also installing solar power generation systems at its offices in Japan and is purchasing green power in Europe.

*⁴ See page 66 for more information on Sony's use of renewable energy.

Emissions Trading

In addition to its own energy saving initiatives, Sony's global warming countermeasures include participating in emissions trading. Sony Electronics Inc. (SEL) in the United States has announced plans to join the Chicago Climate Exchange (CCX), a voluntary greenhouse gas emissions allowance trading system. As a member, SEL strives to achieve a reduction of total CO₂ emissions resulting from energy use at its sites in the United States of 6% from the average rate for 1998–2001 by 2010. In addition to reductions achieved on its own, SEL can purchase emissions credits from the CCX's emissions reduction project to comply with this target.

In Japan, Sony is an investor in the Japan Greenhouse Gas Reduction Fund (JGRF). This carbon fund was established in December 2004 to acquire certified emissions reductions from greenhouse gas reduction projects in developing countries in the form of credits for distribution to investor companies. Sony plans to acquire credits as permitted under the Kyoto Protocol from 2007 forward.



New Sony headquarters in Tokyo



The Green Power mark indicates the use of renewable energy sources and signifies certification of the Green Power Certification System of Japan Natural Energy Company Limited.

Special Feature

Supply Chain Management

In recent years, stakeholder interest in corporate social responsibility has risen sharply not only as a measure of the quality of a company's finished products, but also as a measure of its overall responsibility for its products, including human rights, labor conditions and work environments for the individuals on its production lines. In particular, as supply chains have expanded to include developing countries, this interest has broadened, encompassing not only the company's own production lines, but also those of the companies that supply it with parts and materials and the companies to which it subcontracts work.

Together with other companies in the industry, Sony has developed and implemented a framework for promoting legal compliance, occupational health and safety, and environmental protection throughout the supply chain.

Creating a Global Alliance for Supply Chain Management on CSR

Supply chain overlap in the electronics industry is considerable, with multiple manufacturers of finished products sharing the same subcontractors and parts suppliers. Accordingly, there are fears that the introduction of independent, company-specific standards for socially responsible management will cause confusion and constitute a significant burden on companies in the supply chain.

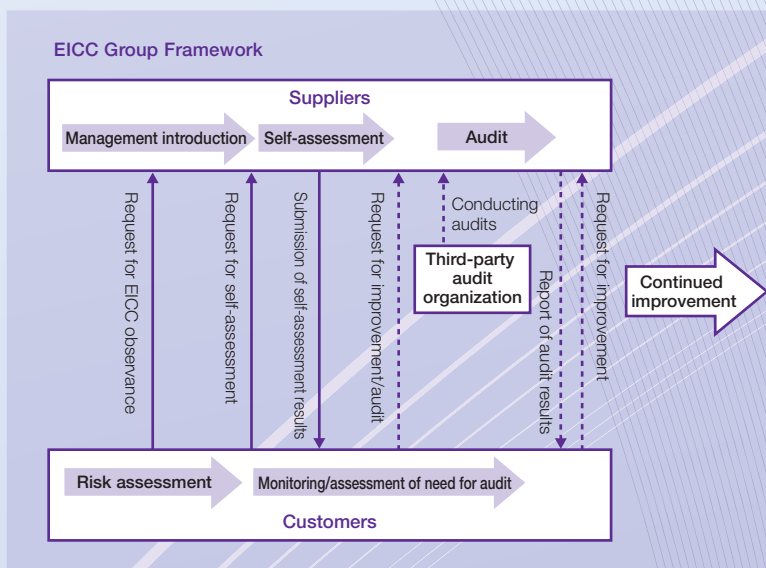
The Electronic Industry Code of Conduct (EICC) group was established in 2004 by a coalition of electronics industry companies with the intention of making it efficient and effective for suppliers across the electronics industry supply chain to conduct their businesses in a socially responsible manner. In an effort to make it more efficient for suppliers to conform to standards and enhance activities, the EICC group is working to develop the tools and Web-based system necessary to create a framework for ensuring the code is upheld. To this end, the EICC group engages nongovernmental organizations (NGOs), socially responsible investors and other stakeholders to solicit opinions and pursue capability development.

As of April 2007, the EICC group consisted of 25 participating companies from Europe, the United States, Asia and Japan, including, Flextronics, Hewlett-Packard, Intel and Microsoft. Members include manufacturers, OEM suppliers and retailers. In cooperation with the Global e-Sustainability Initiative (GeSI) Supply Chain Working Group, mainly formed by European telecom sector and other electronics industry organizations, the EICC group is currently promoting social responsibility across the global supply chain.

Sony has been a member of the EICC group since it was established.



EICC group meeting



Principal EICC Group Activities

- Formulation and revision of the EICC
- Development of common implementation tools
 - * **Risk assessment tool**
A tool designed to help companies identify areas of risk and prioritize activities
 - * **Supplier self-assessment questionnaire**
A self-administered survey for suppliers to provide information on their CSR efforts and management systems
- Audits
 - * **Standardization of audit procedures**
 - * **Identification of qualified third-party firms to conduct audits**
- Development and administration of a Web-based system
 - * **A Web-based information system for collecting, managing and analyzing CSR data provided by individual suppliers**
- Stakeholder engagement

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

Establishing and Implementing the Sony Supplier Code of Conduct

Against this backdrop, in June 2005, Sony established the Sony Supplier Code of Conduct, which is based on the EICC, to ensure that suppliers understand Sony's expectations in more detail.

As of fiscal 2006, Sony had informed all of its suppliers about the Sony Supplier Code of Conduct and requested their compliance with the code. As a part of its effort to assess supplier conformance, Sony is phasing in the use of self-assessment questionnaires and holding presentations for suppliers. Sony has also started conducting joint audits with the EICC group on a trial basis for certain suppliers.

For more information >> Procurement activities:
<http://www.sony.net/SonyInfo/procurementinfo/index.html>
Sony Supplier Code of Conduct:
<http://www.sony.net/csr/report>

A Stakeholder's Voice

The Importance of Supply Chain Management

Labor practices are a key focus of CSR efforts in Europe and North America. This is due in part to the strength of public opinion regarding harsh working conditions and the use of child labor. Consumers are particularly vigilant about the practices of large multinationals that subcontract others to handle their production and procure materials around the world, with the focus of public attention expanding recently from sporting goods, toys, shoes and apparel firms to include manufacturers of electrical and electronics equipment. Today, CSR practices across the entire supply chain, such as those to which Sony adheres, are important for all major global companies and it is becoming increasingly important for companies to address labor issues. Problems related to labor practices along the supply chain could seriously tarnish a company's image in the eyes of its shareholders and other stakeholders.

Owing to the global and diversified nature of its businesses, Sony has considerable experience with CSR. In the Sony Group Code of Conduct, published in 2003, Sony outlined its basic expectations for its suppliers in terms of standards of conduct. Sony's participation, with U.S. electronics manufacturers, in the creation of the Electronic Industry Code of Conduct, which inspired the establishment of the Sony Supplier Code of Conduct in June 2005, was an important step. Going forward, I look forward to Sony further expanding its efforts to include self-assessment.

At the end of the day, the need to apply supply chain CSR management is not limited to the procurement of materials and parts. Issues related to products' sales and disposal are also attracting attention. I look forward to Sony further exercising its leadership capabilities to address these issues.



Eiichiro Adachi
Senior Researcher,
Head of ESG
Research Center,
The Japan Research
Institute

Special Feature

Innovation

Sony's founding prospectus, written in 1946, states that Sony "shall focus on highly sophisticated technical products that have great usefulness in society." Since then, Sony has sought to inspire dreams and enjoyment by offering imaginative products and services derived from new technologies, as well as by offering myriad lifestyle options.

Today, increasingly advanced, innovative technologies evoke new potential, contributing to the realization of sustainable lifestyles never before envisioned and enabling Sony to address key issues of importance to society.

True to its DNA, Sony continues to address the challenge of realizing new potential through imaginative technologies, products and services and a spirit of innovation that focuses on contributing to society.

Cell Broadband Engine™ Technologies: Helping to Identify the Mechanics of Disease

Cell Broadband Engine™ and Distributed Computing

Cell Broadband Engine™ (Cell/B.E.) on PLAYSTATION®3 (PS3™) is a powerful new microprocessor that achieves a computing speed approximately 10 times faster than that of a standard PC. Cell/B.E. facilitates the real-time processing of massive amounts of data, inviting a broad range of potential applications not only in next-generation computer entertainment systems and digital electronic products, but also in workstations for movie production and computer simulations in science and technology. Additionally, Cell/B.E. makes it possible to run multiple operating systems (OSs), meaning real-time OSs used in conventional PCs and workstations can run together, as can OSs used in digital consumer electronic products and computer entertainment systems.

Distributed computing is a technique for obtaining significant computing capacity by leveraging the capacity of multiple computers, thus eliminating the need for a dedicated supercomputer. This technique is used primarily by universities and research institutes. Calculations are divided into smaller units, i.e., packets, which are then distributed to participating computers. When the computers have finished processing the calculations, they send the data back. Accordingly, more computers on the network mean greater computing capacity.

With these technologies, PS3s connected to a network together act like a supercomputer.

Analyzing Protein Folding on PLAYSTATION®3

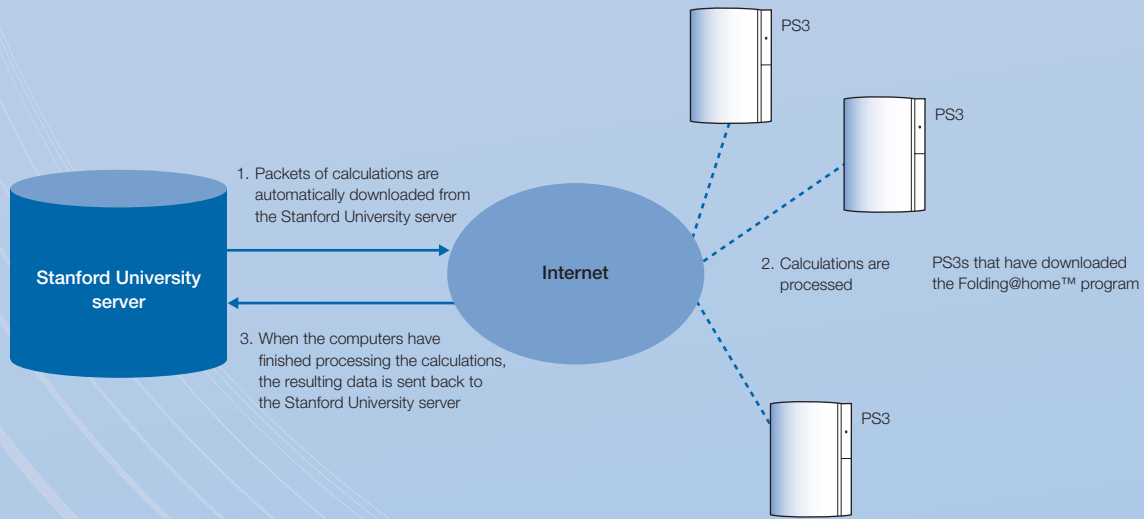
Misfolded proteins in the human body are linked to a number of diseases, including Parkinson's, Alzheimer's and cancer. Analyzing protein folding to identify the causes of this phenomenon requires massive computing capabilities. Computer simulations are essential because the folding process is extremely complicated, but with an average PC one simulation would take about 30 years.



The screen of a PS3 running Folding@home™

Folding@home™ is a distributed computing program established by Stanford University to study protein folding. Participating computers are sent packets of complicated calculations over the Internet. These computers simultaneously process these packets of calculations, greatly reducing the time needed to complete the calculation. Once the computers have finished processing their packets, the resulting data is sent back over the Internet to the Stanford University server.

Folding@home™: How does it work?



In March 2007, Sony Computer Entertainment Inc. began offering PS3 owners a software application enabling them to donate capacity to Folding@home™. PS3s, backed by the tremendous computing capacity of Cell/B.E., are thus contributing to efforts to identify the mechanics of several diseases.

As of March 2007, approximately 200,000 PS3 users had registered to participate in Folding@home™. With the participation of PS3 users, donated computing capacity doubled in a few short months. (As of May 2007)

For more information >> [Folding@home™ on PLAYSTATION®3
http://www.scei.co.jp/folding/en/index.html](http://www.scei.co.jp/folding/en/index.html)

Contributing to



The "Contributing to the Earth" logo is a trademark of Sony Computer Entertainment Inc.

A Stakeholder's Voice

Opportunities in Medical Research

Simulation of biological and chemical processes plays an increasingly important role in today's medical science. Folding@home™, a distributed computing project, was established in October 2000 at Stanford University. It applies such simulation techniques to help provide a better understanding of protein folding, misfolding and related diseases. The massive amount of computing capacity needed for our research is provided by volunteers, who connect to the network and donate computing capacity. The project has enjoyed the support of more than one million computers since it began.

Sony gave owners of PLAYSTATION®3 systems the opportunity to join the project in March 2007. Within just one month, the donated computing capacity more than doubled, which gives our research a significant acceleration in the quest to understand and eventually develop cures for serious diseases.

The keys to success for initiatives like Folding@home™ are technical excellence and sustained volunteer contribution. We count on Sony and other industry partners to continue pushing the limits in these areas.



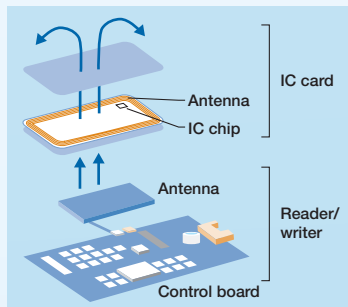
Vijay S. Pande
Associate Professor
of Chemistry and of
Structural Biology,
Stanford University

FeliCa: Transforming Lifestyles

FeliCa

FeliCa^{*1}, developed by Sony, is a contactless integrated circuit (IC) card technology that facilitates the exchange of information simply by passing a card over a reader/writer. As the name suggests, FeliCa—which stems from the word “felicity”—was designed to make daily life more enjoyable and convenient. Shipments of FeliCa cards began in 1996. The technology has been adopted for the electronic payment systems of public transportation systems and mobile phone services in Japan, Singapore, China, India and Thailand. In March 2007, cumulative shipments of IC chips for FeliCa reached 200 million units.

FeliCa: How it Works



Communication between a FeliCa card and a reader/writer is made possible by electromagnetic waves emitted by the reader/writer's antenna, which the FeliCa card picks up when it passes over the antenna, thereby enabling the reading and writing of data. Accordingly, the card does not need to carry a power source. Moreover, the processing of data transmitted between the card and the reader/writer, including secure encryption, is completed in approximately 0.1 seconds.

- A high level of security

In addition to mutual authentication and the encryption of data that passes between a reader/writer and a FeliCa card, data is processed in a manner designed to prevent forgery. Thanks to such measures to enhance data protection, FeliCa is attracting attention for applications requiring a high level of security, including payment and authentication systems.

- Usability

FeliCa is a contactless technology, enabling transactions simply by passing the card over a reader, eliminating the need to retrieve the card from its case each time it is used, making it simple to use for people of any age, from children to seniors. FeliCa also allows the inclusion of a wide range of data on a single card.

- Environmental consciousness

Data can be overwritten many times, meaning cards can be used repeatedly. Accordingly, the use of FeliCa cards in electronic ticketing for public transportation is growing rapidly, and is replacing traditional paper tickets. Sony also succeeded in the practical application of vegetable-based plastics to FeliCa cards.

Because FeliCa facilitates multiple applications on a single card, one card can be used to pay for trains, buses and other forms of public transportation, to make purchases using electronic money, and to act as an electronic employee ID or club membership card, and as a point card for merchants' loyalty programs. *OsaiFu-Keitai*^{*3} mobile phones with FeliCa technology incorporated can also be used to make purchases and otherwise substitute for a conventional wallet.

Going forward, Sony will continue to capitalize on the ease, convenience and safety of FeliCa technology to enhance a wide range of lifestyles.

FeliCa-based Services

Electronic payment



E-money

Electronic ticketing



Electronic tickets for public transportation

Authentication



Electronic employee and student ID cards

^{*1} FeliCa is a contactless IC card technology developed by Sony Corporation. FeliCa is a trademark of Sony Corporation.

^{*2} See page 57 for information on vegetable-based plastics.

^{*3} *OsaiFu-Keitai*® is a registered trademark of NTT DoCoMo, Inc.

Special Feature

Sony in China

Aiming to establish strong local roots and achieve long-term growth together

Against a backdrop of increasing globalization in recent years, emerging countries such as the BRIC nations (Brazil, Russia, India and China) continue to achieve impressive growth. China, in particular, has seen sharp economic expansion since becoming a member of the World Trade Organization in 2001. Today, China is a country of tremendous importance to Sony's businesses.

Sony launched full-scale operations in China in the 1970s. In 1996, Sony established Sony (China) Limited as the general headquarters for its Chinese operations. In 2005, Sony set up the China Design Engineering Group to strengthen its local product engineering and development functions and, within this organization, the Creative Center to reinforce its design function. As of June 2007, Sony had seven manufacturing sites and employed approximately 35,000 people in China, underscoring China's increased importance as a market for Sony products and as a technology base for operations ranging from product planning, design and engineering to production.

In this environment, Sony has declared "Aiming to establish strong local roots and achieve long-term growth together" as its slogan in China. Through a variety of activities undertaken to benefit its many stakeholders, Sony is striving to fulfill its responsibilities as a socially responsible corporate citizen that is firmly rooted in Chinese society.

For Customers

Sony established a local customer service program when it first began operating in China. Today, Sony is stepping up customer service activities to provide worry-free convenience to customers by delivering a higher standard of service.

In 2001, Sony established the Sony Customer Contact Center in Shanghai to assist customers throughout China. Through its free telephone hotline, e-mails, website, and mailings, this comprehensive center provides product information to customers, technical support, advice and other before- and after-sales services.

In September 2005, Sony relaunched the Service Center in Shanghai, its largest in Asia, positioning it to provide quicker repair service with a maximum repair time "promised," a quick-repair-while-you-wait, accessory-purchasing conveniences and up-to-date product and customer service information communicated by e-mail, the facility's website and letters. In the same year, Sony established the Sony China Repair Parts Center to supply parts for domestic authorized service centers faster and more economically. The latter has since taken on an important role as Sony's fifth regional parts operation in supporting the ever-growing number of products manufactured in China and exported globally.



The Sony Customer Contact Center in Shanghai

A Stakeholder's Voice

Listening to Our Customers

I have been engaged in customer service operations in the Sony Customer Contact Center in Shanghai since joining Sony in 2003.

The expansion of Sony's business in China has meant an increase in the number of local customers, as well as in the number and variety of customer needs. In line with Sony's belief in putting the customer first, our customer service representatives, who deal directly with customers, adhere to three guiding principles. The first principle is to tailor service to each individual customer. The second is to communicate with the customer—that is, to go beyond the spoken and written word and tune in to the customer's wishes. The third is to ensure a timely response by promptly conveying information to relevant departments, thereby ensuring the customer's wishes are reflected in the products and services he or she receives.

As an individual on the frontline of customer service, I find it really rewarding to hear a customer say "thank you." Moreover, it motivates me to strive even harder to be of assistance. I also believe that working with customers every day helps me to grow as a person.



Yuan Ying
Sony Customer
Contact Center
(Shanghai)
Sony (China)

For Employees

In line with Sony's basic philosophy of "global localization (think globally; act locally)," Sony is endeavoring to foster the development of local leaders in Sony (China). Sony (China) continues to enroll a number of employees in the Sony CEIBS*1 Management Development Program, an MBA-based course that was started in 2000. This program is designed to train Chinese citizens for leadership and mid-level management roles and contributes to the creation of a foundation for interdepartmental communication, as well as an environment conducive to the development of local leaders.

Sony also offers Chinese employees that have worked at Sony Corporation and the Sony Group companies in Japan the opportunity to join Sony (China) when they return home, and also offers opportunities for Sony (China) employees to work in Japan for a fixed period to pursue further training. Through such programs, Sony continues to promote the development of core human resources with international perspectives and experience to play a key role in Sony's Chinese business.

*1 China Europe International Business School

A Stakeholder's Voice

Capitalizing on experience gained in Japan to contribute to growth in China

From the autumn of 2002 through the spring of 2005, I worked as an employee of Sony EMCS Corporation in Japan in television hardware and software development in Ichinomiya, Aichi Prefecture. In 2005, I returned to China and joined the China Design Engineering Group of Sony (China) with the dream of creating a television for the Chinese market developed, engineered and manufactured in China. At present, I am the leader of the group responsible for the development of software for televisions and professional displays.

During my two-and-a-half years in Japan, I was able to gain experience in all aspects of the development and commercialization of products—from prototype design to software development and mass production. This experience has proven invaluable in my current job. Of course, I came back from Japan with more than technological know-how—by living two-and-a-half years overseas, I believe that I truly grew as a person. I learned to speak a foreign language and to communicate with people from another culture—both crucial skills in this era of increasing globalization. In this way, too, living in Japan was a highly valuable experience for me.

Going forward, I will continue to pursue my dream of developing a television that is entirely "made in China" by applying technological expertise and other skills gained in Japan to my work in China.



Liu Ying Huan
China Design
Engineering Group
Sony (China)

For the Community: Support-for-Schools Project

Recognizing that education is crucial to China's long-term development, Sony engages in a wide variety of education-related social contribution activities in the country.

In poor, rural areas of Central China, classrooms have a shortage of desks and chairs, and many of those in use are old and worn. In addition, reflections off antiquated blackboards have a detrimental effect on children's vision. In an effort to improve the environment in which these children study, Sony (China) has donated desks, chairs and blackboards to approximately 100 schools in 24 provinces in the region, helping 24,000 students.

In fiscal 2006, Sony (China) volunteers also visited these schools, bringing books, school supplies and sports equipment, and thus providing volunteers with an opportunity to interact with the local children.



Children at a school to which desks were donated

A Stakeholder's Voice

Participating in the Support-for-Schools Project

After a tiring four-hour journey, I finally arrived at Shui Luo Ban Xiang Central Elementary School in Shandong Province, where I was greeted by the kindly faces of the teachers and warm handshakes of the children. My exhaustion flew right out the window. I had no idea that helping another person

could be such a delightful experience. Seeing the simple classrooms and the old blackboards, which looked somehow out of place with the new desks and chairs, I was reminded of the elementary school I attended 20 years ago. My heart ached to know that the school conditions here have not improved at all in spite of the rapid economic growth in China over the past 20 years. Looking at the children's pure and innocent faces, I realized just how much more work remains for our Support-for-Schools Project.



Tian Junhui
Sony (China)
Jinan Branch

Sony Student Project Abroad (China)



To commemorate the 30th anniversary of the establishment of Sony Electronics Inc. in the United States, Sony implemented a decade-long program beginning in 1990 whereby it invited high school students from the United States to visit Japan each year. This program welcomed approximately 500 students from the United States to Japan over 10 years, contributing to improved cultural understanding between the two countries.

In 2006, in commemoration of Sony (China)'s 10th anniversary and Sony's 60th anniversary, Sony launched the Sony Student Project Abroad (China). In the first year, Sony, in cooperation with the All-China Youth Federation—China's largest youth group—invited 20 high school students from Beijing and Shanghai to visit Japan for a week to experience a Japanese company and school, as well as family life, thereby fostering a greater understanding of Japanese culture.

Activities for Environmental Issues

One aim of the first Sony Student Project Abroad (China) was to raise environmental awareness—an increasing concern in China. Chinese high school students participating in the program attended lectures by environmental experts and toured recycling plants, thereby enhancing their understanding of environmental issues. In addition, they learned more about some of Sony's environmental countermeasures by visiting a workshop that dismantles Walkman® mobile stereos, the casings of which are made from vegetable-based plastics; and by visiting an exhibition on Sony's environmental activities.

Promoting Cultural Exchange between Japan and China

Another aim of the Sony Student Project Abroad (China) program is to create opportunities for communication. At a party with Sony employees, employees of various nationalities participated with the students in quiz-format self-introductions and games designed to enhance awareness of other cultures and encourage the development of friendships.

The students also visited high schools in Tokyo and participated with Japanese high school students studying Chinese in a workshop titled "Eco-Cities of the Future: 30 Years from Now." The workshop focused on designing and building a model of an environmentally conscious city 30 years in the future. Students discussed their images of the ideal "eco-city," sharing ideas and debating various issues as they proceeded with building the model. Students participating in this workshop were divided into seven groups, each of which focused on a different aspect of the "ideal eco-city": "life," "work," "learning," "shopping," "having fun with friends" and "movement." Students presented the finished model, which was critiqued by environmental experts.

To give the visiting students an opportunity to experience real life in Japan, homestays were arranged with Sony employees and their families. This also enabled the students to learn about water conservation methods, rubbish separation, and other steps taken in Japanese homes to reduce environmental impact.

On their last day in Japan, the visiting students gave presentations on what they had learned during their week in Japan and what they hoped to take home with them to China. These presentations focused on their interaction with Sony employees; how their image of Japan and Japanese people had changed; how they had improved their understanding of the advanced technologies of Sony and other Japanese companies; their homestay experiences; and first-hand knowledge about Japanese people's awareness of and efforts to address today's pressing environmental issues.

In 2007, Sony plans to invite 30 high school students from Beijing, Hangzhou and Chengdu to participate in the second Sony Student Project Abroad (China).



Welcome ceremony with Howard Stringer, CEO and Ryoji Chubachi, President



Walkman® disassembly workshop



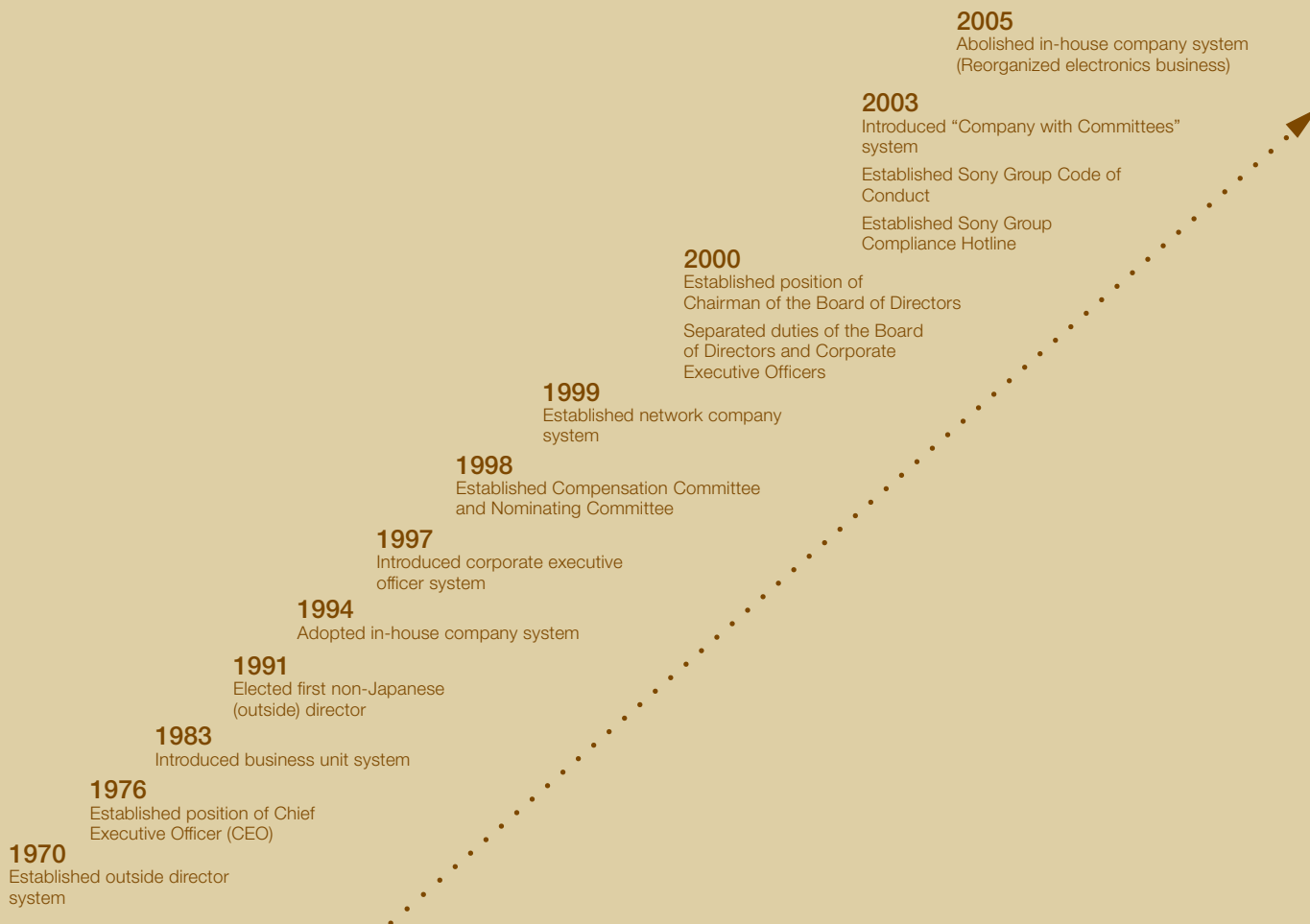
"Eco-Cities of the Future: 30 Years from Now" workshop by Japanese and Chinese students



Homestay at Sony employee's home

Management

Sony's Corporate Governance History



A Board Member's View

As a leading global company, Sony is expected to set trends in various respects. It is most essential for Sony to ensure that correct approaches are taken at the oversight, executive, and operational levels to meet its corporate social responsibility in all aspects of its businesses.

Challenges facing us include consistently pursuing corporate social responsibility at a high level throughout the company by, for example, maintaining compliance with the U.S. Sarbanes-Oxley Act and reinforcing awareness of the Sony Group Code of Conduct. To these ends, we must continue constantly to evaluate what is most appropriate and effective in terms of our management structure and approaches to corporate governance.

Yotaro Kobayashi
Chairman of the Board of Directors
Member of the Board
Sony Corporation



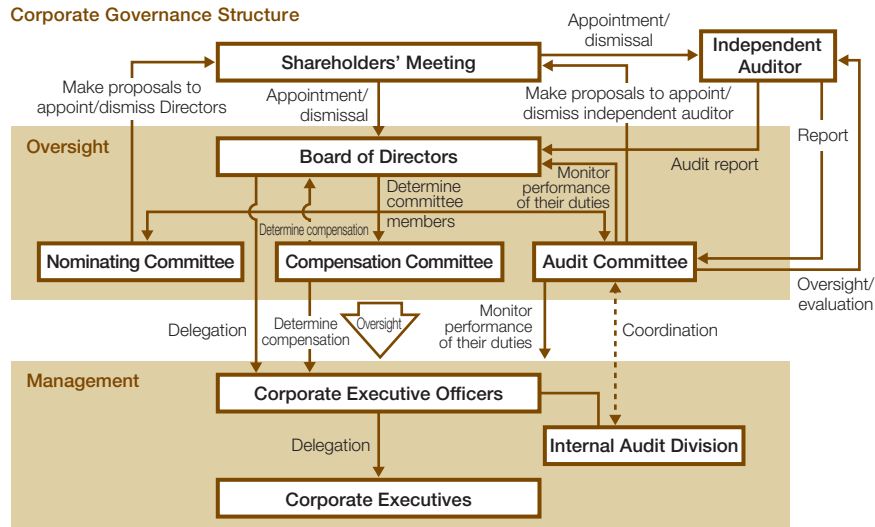
Corporate Governance

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. 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 Directors’ 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 entities are comprised of the Board of Directors, which is appointed by resolution at the shareholders’ meeting; three committees (the Nominating Committee, Audit Committee and Compensation Committee), consisting of directors named by the Board of Directors; and the Corporate Executive Officers, who are appointed by resolution of the Board of Directors. In addition to these statutory entities, Sony has Corporate Executives who carry out business operations within designated areas.

Corporate Governance Structure



Primary Roles of the Governance Entities

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

For more information >> Charter of the Board of Directors:

http://www.sony.net/SonyInfo/IR/qfhh7c000009vi0u-att/board_of_directors_E.pdf

Nominating Committee:

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

Audit Committee:

- Monitors the performance of duties by Directors and Corporate Executive Officers (with regard to the 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 or non-reappointment of, approves the compensation of, and oversees and evaluates the work of Sony's independent auditors
- Reviews with Sony's independent auditors the scope and results of their audit, including their evaluation of Sony's internal controls, compatibility with generally accepted accounting principles in the U.S., and the overall quality of financial reporting

Compensation Committee:

- Sets policy on the contents of individual compensation for Directors, Corporate Executive Officers, Corporate Executives and Group Executives, and determines the amount and content of individual compensation of Directors and Corporate Executive Officers in accordance with the policy

For more information >> Basic policy regarding remuneration for Directors and Corporate Executive Officers: <http://www.sony.net/SonyInfo/IR/stock/qfhh7c00000cmtik-att/nts90.pdf> (P26-27)

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 of outside Directors 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) and requiring that at least two Directors of the Committee shall be Corporate Executive Officers;
- suggesting that, as a general rule, at least one Director of the Compensation Committee shall be a Corporate Executive Officer, while prohibiting the appointment of the CEO or COO of the Sony Group (or persons at any equivalent position) to serve on the Committee; and
- discouraging the concurrent appointment of Audit Committee members to other committees.

Meeting Record

During the fiscal year ended March 31, 2007 (fiscal 2006), the Board of Directors convened eight times. The Nominating Committee met five times, the Audit Committee met 14 times and the Compensation Committee met six times. In fiscal 2006, no incumbent Director attended less than 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 closely 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

Governance Related to the U.S. Sarbanes–Oxley Act

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 Sony Corporation to sign certain certifications to accompany 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, and to internal control over financial reporting.

Sony has established "Disclosure Controls and Procedures," through which potentially material information is reported from important business units, subsidiaries, affiliated companies and corporate divisions and is reviewed and considered for disclosure in light of its materiality to 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 ended March 31, 2007, SOX also requires a management report on the company's internal control over financial reporting to be included in the Form 20-F. In order to ensure compliance with the requirement, Sony formed a cross-functional steering committee comprised of headquarters management to monitor necessary actions including documentation, testing and evaluation of controls and to perform oversight and assessment of the global evaluation. Based on the evaluation, management has concluded that Sony maintained effective internal control over financial reporting as of March 31, 2007.

periodic presentations 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.

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 was required by and met the requirements of the Japanese Company Law.

For more information >> 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>

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 Consumer Product Group	
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*	Chairman, Toyota Motor Corporation	
Ned Lautenbach*	Operating Partner, Clayton, Dubilier & Rice, Inc.	
Ryuji Yasuda*	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	
Nominating Committee		
Yotaro Kobayashi* (Chairman)		
Hirobumi Kawano*		
Sir Peter Bonfield*		
Fujio Cho*		
Sir Howard Stringer		
Ryoji Chubachi		
Audit Committee		
Yoshiaki Yamauchi* (Chairman)		
Fueo Sumita*		
Ryuji Yasuda*		
Compensation Committee		
Akishige Okada* (Chairman)		
Yoshihiko Miyauchi*		
Sakie T. Fukushima*		

* 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 Consumer Product Group
Yutaka Nakagawa	Executive Deputy President, Officer in charge of Semiconductor & Component Group
Nobuyuki Oneda	Executive Vice President and Chief Financial Officer
Keiji Kimura	Executive Vice President, Officer in charge of Technology Strategies, Intellectual Property and Electronics Business Strategies
Nicole Seligman	Executive Vice President and General Counsel

** Representative Corporate Executive Officer concurrently serving as Director

(Names and positions of new Directors and Corporate Executive Officers as of June 21, 2007)

For more information >> Significant differences between the New York Stock Exchange's corporate governance standards and Sony's corporate governance practices (including the explanation of "outside Directors"):
<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—all 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.

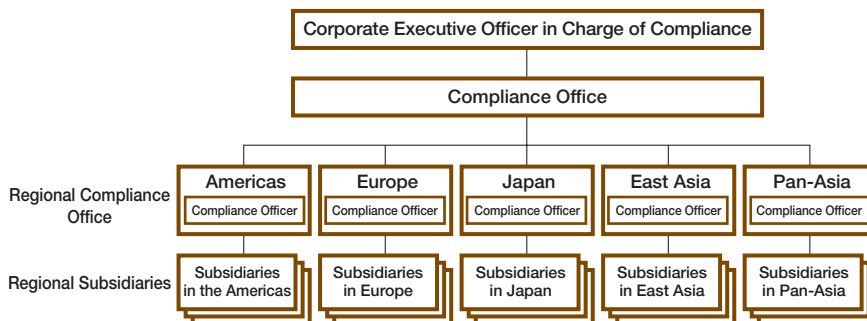
In July 2003, Sony established a regional compliance network comprised of offices in the Americas, Europe, Japan*¹, East Asia*² and Pan-Asia*³, which are charged with assisting the Compliance Office at Sony Corporation and exercising regional control over compliance activities to strengthen the compliance 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 one another, 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

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, on such topics as respect for human rights, safety of products and services, environmental conservation and information disclosure.

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

It has been adopted and implemented by each Sony Group company globally as its own internal code of conduct. To date, the document has been translated into 26 languages.

The Sony Group Code of Conduct reflects principles set out in 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.

Sony also participated in the formulation of and observes the standards outlined in the Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Federation), an alliance of Japan's leading corporations.

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

For more information >> Sony Group Code of Conduct: <http://www.sony.net/code/>

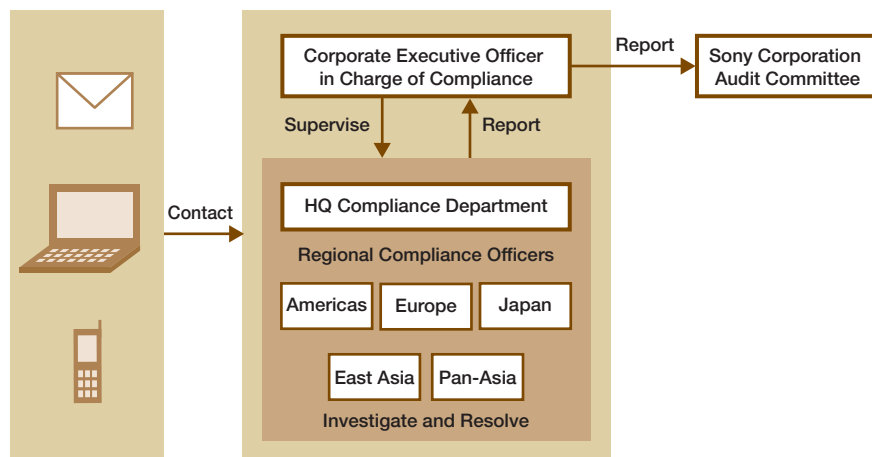
Internal Hotline System

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 2006, the Sony Group received approximately 250 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 a review of internal procedures and the strengthening or enforcement of internal rules.

Sony Group Compliance Hotline



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>
Nippon Keidanren Charter of Corporate Behavior: <http://www.keidanren.or.jp/english/policy/cgcb.html>

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, Sony Group companies inform their employees about the Code and hotline through the ongoing dissemination of e-mails, booklets, wallet cards, posters, posting on the company's intranet and/or feature articles in internal newsletters.

Education and training sessions that use e-learning, case studies and other approaches presenting real-life examples also provide instruction both on business ethics generally and on individual aspects of the Sony Group Code of Conduct that are crucial to either some or all of the Group. Examples would be education programs regarding fairness in competition and business dealings, and training to avoid discrimination and harassment in the workplace.

Through ongoing awareness and training efforts, Sony will continue striving to promote a thorough understanding group-wide of the importance of the policies and values set out in 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

Risk and Crisis Management Systems

Each Sony Group business unit, subsidiary or affiliated company, and corporate division is tasked with reviewing and assessing business risks on a regular basis and establishing and maintaining necessary systems for, among others, detecting, communicating, evaluating and responding to risk in its particular business area.

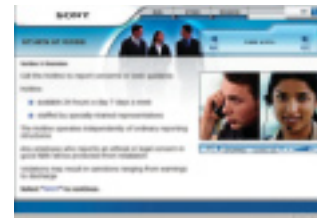
In addition, Sony Corporation's corporate executive officers have the authority and the responsibility to establish and maintain a system for identifying and controlling risks with the potential to cause losses or reputational damage to the Sony Group in the areas for which they are responsible.

The Corporate Executive Officer in Charge of Compliance has created and oversees the maintenance of a risk management system through the coordinated activities of the compliance, internal audit, group risk, and other relevant groups.

In the area of crisis management, 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 three 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.



Wallet cards



Online training course about the Sony Group Code of Conduct and the internal hotline system

Information Security and Personal Information Management

Sony has established the "Sony Global Information Security Policy" and its subordinate rules, the "Sony Global Information Security Standard," which sets forth our commitment to information security and states policies to be followed by all Sony personnel. Sony has established an organization charged with developing, maintaining and implementing this policy. The organization coordinates with individuals responsible for information security at Sony Group companies globally to create an effective group-wide information security management system.

Sony formulated the “Global Basic Principles on Personal Information” in July 2000, and 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 requires training programs for its employees to increase their understanding of the issues and improve the overall level of information security and personal information management. These training activities are implemented at each of the Sony Group companies.

Sony is making strenuous efforts to reinforce information security and safeguard personal information. In March 2007, however, an incident related to personal information occurred at a Sony Group company in Japan in which certain employees and other individuals illegally obtained personal credit information and sold it to an outside party. The Sony Group company apologized and explained the circumstances to the people affected and publicly disclosed the incident. To prevent recurrence of such an incident, the company subsequently took steps to further strengthen its personal information management processes, including implementing additional restrictions on access to such information, reinforcing log-in access procedures, and stepping up regular checks and other monitoring measures.

Sony recognizes the serious nature of such incidents and is also working to more broadly strengthen and expand procedures for managing personal information across Sony Group companies, including procedures to be followed by employees and subcontractors, to prevent similar incidents from occurring in the future.

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

For more information >> Sony Group Privacy Policy <http://www.sony.co.jp/privacy/en/>

Fair Business Practices, Transparency and Equal Opportunity in Procurement

Sony is committed to fair business practices, transparency and equal opportunity in its procurement operations, where purchasing is conducted according to established policies and procedures.

To protect the integrity of the 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 also prohibits the acceptance of personal gifts from or participation in a supplier’s business while employed at Sony.

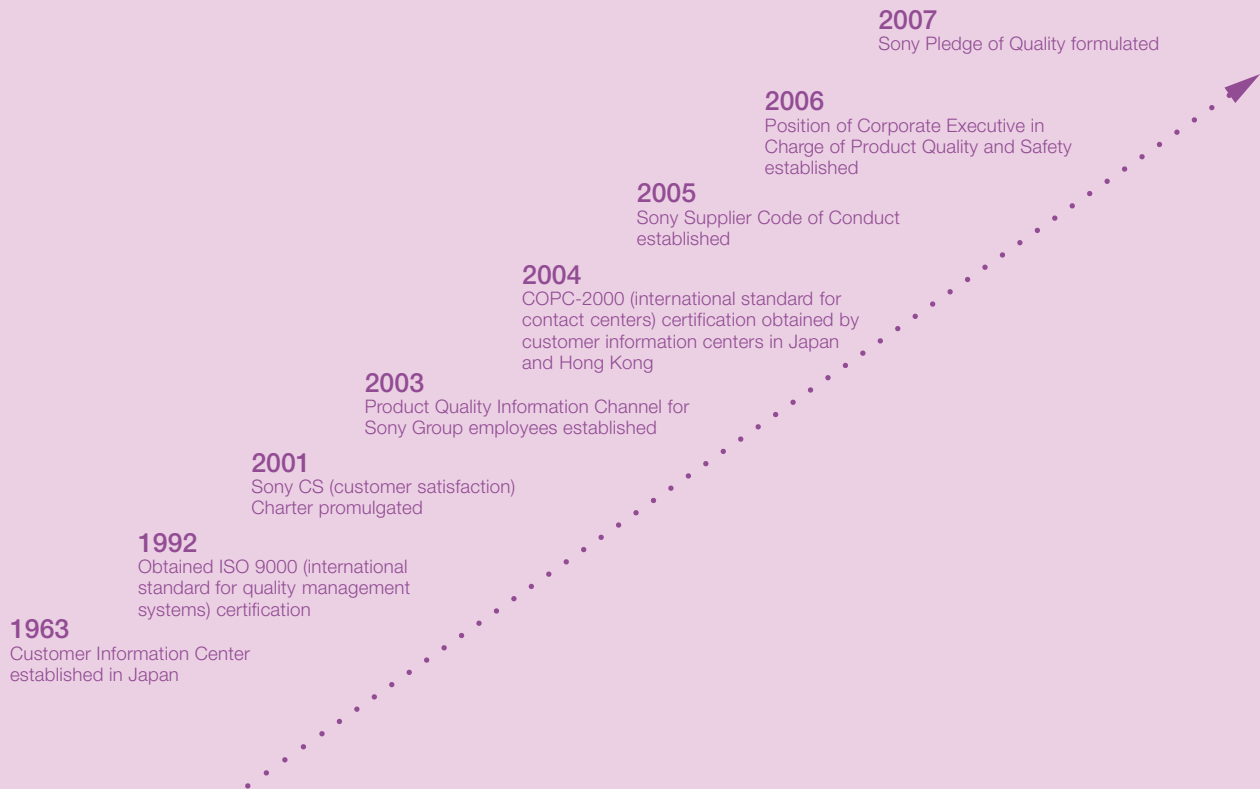
To raise awareness, Sony has distributed a handbook, entitled “Working Principles for Procurement Personnel,” to employees in the procurement sections of Sony’s Japanese electronics businesses. To reinforce observance of procurement ethics on a global basis, Sony has translated this handbook into English, Chinese, Spanish and Thai and distributed it to procurement agents at its sites, including those in North America, Europe, East Asia and Southeast Asia. Other Sony Group companies globally also are implementing new procedures to ensure that there are no improper conflicts of interest in their business dealings on behalf of Sony.



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

Product Responsibility

Improving Product and Service Quality



A Board Member's View

Providing high-quality merchandise is the ultimate obligation of anyone involved in manufacturing. Ensuring a stable supply of high-quality merchandise demands a framework for self-contained quality assurance systems involving employees and suppliers, for factory floor procedures, engineering and manufacturing technologies, as well as strong teamwork that facilitates a commitment to 100% product quality. With product quality demands growing increasingly stringent, manufacturers today must strive to respond to the expectations of customers around the world, in particular by devoting their best efforts to building robust manufacturing capabilities.

Fujio Cho
Nominating Committee
Member of the Board
Sony Corporation



Quality Management

Sony is wholeheartedly committed to improving product and service quality from the customer's viewpoint with the aim of maintaining and enhancing customers' trust, confidence and satisfaction. This reflects Sony's belief that its most important goal is to remain a highly trusted partner for its customers.

Philosophy and Policy

Since the start of its operations, Sony has given top priority to providing customer-oriented, high-quality products and services as an operating foundation. This philosophy is set forth in the Founding Prospectus drafted in 1946 by Sony's co-founder, Masaru Ibuka.

The Sony Group Code of Conduct, established in May 2003, compels Sony to continuously seek ways to comply with or exceed legally mandated standards in all aspects of its business activities to ensure the safety and satisfaction of customers who use its products and/or services.

To instill this philosophy more firmly, in January 2007 Sony formulated the Sony Pledge of Quality, which lays out Sony's basic policy on product and service quality in the Electronics business.



Reinforcing Sony's Quality Control System

Sony is endeavoring to introduce new product quality improvement measures into all processes, from development, planning, design and manufacturing to sales and service activities. Such measures include:

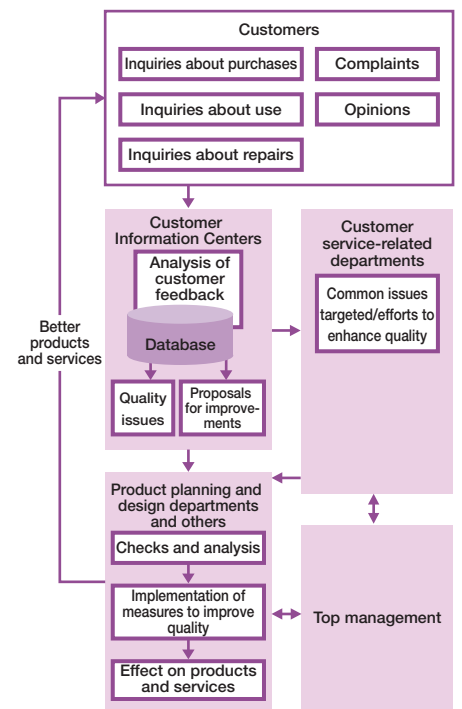
- establishing the position of Corporate Executive in Charge of Product Quality and Safety, who is responsible for managing and overseeing efforts to improve product and service quality and safety and to respond to quality and safety issues;
- appointing personnel within each product and business group who are ultimately responsible for quality to spearhead initiatives in the areas for which they are responsible;
- holding regular Quality Strategy Meetings, which consist of Sony's president and top management from each business group, including manufacturing and marketing executives from the Electronics business, to discuss and set policies, strategies and key measures relating to product quality; and
- formulating corporate quality standards applied to Sony's electronics products, focusing on such criteria as product safety and performance, labeling and services. These standards are updated continuously to reflect technological advances, changes in applicable legal and regulatory requirements and social changes.

Customer Feedback

Sony makes active use of customer feedback to improve its products. Complaints, suggestions, ideas and reports of malfunctions received from customers at the Customer Information Center after purchase are promptly and accurately evaluated and disseminated to the planning and design 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. In response to customer feedback, from March 2007 in Japan, Sony began shipping these units with improved, easier to understand user manuals that outline how to use all basic functions.

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. Employees can send messages to 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 when a quality-related problem occurs while they are using a Sony product. After the Product Quality Information Channel conducts

fact-finding studies regarding the information gathered, it proposes and introduces measures to avoid potential problems and prevent previous problems from recurring.

As of April 30, 2007, Sony had received a cumulative total of more than 1,000 reports since the establishment of the Product Quality Information Channel. The diverse range of information received has included proposals to make products and manuals more user-friendly, and has led to more than 700 improvements.

Incorporating Medical Considerations into Product Safety Improvements

As part of its effort to improve the safety of its products, Sony has established an in-house product safety assurance capability for examining product safety from a medical perspective, to help ensure Sony products have no adverse effects on human health. The results of these efforts, as well as advice from experts outside the company, are then incorporated into product development with new technology, design and engineering processes.

Responses to Quality Issues

Sony recognizes that ensuring its customers' total trust, confidence and satisfaction is a crucial management task and strives to prevent quality-related problems through the systems and efforts described previously. Accordingly, Sony respond swiftly when a problem arises by investigating the facts, disclosing information to customers and taking appropriate countermeasures.

In fiscal 2006, Sony launched a global replacement program for certain notebook computer battery packs using Sony-manufactured lithium-ion battery cells. Sony initiated this program as a measure of its commitment to ensuring customer satisfaction and alleviating any consumer concern that may have arisen as a result of voluntary recalls by certain computer manufacturers in 2006 of notebook batteries containing Sony cells that, under certain rare conditions, may overheat. As part of its ongoing effort to improve product quality, Sony made several improvements that had an additional safety benefit to the battery design and manufacturing process of covered battery cells, most of which had been implemented before the replacement program. In addition to processing and disposing of recovered batteries in compliance with the laws and regulations of each country and in a manner that exerted as little impact as possible on the environment, Sony took active steps to recycle metals.

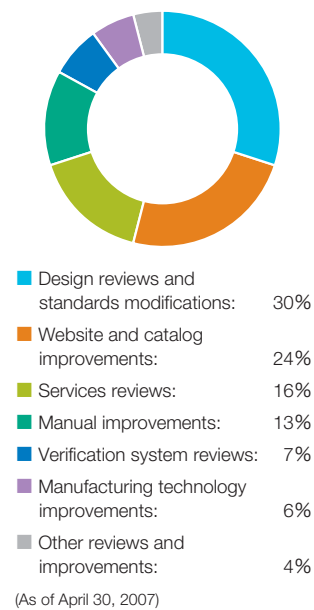
Also in the period under review, it was discovered that a certain model of portable radio that has been on the market since 1999 did not meet certain standards set forth in Japan's Electrical Appliance and Material Safety Law. Accordingly, Sony informed customers and implemented a recall. Sony is currently taking steps company-wide to strengthen efforts to incorporate compliance with laws and standards governing product safety into in-house processes.

In September 2006, Sony introduced rules within its worldwide operations concerning the immediate transmission to the Corporate Executive in Charge of Product Quality and Safety of any information that comes into our possession about product-related incidents or other matters that can affect customer safety. The executive uses this information to investigate as appropriate and address the issues with the related operating groups.

Efforts to Ensure Product Information Security

The networking of consumer electronics products in recent years has increased the danger of, among others, the leakage of personal information and the destruction of data. As a consequence, ensuring the information security of such products has become an important issue. In addition to establishing a special function for collecting security risk-related information from outside experts, Sony has created an internal information security team comprised of individuals assigned to each business group. Based on information received, this team assesses the potential impact on Sony products and implements appropriate measures.

Breakdown of Product Quality Improvements



Responsiveness and Customer Service

In addition to continuously improving product quality, Sony is taking various steps to improve its responsiveness and service capabilities with the aim of enhancing customer satisfaction.

Improving Customer Information Centers

Sony established its first Customer Information Center in 1963 in Japan to respond to customer inquiries. This function is now available worldwide. The Customer Information Centers 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 by attaining this level of customer service in every country.

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

Using the Internet

Sony uses the Internet as an effective tool for communication with customers. In addition to enhancing the content of its websites, which include product-related news and frequently asked questions (FAQ) sections, the websites offer downloads of manuals and provide prompt information about products and services, including support services. In Japan, Sony strives to provide easy-to-use services. For example, Sony provides services designed to give first-time personal computer users greater confidence. 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.

New undertakings include the Web Malfunction Diagnosis service, launched in February 2007, which enables customers to diagnose what is wrong with their television, DVD recorder or other audiovisual equipment. Simply by accessing a dedicated website and filling in a multiple-choice questionnaire, customers can narrow down the possible causes of malfunction, obtain rough estimates of the cost and length of time needed to repair their product and submit a request for repair services.

In the United States, customers can request and check the progress of repair services online.

Repair and Service Network

Currently, there are more than 6,000 Sony service locations worldwide, including Sony service stations and those of authorized repair agents. To ensure prompt responses to customer needs, Sony strives to improve its repair and service operations by carefully benchmarking against other leading companies. Sony is also shortening distribution and repair times and reviewing repair fees in regions around the world.

Training for Customer Service Staff

To ensure its ability to provide a uniformly high standard of customer service worldwide, Sony provides e-learning-based training programs for customer service staff, including Sony employees and those of authorized repair agents, thereby facilitating the sharing of knowledge. In another effort aimed at increasing awareness of the importance of raising customer satisfaction, Sony organizes contests to test the technical knowledge and customer service skills of employees who advise customers making telephone inquiries, staff service reception desks, and provide in-home repair services in Japan and other parts of Asia.

Number of Inquiries Received from Customers (Fiscal 2006) (Thousand)

Region	Number of Inquiries Received (telephone, e-mail, letter)
Japan	3,577
North America	5,465
Europe	1,594
East Asia*2	3,614
Pan-Asia*3	1,472
Latin America	1,022

*2 Coverage area: Mainland China, Hong Kong, Taiwan and South Korea

*3 Coverage area: Southeast Asia, Middle East, Africa and Oceania



Customer Information Center (Japan)

Sony Service Locations (Fiscal 2006)

Region	Number of Repair Centers
Japan	687
North America	1,316
Europe	1,624
East Asia*4	365
Pan-Asia*5	1,393
Latin America	661

*4 Coverage area: Mainland China, Hong Kong, Taiwan and South Korea

*5 Coverage area: Southeast Asia, Middle East, Africa and Oceania

Usability

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.

Verification through Usability Assessment

Sony conducts product development from the perspective of the user. To verify the user-friendliness of prototypes at each stage of the development process, Sony conducts usability assessments, inviting actual customers to test-use products, ascertaining their views and ensuring results are reflected in the final product. Issues identified through this process may also lead to the improvement of other products.

Making Products Easier to Use

Sony incorporates the concept of usability into its product planning and design processes. For example, the ICF-B01 emergency portable radio with charging handle allows the user to recharge the radio simply by turning the handle, making it possible to use both the radio and built-in penlight even if the regular dry-cell batteries die. The charging handle can also be used to charge a mobile phone. The radio’s design was conceived to make it suitable not just for emergencies, but also for every-day use. The radio’s design underscores careful attention to ease-of-use, reflected in a large tuning dial that enables swift tuning even in unsettled conditions. The design also ensures an easy readability thanks to the use of large print in the tuner panel.

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 not only for 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, measures are being promoted to make the system more effective, including, with the cooperation of retailers, the voluntary refusal to sell software rated by CERO for ages 18 and above to underage customers.

To regulate access by underage users, SCE included a Parental Lock function in PSP® (PlayStation®Portable) and PLAYSTATION®3. This function enables customers to adjust access levels and limit children’s access to only appropriate software across the PlayStation® platform.

With the average age of Web users declining, concern is growing about sites on the Internet containing content that is inappropriate for or harmful to children. So-net Entertainment Corporation, which provides an Internet-related service, has introduced Site Select, a filtering system that blocks access to such sites, as well as to sites targeted by phishing scams, thereby creating an environment in which the whole family can enjoy Internet use worry free.



Usability assessment



ICF-B01 emergency portable radio with charging handle

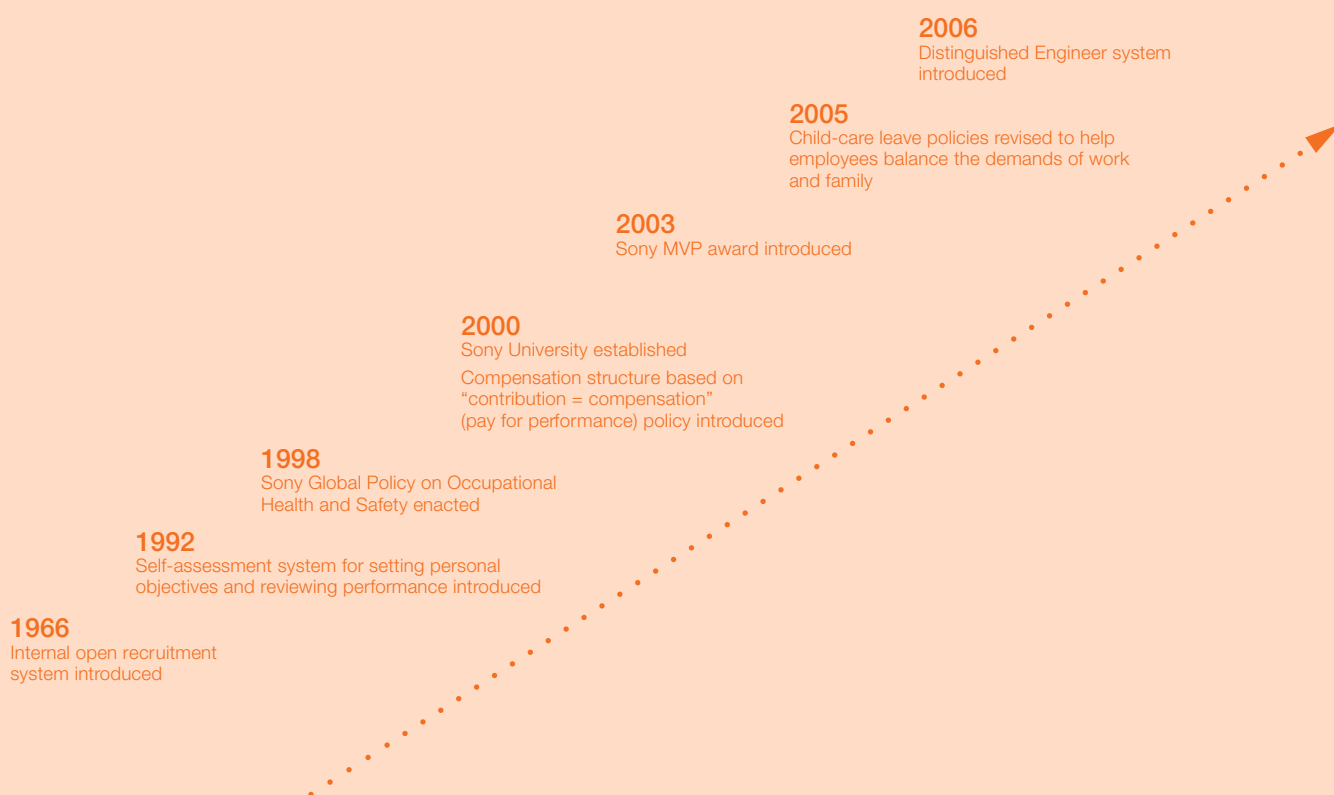


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The So-net website’s Site Select page (Japanese only)

Employees

Personnel Systems and Policies



A Board Member's View

I was appointed to the board as an outside director four years ago. Since then, I have had many opportunities to look closely at Sony's corporate culture and its history of helping customers to dream by anticipating their varied needs. As a result, I have come to appreciate that each and every Sony employee works with creativity and passion to make these diverse dreams come true within a very free-spirited corporate culture that was fashioned by Sony's founders and has been passed down through successive generations of management. This is something that cannot be imitated—a valuable asset and a key component of Sony's corporate value.

To continue fostering this extraordinary corporate culture, it is important for management to implement a system that ensures employees are properly evaluated and rewarded, thereby maintaining an environment in which employees can pursue their dreams with confidence. Management must also create a framework that facilitates smooth communication, both vertically and horizontally, throughout the organization. I believe that outside directors have an important responsibility to watch over management's efforts to steer the Company forward.



Yoshiaki Yamauchi
Chairman of the Audit Committee
Member of the Board
Sony Corporation

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 2006, the total number of Sony Group employees was approximately 163,000, up nearly 4,500 from a year earlier. The increase occurred despite declines due to the divestiture of StylingLife Holdings Inc. and the downsizing of several manufacturing bases as part of Sony's restructuring, and was largely attributable to substantial personnel increases at manufacturing bases in East Asia (excluding Japan).

Employee-Management Communications

In line with its Mid-Term Corporate Strategy, announced in September 2005, Sony continued to pursue restructuring and growth initiatives during fiscal 2006. Management sought to promote employee understanding of its actions and encourage the sharing of information.

In North America, Sony reduced head count following the closure of plants after termination of cathode ray tube (CRT) television production. Management explained the closures at each affected plant and sought employee understanding of its decision. Support was also made available through such efforts as career transition assistance for leaving employees.

Sony has worked to establish favorable relations with unions and other employee organizations. As an example, since 1995 Sony Europe has had an EICC*, in accordance with European labor laws, which provides a forum for the sharing of information between management of Sony Europe and representative employees from Sony Group companies in the EU, as well as for management to hear employees' opinions directly and engage in debate.

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

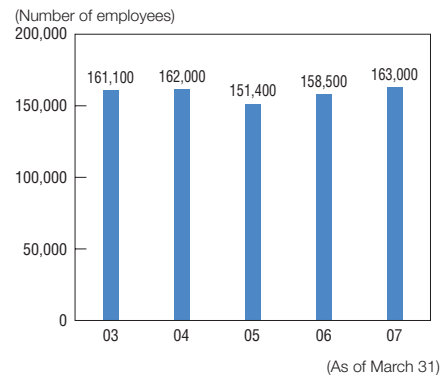
Communication between Top Management and Employees

Sony attaches great importance to communications between top management and individual employees. For the second consecutive year, in fiscal 2006 Sony's CEO, Howard Stringer, and President, Ryoji Chubachi, visited sites throughout Japan and around the world to hold town hall and other meetings, which provided opportunities for them to speak directly with employees. Town hall meetings also enable senior management to communicate Sony's strategies and other key messages and hear directly from the front lines, as well as to exchange opinions with employees on a variety of themes, including technology and management practices.

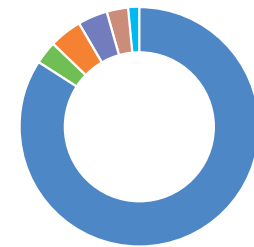


Town hall meeting

Total Number of Employees



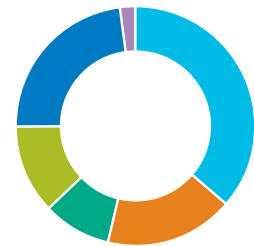
Personnel by Business Segment



Electronics:	84.0%
Game:	3.1%
Pictures:	4.5%
Financial Services:	4.0%
All Other:	2.9%
Unallocated-corporate employees:	1.5%

(As of March 31, 2007)

Personnel by Geographic Segment



Japan:	36.3%
North America:	17.4%
Europe:	9.2%
Pan-Asia*1:	12.0%
East Asia*2:	23.0%
Latin America:	2.1%

(As of March 31, 2007)

*1 Coverage area: Southeast Asia, Middle East, Africa and Oceania

*2 Coverage area: Mainland China, Hong Kong, Taiwan and South Korea

Human Rights, Equal Opportunities and Diversity

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 general principles that underlie the human rights-related rules and activities throughout the Group.

These provisions are based on existing international standards such as the United Nations Universal Declaration of Human Rights. Sony also requests that its suppliers comply with the “Sony Supplier Code of Conduct,”*1 which promotes both compliance with local laws and adherence to more general principles of business ethics, including the prohibition of forced and child labor.

In line with its fundamental commitment to providing equal employment opportunities, Sony’s global policy is to recruit, hire, train, promote and otherwise treat applicants and employees without regard to race, religion, color, national origin, age, gender, disability or other factors that are unrelated to Sony’s legitimate business interests.

*1 See page 13 for details of the Sony Supplier Code of Conduct.

Pursuing Diversity Initiatives

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 promote diversity throughout the company and gather a wide range of ideas and viewpoints in the workplace.

In July 2005, Sony Group companies in Japan launched DIVI@Sony*2, a project aimed at stimulating 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 employment of women, creating a framework for advancing the careers of female employees, promoting information sharing internally and with parties outside the group, and building employee networks. In fiscal 2006, based on the results of interviews and surveys, project members held discussions with top management, arranged training and events for female employees in managerial positions, and organized roundtable meetings for general managers and a symposium on career issues for female employees. Through such activities, the project aims to enhance opportunities for women by building and expanding employee networks, further increasing the awareness of female employees and promoting management understanding and support.

Sony also participates actively in the activities of the Japan Women’s Innovative Network, which was founded in 2005 and became a nonprofit organization in April 2007, and of which Sony is a sponsor. In addition, Sony is a participant in the Support Forum for Women in Business, a project of the Japan Institute of Workers’ Evolution.

*2 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.



DIVI@Sony management meeting



Symposium for female employees

In the United States, Sony Electronics Inc. (SEL) is incorporating diversity into its business strategies and endeavoring to create a work environment conducive to the employment of individuals from varying backgrounds. With the aim of promoting awareness of the positive effects of workplace diversity on business, SEL is working with external groups to advance the hiring and training of women and minorities. The company holds diversity workshops for managers and senior managers and offers e-learning-based diversity training for all managers. As of fiscal 2006 year-end, approximately 1,000 employees of SEL have taken part in this diversity awareness training since its introduction in 2004.

In October 2005, Sony Electronics inaugurated two affinity groups focusing on the engagement of women and minorities. These affinity groups endeavor to support business initiatives by promoting diversity and raising employee motivation, productivity and satisfaction through a variety of workshops and events aimed at establishing networks and forums for communication and the exchange of information.

In Europe, Sony is also actively promoting the careers of female employees through the ongoing development of its employment and work practices. In cooperation with CSR Europe*1, Sony has set up a working group in which it and several other companies analyze current conditions, examine best practices and discuss measures aimed at increasing the percentage of women in specialist and management positions. Efforts are also being made to create an environment that enables women to achieve their potential by providing role models, establishing an internal mentoring system and revising employment policies.

*1 CSR Europe is a nonprofit organization that promotes corporate social responsibility (CSR) in Europe.

Composition of Sony Corporation's Directors and Corporate Executive Officers

As of June 21, 2007, Sony Corporation had 14 Board members, of whom one is female and three are non-Japanese nationals, and seven Corporate Executive Officers, of whom one is female and two 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, Sony Corporation in Japan strives to provide opportunities for disabled individuals in fields that maximize their work contributions, and to create a positive, accommodating work environment. In fiscal 2006, Sony Corporation employed 319 individuals with disabilities, representing 2.19% of its workforce, well above the legal obligation. Additionally, a dedicated employment office within Sony Corporation cooperates with Sony Group companies in Japan to enhance internal support systems and employee awareness.

Through such initiatives, the Sony Group in Japan strives to provide individuals with disabilities opportunities to play a more active role in society. Three subsidiaries provide special employment opportunities for individuals with disabilities: Sony Taiyo Corporation, established in 1978; Sony Hikari Corporation, established in 2002; and Sony Kibo Corporation, established in 2003.

Employing Senior Citizens

The Sony Group in Japan offers its reemployment system, which enables some employees to continue working after mandatory retirement age. For example, in Sony Corporation in addition to full-time work, various part-time options, as well as positions at other Sony Group companies in Japan, may be made available.

Ratios of Female Employees and Female Employees in Management Positions by Region*2

Sony Group (Japan)

	2004	2005	2006	Benchmark*3
Female employee ratio	30.0%	29.0%	25.6%	24.3%
Female management level ratio	2.9%	3.1%	2.9%	2.6%

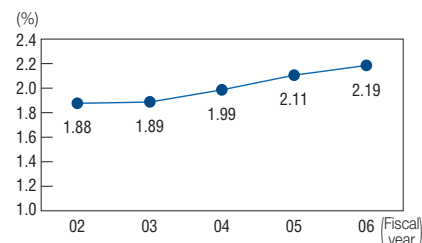
Sony Group (U.S.)

	2004	2005	2006	Benchmark*4
Female employee ratio	37.8%	38.0%	38.6%	47.7%
Female management level ratio	32.7%	32.5%	31.4%	35.4%

Sony Group (Europe)*5

	2004	2005	2006	Benchmark*6
Female employee ratio	36.0%	38.0%	39.3%	33.4%
Female management level ratio	15.3%	17.0%	17.4%	25.0%

Sony Corporation Disabled Employees Ratio*7



*2 Totals are based on data provided by Sony Group companies. Data for Japan and Europe is as of March 31 for each fiscal year. Data for the United States is as of July 31 each year. There are cases where the definition of manager varies among Group companies.

*3 Data based on corporations with 1,000 or more employees and according to a basic statistical survey of salary structures for fiscal 2005 by the Ministry of Health, Labour and Welfare. For management level, calculated as the total number of department and section managers.

*4 Based on Equal Employment Opportunity Commission statistics for 2005

*5 Sony Group (Europe) electronics business

*6 HR Index Benchmarks 2007, European Human Capital Effectiveness Report, Saratoga/PricewaterhouseCoopers

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

Human Resources System and Personnel Development

Sony aims to create a workplace that inspires employees to pursue new challenges and grow by realizing their creative and innovative potential. Sony also strives to further enhance motivation and encourage personal growth through on-the-job learning, as well as access to a variety of programs tailored to different regional needs, including education for next-generation business leaders, management skill improvement training, and training aimed at enhancing the abilities and skills of individual employees.

Evaluation and Compensation Systems

To help ensure that all employees are able to realize their full potential, Sony has consistently initiated new evaluation and compensation systems with a forward-looking perspective. Sony has established periodic employee performance reviews by managers, thereby creating a system that ensures individual contributions are evaluated fairly and promotes professional development.

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, and at the request of employees, has held individual employee interviews. Survey results are fed back to individual managers and are used to support efforts to revitalize the organization and raise management capabilities.

In fiscal 2006, certain Sony Group sales companies in Pan-Asia also introduced employee opinion surveys directed at evaluating management conditions and employee motivation and gauging the progress of organizational revitalization. Based on survey results, these companies determined and began implementing necessary actions.

Work-Life Balance

Sony seeks to offer versatile working styles that cater to different lifestyles and enable employees to fully express their abilities.

Sony Corporation offers flexible working styles and supports the efforts of employees who are struggling to balance the demands of work and caring for children or ill family members. In April 2007, Sony Corporation earned the Tokyo Labour Bureau's "corporate support for parenting" mark for achieving the targets of the action plan it formulated in response to the Law for Measures to Support the Development of the Next Generation, which came into force in 2005.

Almost all female employees of Sony Corporation who gave birth took child care leave, and approximately 90% of them returned to work thereafter. In April 2007, Sony Corporation revised its child care leave system with the aim of creating a work environment more conducive to taking child care leave, as well as to promote greater participation in child care by fathers, thereby making it much easier for employees to balance work and home life.

For more information >> Sony Corporation's child care-related systems: <http://www.sony.net/csr/report>

Measures for Contributing to the Development of Outstanding Engineers

In recent years, Sony has implemented a variety of measures aimed at ensuring Sony's reputation for technological excellence. In fiscal 2003, Sony established the Sony MVP award, which honors individual employees who have applied specialized technology and knowledge to create enhanced value for Sony, and which is designed to help motivate employees to pursue greater challenges and achievements. In fiscal 2006, 26 employees from Sony Group companies around the world were certified as MVPs, bringing the cumulative total of employees so recognized to 126.



Corporate support for parenting mark

Number of Employees Taking Leave-of-Absence for Child Care at Sony Corporation (Japan) (Fiscal 2006)

Leave of absence for child care	350 (incl. 7 males)
Percentage of eligible employees taking leave-of-absence for child care	97.4%*

* Calculated based on the number of employees who gave birth during fiscal 2006

In fiscal 2006, Sony introduced the special designation of Distinguished Engineer (DE) to acknowledge individual engineers who have played instrumental roles in the development of Sony's core technologies. DEs have implemented initiatives aimed at reinforcing technological capabilities, promoting collaboration that transcends organizational boundaries and enhancing training for the engineers who will inherit Sony's technological traditions. With the goal of augmenting Sony's overall technological capabilities, 251 individuals in the areas of research, development and design around the world have been awarded the DE designation. Of particular note, in the area of software, a crucial focus for Sony, DEs hold monthly community meetings, to share information on system architecture and discuss key technological issues. To facilitate the systematic acquisition of expertise and further strengthen its capabilities in software, Sony has organized software architecture training programs in cooperation with academic institutions overseas.



DE Logo



Meeting of DEs

Developing Future Business Leaders

Sony University, established in 2000, offers a variety of programs to help develop future leaders of the Sony Group. In fiscal 2006, a total of 72 employees from various countries, regions and businesses participated in three global networking programs. During these programs, which sought to address the challenge of promoting the "Sony United" concept, participants held discussions and shared ideas on how different individuals and groups could contribute to this effort. These programs also served as a forum for dialogue between participants and top management, which led to several new innovative action plans.

Sony operates worldwide according to a basic philosophy of "global localization," which aims to promote harmony with the countries in which it operates. As an example, Sony Europe introduced a new element to its development program for future leaders in 2006. The program requires managers of high potential to work on a project supporting external social enterprises (public interest organizations) that are addressing issues such as education and the environment. The 2006 pilot program included six employees who were mentored during the program by senior executives from Sony Europe. The pilot was successful, with the social enterprises receiving Sony expertise on issues such as supply chains and the development of business plans. Participating employees had the chance to work on 'live' projects while also experiencing a completely new environment. (See page 18 for information on Sony's efforts to foster local leaders in China.)

Employee Training Programs

Sony organizes various training programs for employees of all levels, from new graduates to senior executives, suitable to each region and business. In Japan, the Sony Group offers more than 300 training programs, such as technological training and business training, that use various approaches, including group training sessions, e-learning and correspondence courses, depending on objectives.

Technological training for the Sony Group in Japan includes lectures by professionals in various cutting-edge areas from outside the company, as well as courses for which approximately 200 Sony employees with frontline technological experience serve as instructors. In fiscal 2006, about 9,400 employees took part in technological training programs.

Business training at the Sony Group in Japan focuses on Management Basics, a program designed to reinforce the ability of managers to develop the skills of their subordinates, which was introduced in fiscal 2003. In fiscal 2006, the cumulative total of employees participating in this program surpassed 4,200. Also in fiscal 2006, Sony offered Leadership in Practice company-wide for employees in positions of leadership below the rank of manager. Leadership in Practice is a course that focuses on team leadership building and the development of skills for achieving results, for the purpose of fostering management capabilities earlier in the careers of these employees.



Global networking program

For more information >> Employee training programs in fiscal 2006 (Japan): <http://www.sony.net/csr/report>

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 its employees. The policy not only requires 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 concentrating on manufacturing sites. The sites have set their own goals, in line with Sony's basic policy, and are 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 other security measures, in light of the potential threat of such occurrences to safety and health.

Risk Assessment

Sony's manufacturing facilities conduct risk assessments to ascertain types and degrees of risks and implement appropriate risk prevention and management measures to eliminate or mitigate risk. By using risk identification check sheets, Sony strives to identify risks associated with major earthquakes, which can be expected to cause significant damage, and security. These measures enable Sony to identify potential risks and encourage individual sites to take ongoing steps, in accordance with their OH&S management systems, to eliminate, reduce or manage such risks.

Promoting the Creation of Business Continuity Plans

Based on risk assessments like those described above, Sony is promoting the design and implementation of business continuity plans (BCPs) for all of its businesses, the aim of which is to mitigate predictable risks and ensure the prompt restoration of operations in the event of a disaster. For sites in Japan, for example, Sony has prepared BCPs relating to the occurrence of a major earthquake. These place top priority on ensuring human survival and outline measures to ensure the restoration of operations based on an estimate of damage, including preventative measures, such as earthquake-proofing and reinforcing production and energy supply equipment, exhaust ducts and drainage pipes, and ongoing preparatory measures, such as analyzing business impact and determining restoration time requirement targets.

Global Workplace Injury Statistics

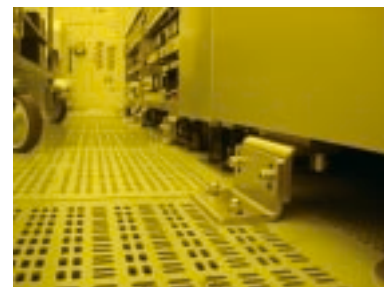
Since fiscal 2001, Sony has employed a data collection system to gather annual workplace data in the countries and regions in which it has operations. Sony analyzes these statistics to gain an understanding of circumstances and trends in terms of country/region, injury, accident and illness, and the related practices of Sony Group companies in order to help prevent reoccurrences.

In Japan, sites assessed risks and analyzed the potential for injury, and in response implemented a variety of measures. Examples include installing safety covers and safety switches in areas where there is a danger of employees being jammed or caught up in equipment and, in the area of chemical substance handling processes, switching to airtight storage containers, thereby minimizing employee exposure. Corporate audits are also conducted regularly with the aim of improving the health and safety performance of all manufacturing sites.

In the Americas, Sony DADC Pitman Plant conducted a review of the existing OH&S management system that involved job hazard analysis for all manufacturing jobs. In Sony Brazil, Ltd., an increase in communication and visual controls (notices and signs) based

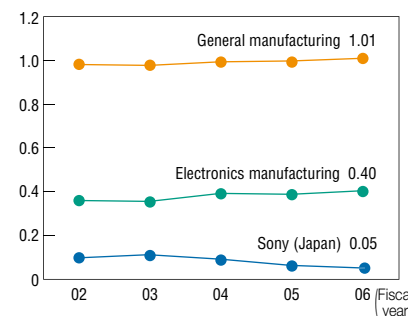


Risk assessment at Atsugi TEC, Sony Corporation



Earthquake-proof equipment

Workplace Injury Statistics for Japan*



* Frequency ratio = Number of injuries resulting in more than one lost day ÷ Total working hours × 1,000,000

on *Kaizen* (continuous improvement) activities and the implementation of new procedures based on observations by production staff resulted in a decrease in injury rates.

In Austria, performance improvement has resulted from a systematic program for safety prevention at Sony DADC. In 2006, the specific risk reduction activities implemented focused on: increasing the efficiency of the internal audit system; increasing health and safety awareness, assurance of safety conformity in all machinery; and the strengthening of health and safety management processes.

In the Pan-Asia region, orientation programs for new employees are routinely updated through the use of training tools and employee websites. Employees also receive job-specific risk assessment and health and safety training.

On another front, in January 2007 a fire broke out at the headquarters plant of Sony Manufacturing Systems Corporation in Kuki, Saitama Prefecture, Japan. Although the fire destroyed approximately 5,000m² of the facility, there were no injuries.

In March 2007, four Indonesia-based Sony employees on a business trip within the country were slightly injured when their aircraft was involved in an accident.

In April 2007, a commuter bus carrying 24 Sony shift workers in Slovakia was hit by a truck while it was stopped on a highway exit ramp. This accident resulted in the death of three employees, while the remaining 21 suffered injuries of varying seriousness. Subsequently, Sony issued an urgent request to all group sites worldwide regarding vehicle safety management in an effort to prevent the recurrence of such an accident.

For more information >> Workplace injury statistics for the Americas, Pan-Asia, East Asia and Europe: <http://www.sony.net/csr/report>

Employee Health

Sony Corporation is committed to creating workplaces conducive to sound health. Related activities focus on offering regular health check-up and counseling, as well as disseminating information via intranet to increase employee understanding of health-related issues.

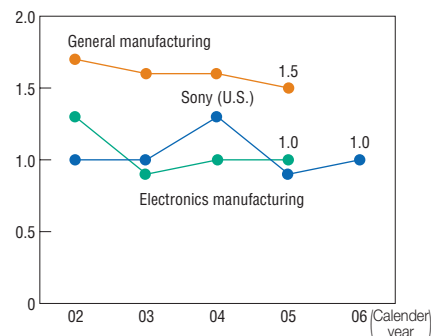
Clinical studies of the general population in recent years have shown an increasing incidence of illnesses caused by changes in eating habits, a lack of exercise and other lifestyle-related changes, including longer working hours. The increasing complexity of tasks and diversifying work styles are compelling society to search for solutions to health problems caused by long working hours and working practices that threaten mental health. To help address these issues, Sony Corporation provides access to industrial medicine practitioners and counseling if desired for employees with health problems. 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 resolve a variety of work-related and other concerns.

Initiatives to Combat HIV/AIDS

Recognizing HIV/AIDS as an urgent global issue, Sony is implementing various initiatives, focusing on areas having a high prevalence of the disease. 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 and the confidentiality of employee medical information. These activities continue to be performed under policy and are promoted during Safety Week.

Sony South Africa (Pty) Ltd. is also undertaking various initiatives to combat HIV/AIDS. In addition to prohibiting discrimination 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, which provides food, medicine, winter clothes and blankets to school-age children infected with the virus, and offers various HIV/AIDS-related public education programs.

Workplace Injury Statistics for the United States*



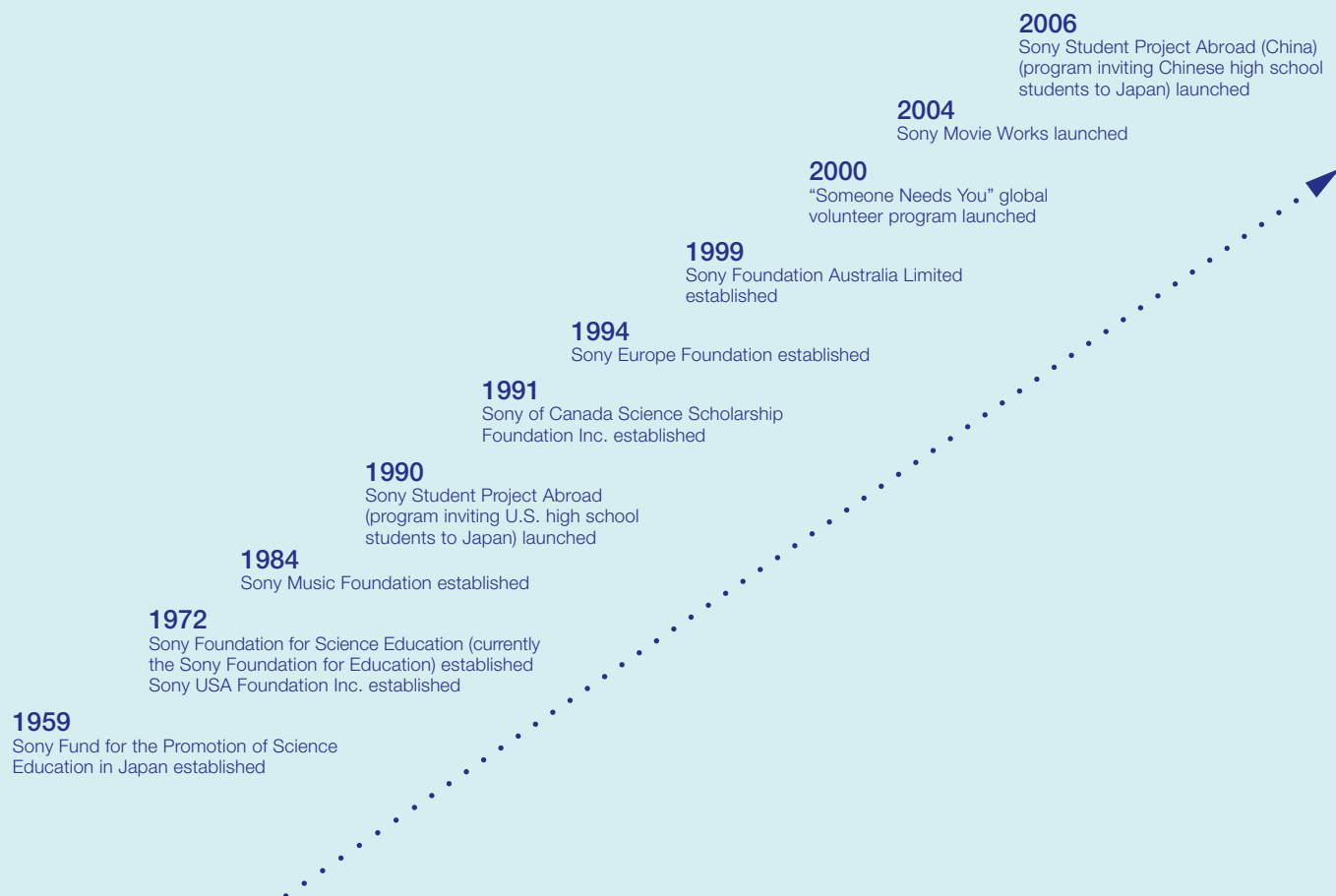
* Rate of incidence= Number of cases of injuries requiring one or more days of missed work ÷ Actual number of worked × 200,000. Rates include all Sony regular and temporary employees at manufacturing sites. The scope of data is manufacturing sites of Sony Electronics Inc. and Sony DADC US Inc. in the United States.



Sony South Africa's HIV/AIDS Awareness Program

Community

Sony in the Community



A Board Member's View

Sony's employees around the world engage in community activities that reflect local needs—an approach that embodies the philosophy of “global localization (think globally; act locally)” advocated by its co-founder Akio Morita.

As a global organization, Sony is expected to play a major role going forward by stepping up efforts to address global issues, such as those detailed in the United Nations' Millennium Development Goals, and maximizing its creativity to contribute to the realization of a sustainable global society.

Sakie T. Fukushima
Compensation Committee
Member of the Board
Sony Corporation



Community

Sony undertakes a wide variety of social contribution activities to help address the needs of communities in regions around the world where Sony conducts business. Sony strives to have a positive impact through these activities by making effective use of its resources, namely, its technologies, products, business activities and personnel.

Social Contribution Activities

As expressed in the key phrase “For the Next Generation,” Sony places a priority on activities in two areas: promoting education for children—the next generation—and contributing to the building of a sustainable society. In the area of education for children, Sony focuses on providing support for science education, a priority set by one of Sony’s founders, Masaru Ibuka, and for arts education in the areas of music and film, which allows Sony to use its vast entertainment resources. Through such efforts, Sony endeavors to encourage children’s awareness of and interest in science and the arts, and to enhance their capacity for logical thinking and creativity.

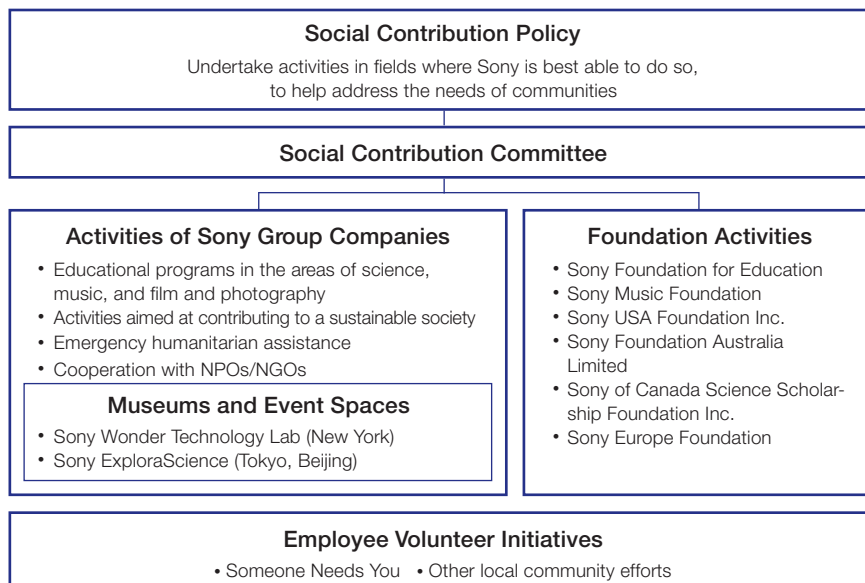
As a company with worldwide operations, Sony also strives to fulfill its responsibilities as a global corporate citizen by providing emergency disaster relief and by implementing various activities in association with international agencies and nongovernmental organizations (NGOs).

Sony also has a global in-house volunteer program titled Someone Needs You, the aim of which is to encourage employee involvement in efforts to help local communities. Under this program, Sony Group companies create volunteer programs tailored to local needs and encourage continued employee participation in the community. In fiscal 2006, approximately 23,000 Sony Group employees participated in volunteering activities.

Structure

Sony’s Social Contribution Committee, located at its corporate headquarters in Tokyo, implements programs in accordance with Sony Group’s social contribution policies. Group companies and six Sony foundations around the world spearhead a variety of activities designed to address local needs and encourage employees to play an active role in their communities.

The Sony Group’s Social Contribution Organization



Following in the footsteps of Sony’s Co-founder

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



Masaru Ibuka



Research presentation by schools assisted under the Sony Fund for the Promotion of Science Education (1982)

For more information >> Examples of social contribution activities: <http://www.sony.net/csr/report>

Activities during Fiscal 2006

Principal New Projects

In addition to its ongoing education-oriented programs, during fiscal 2006 Sony worked with such organizations as the United Nations Children’s Fund (UNICEF) and Médecins Sans Frontières with the United Nations Millennium Development Goals in mind, to build public awareness of third-world country poverty (the rebuilding of villages after the 2005 Pakistan Earthquake) and the spread of infectious diseases (HIV/AIDS in Africa), in the belief that understanding such issues is the first step in the aid process. In these activities, effective use was made of Sony’s digital cameras and digital imaging technologies, as well as such resources as the Sony Building, located in Tokyo’s Ginza district.

Sony also launched a new program, Sony Student Project Abroad (China), aimed at furthering understanding of Japan among high school-age children in China*1.

When Sony moved its headquarters in winter 2006/2007, it donated DVD players, televisions and other equipment and fixtures made redundant by the move for use in the activities of various nonprofit organizations (NPOs). Sony also donated conference room desks and other fixtures to a volunteer center for disaster relief following a major earthquake in Japan’s Noto peninsula area.

*1 For more information, see page 19.



Collecting donations at the Sony Building

Employee Volunteer Initiatives

Sony Group employees engage in fund-raising efforts for disaster relief agencies and NGOs. The cooperation of Group financial services companies Sony Bank Inc. and Sony Finance International, Inc., has made it possible for employees in Japan to make donations by bank transfer and credit card. The introduction of donations using Edy, a prepaid electronic money service incorporating FeliCa, Sony’s contactless IC card technology, in fiscal 2006, has enabled even more employees to participate in fund-raising efforts.

To support employee volunteer initiatives, Sony Corporation revised its employee volunteer support system in April 2007, making it easier for employees to volunteer by allowing them to accumulate holidays for use in initiatives requiring extended leaves of absence.



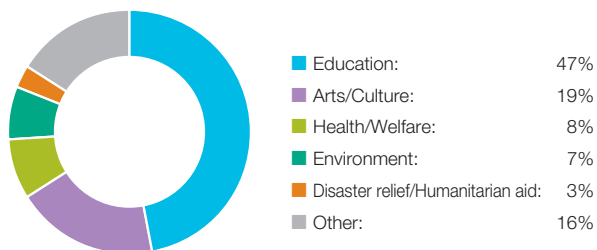
A Sony employee making a donation using Edy

Expenditures for Social Contribution Activities in Fiscal 2006

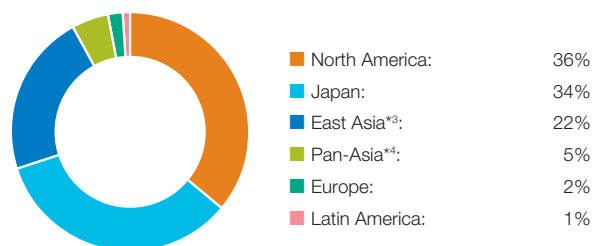
During fiscal 2006, the Sony Group spent approximately ¥4.0 billion on social contribution activities*2. Sony’s activities focused on education, particularly science education, as well as the arts, music and culture. The remainder was spent in communities around the world where Sony is active, on social contribution activities that make good use of Sony’s resources, such as technology and products.

*2 Expenditures for social contribution activities include: (a) donations in cash; (b) sponsorships; (c) program expenses (operating cost of museums); (d) market values of contributed products; (e) employee support; 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 (Fiscal 2006)



Social Contribution Expenditures by Region (Fiscal 2006)



*3 Mainland China, Hong Kong, Taiwan and South Korea

*4 Southeast Asia, Middle East, Africa and Oceania

For the Next Generation

Helping Children Realize Their Dreams

Science

Sony Science Education Program for Children and Sony Preschool Education Program for Children

Sony Foundation for Education

The Sony Foundation for Education strives to foster children's curiosity and creativity through science. The Foundation does this with the aim of helping children in Japan grow into individuals who are always open to challenges.

One of the Foundation's principal activities is the Sony Science Education Program for Children, which has promoted science education for children continuously since its inception in 1959 as the Sony Fund for the Promotion of Science Education. Elementary and junior high school teachers submit education plans to apply for the program, which is aimed toward fostering an appreciation for the sciences among children. As a part of the program, particularly outstanding efforts are honored and educational subsidies are granted. To date, the program has received essays from more than 10,000 schools and honored nearly 5,000 schools.

Believing that to cultivate sensitivity and creativity we must nurture enquiring, scientific thinking during early childhood, the Sony Preschool Education Program for Children has supported educational activities for children between the ages of three and five since 2002. In addition to providing funds to the nursery school and kindergarten teaching staff nationwide, the Foundation strives to promote awareness of these activities by presenting outstanding examples on its website.



Elementary schools are honored under the program

Sony Wonder Technology Lab

Sony Corporation of America

Sony Corporation of America (SCA) operates the Sony Wonder Technology Lab (SWTL), a hands-on communication, technology and entertainment museum located at SCA's corporate headquarters in midtown Manhattan. Through its permanent exhibits and innovative programs, including science and technology workshops, ongoing screenings and associations with well-respected local nonprofit and educational institutions, SWTL aims to educate and cultivate the next generation of visionaries who will help shape the future of media, entertainment, science and the arts. Visitors to SWTL can explore the worlds of computers, television, games, music, film and digital technology, as well as attend high-definition video screenings in the Lab's 73-seat HD Theater.

In 2006, more than 200,000 people visited SWTL, an increase of 7% from 2005. The year brought close to 50,000 students from more than 1,200 schools in New York and neighboring states to the Lab, of which nearly 2,500 took part in guided educational tours focused on the theme of "communications technology." This theme was chosen specifically to support current school curricula consistent with national, state and New York City learning standards.



Trying out the latest technology at the Sony Wonder Technology Lab

Music

Opera *Fantastique—Les Paladins*

Sony Music Foundation

The Sony Music Foundation produces programs every year that offer children the opportunity to enjoy performances by world-class artists. In 2006, the Foundation offered programs to coincide with the first performance in Japan of a new production of the lyric comedy *Les Paladins* by France's well-known Compagnie Montalvo-Hervieu that combines baroque opera and modern dance.

In the first program, two of the dancers from the production were invited to conduct a four-day dance workshop at a Sony facility for approximately 100 people.

The second program consisted of pre-performance talks for guests by the production's artistic director. These talks covered several aspects of the performance, including how dancers convey emotions; staging features, such as the use of film and balloons during the performance; and an introduction to baroque musical instruments. The program



Photo: Koichi Miura
On-stage performance by dance workshop participants and professional dancers

URL

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

Sony Wonder Technology Lab: <http://www.sonywondertechlab.com/>

Sony Music Foundation (Japan): <http://www.smf.or.jp/>

concluded with an on-stage performance by dance workshop participants with the professional dancers and accompanied by a live orchestra.

Film and Photography

Cooperation in Digital Photo Project for Children— UNICEF EYE SEE II Sony Corporation

Sony donated the digital cameras used in this digital photo project for children, organized by UNICEF. The aim of this initiative was to provide children in areas devastated by the Pakistan Earthquake with a means of sharing their perspectives and fostering creativity and, in the process, to contribute to the healing process.

More than 160 children participated in the project. The children worked in pairs, with each pair sharing one digital camera. A series of workshops was held, during which the children received instruction not only in camera use and the art of digital photography, but also in team-building and methods and techniques for portraying their communities to the world. Thus equipped, the children went out to take photographs that documented their experiences and communicated their fervent desire to rebuild.

Photographs from the project were exhibited at UNICEF's New York headquarters and in Pakistan's capital, Islamabad, as well as at other locations, including the Sony Building in Tokyo's Ginza district, Sony mediage in Tokyo's Odaiba area and UNICEF House in Takanawa, headquarters of the Japan Committee for UNICEF. Each of the photographs on exhibit was captioned with a message from the young photographers.



©UNICEF/HQ06-1233/Asad Zaidi
Children affected by the Pakistan Earthquake

Sony Movie Works

Sony Corporation and Sony Pictures Entertainment (Japan) Inc.

The Sony Movie Works program aims to offer high school students the opportunity to make full-fledged 10-minute short films. Students in the program take part in workshops on film planning, shooting and editing, and then plan and complete their own films.

This program is supported by the efforts of approximately 30 Sony Group employee volunteers with extensive experience and expertise in film production. Employee volunteers and students form teams, taking part in workshops and working closely together throughout the actual production process, as both channel their enthusiasm into the production of superior works.

In 2006, 10 films were completed on this year's theme "Goal." The films were screened to a large audience of approximately 300 people at a special presentation, where they were judged on such considerations as thematic and creative quality. Prizes were awarded for outstanding achievements.



High school students and Sony volunteers practice filming

Digital Film Project for Children

Sony Taiwan Limited

Although Taiwan is considered an advanced IT market, there is still considerable geographical disparity in the availability of digital technology, and many children in remote areas have never used a digital camera or digital video camera. To foster their creativity and to provide exposure to new technologies, Sony Taiwan has launched the Digital Film Program for underprivileged children, to provide them with an opportunity to work with the latest equipment and to produce films and photos from their own perspective.

In 2006, Sony Taiwan's volunteers brought digital cameras and digital video cameras to 20 elementary schools in remote areas. With lessons by photographers from Taiwan and Japan, children quickly learned new skills and were able to build up self-confidence, express their talents and explore new possibilities.

A contest was also held for completed photographs and films. Throughout the web platform, children's work attracted considerable attention and created a phenomenon of discovering Taiwan from different perspectives. Children from the winning teams in the contest were also invited to visit Japan for cultural exchange activities with school children of their own age.



Children learning to use the latest equipment



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. A few of the many volunteer programs conducted in fiscal 2006 are introduced here.



London

Report from Sony Computer Entertainment Europe

Park Conservation Activities

Employees of Sony Computer Entertainment Europe Ltd. (SCEE) in London took part in conservation activities at a local park. The main goals of the park are to preserve a valuable habitat for threatened species, provide an educational resource for local schools and community groups, and provide a peaceful and tranquil site for members of the local community. Work was carried out by two groups of SCEE employees.

The first group worked to restore steps that were broken and potentially dangerous. The existing steps were removed and replaced with solid wood railway sleepers that will have far greater durability and will make access to the park easier for the local community. The other benefit is that the wooden railway sleepers are reclaimed and reused, avoiding the need for virgin materials.

The second group helped restore a marsh habitat for insects, which provides a vital feeding source for birds during winter. The marsh area is particularly important to amphibians, birds and marsh plant species, and marsh protection is a priority of the UK Biodiversity Action Plan. SCEE will be sending volunteer staff back to continue this important work later this year.

Michelle Souch, Sony Computer Entertainment Europe Ltd.



Hong Kong

Report from Sony Group Companies in Hong Kong

Participation in Walk for Millions

To support the services for children and youth provided by the Community Chest of Hong Kong, employees of six Sony Group companies in Hong Kong, including Sony Corporation of Hong Kong Limited, cooperated in the "Walks for Millions—Hong Kong & Kowloon Walk" charity event. This has been the Community Chest's annual flagship fund-raising event since 1971. In January 2007, nearly 13,000 participants forming 150 teams took part.

From the Sony Group, a total of 391 employees and their families and friends joined the 10-kilometer walk. Participating employees raised approximately HK\$140,000, which was donated to the Community Chest together with a donation from Sony Hong Kong. In line with the objective of this year's walk—"Invest in the Present, Nurture a Future"—all funds raised through the event will be allocated to various activities aimed at helping young people. I'm glad to have had this opportunity to do something meaningful for the community.

Grace Lau, Sony Corporation of Hong Kong Limited



Dubai

Report from Sony Gulf

Desert Cleanup

In an effort to conserve and protect the environment, Sony Gulf FZE, in association with the municipality of Dubai, organized a desert cleanup program. More than 70 Sony Gulf employees and their families took part in the program.

This desert cleanup program was undertaken in line with Sony Gulf's ISO objectives, which emphasize the importance of conserving and protecting the environment and communicating with and educating staff about its importance.

Mark D'Souza, Sony Gulf FZE



Tokyo

Report from Sony Hikari Corporation

Gotenyama Cleanup

In fiscal 2006, 108 Sony Group employees in the Gotenyama area of Shinagawa, in Tokyo, volunteered to help with a project to clean areas adjacent to company facilities.

Sony Hikari Corporation is a special-purpose subsidiary established to provide an opportunity for mentally challenged individuals to play a productive role in society and provides facility cleaning, mail and office supply distribution services for Sony Corporation and affiliated companies.

Employees of Sony Hikari participated in the Gotenyama cleanup project with employees of Sony Corporation and Sony Group companies to clean public roads near company facilities. This approach made it possible for the teams to cover a broader area than Sony Hikari employees alone had been able to cover in other public road cleanups. Participants were organized into five teams, each of which was assigned a specific area to clean. The team members were able to collect a significant amount of empty cans and bottles and other litter.

This activity was meaningful in that it contributed to the beautification of areas in the community surrounding Sony companies and even more so in that it was a Sony Group effort that involved a diverse group of employees working together.

Shingo Mori, Sony Hikari Corporation



Los Angeles and New York

Report from Sony Group Companies in Los Angeles and New York

Meal Service and Community Center Support

This year, employees of Sony Pictures Entertainment once again gave generously of their time and talents to increase momentum on a number of volunteer programs. One of the popular initiatives was the Friends Cooking Club, which grew to include 12 teams. The groups took turns cooking meals for the Downtown Women's Center, a facility for low-income women living on Skid Row in downtown Los Angeles. The menus included an appetizer or salad, entrée and side dish. Volunteers were also able to serve the meals at the Center the following day. A total of 110 Sony Pictures Entertainment employees took part in this worthwhile effort.

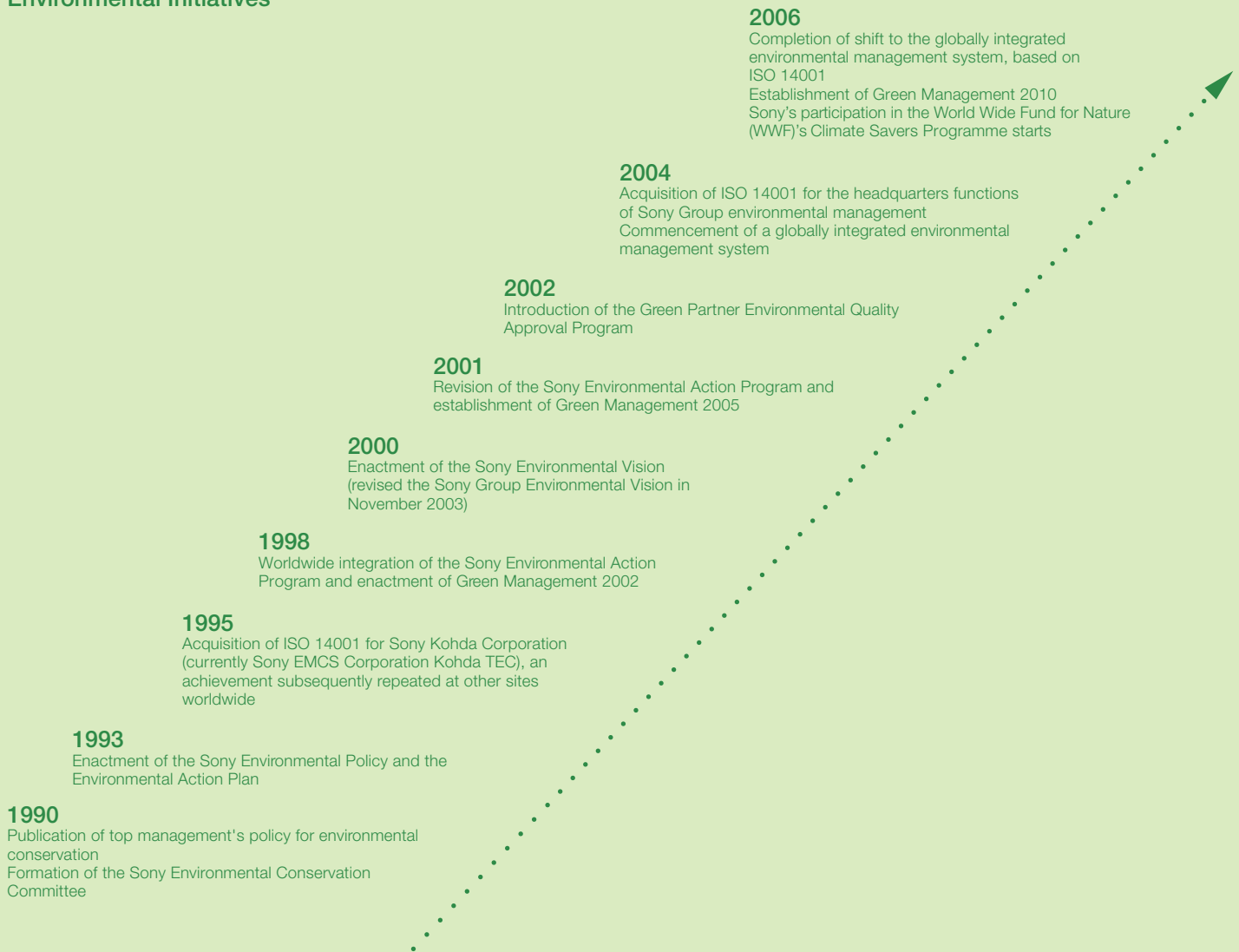
In New York, volunteers from Sony companies, including Sony Corporation of America, Sony Pictures Entertainment and Sony BMG Music Entertainment lent their skills to improve the facilities of a nonprofit community center that offers comprehensive services to low-income families in Western Queens.

Janice Pober, Sony Pictures Entertainment Inc.



Environment

Environmental Initiatives



A Board Member's View

Protecting our environment for future generations is an admirable goal, and a current topic of debate at the national and international levels. We at Sony are actively engaged with far-reaching and dynamic programs such as "Green Management 2010" and our "Green Partner Environmental Quality Approval Program." We are empowering our people around the world to reach out to business partners, NGOs, local communities and other groups to help protect our environment with initiatives such as energy saving and recycling and reuse programs. We are also enabling our customers through new products and services to change their lifestyles and play their part as well.

It is only by harnessing all the power of Sony that the company can produce sustainable results, and the company is determined to do so for future generations of Sony customers and employees.



Sir Peter Bonfield
Nominating Committee
Member of the Board
Sony Corporation

Sony Group Environmental Vision

The Sony Group Environmental Vision presents Sony's environmental policy, core beliefs, and basic approaches for environmental management activities throughout the global Sony Group with the aim of creating a sustainable society.

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 four 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:

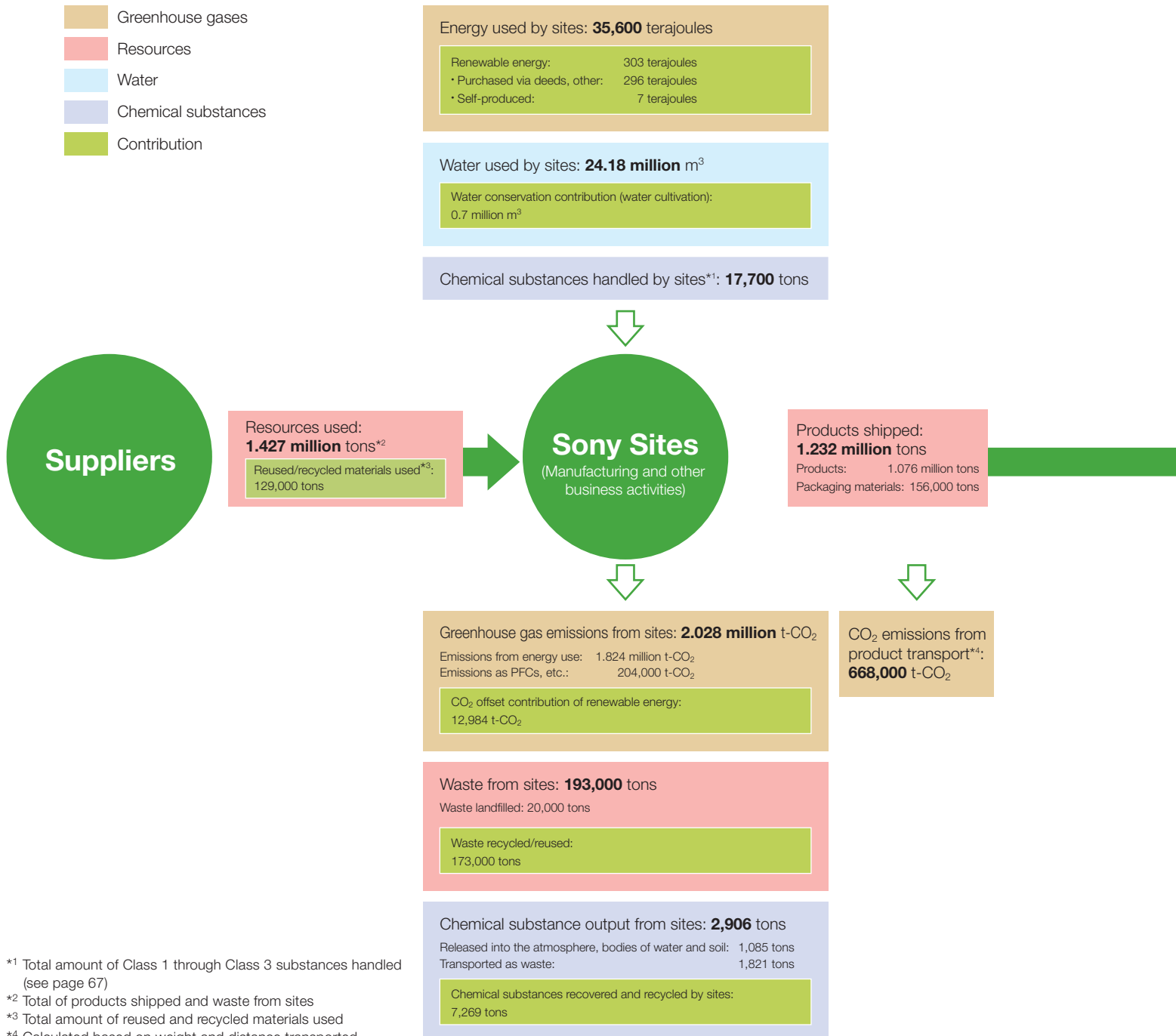
- Compliance with regulations
- Corporate citizenship
- Disclosure of information and effective corporate communications
- Education
- Business planning
- Research and development
- Planning and design of products and services
- Parts and materials procurement
- Site management
- Distribution, sales, 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.

For more information >> Sony Group Environmental Vision: <http://www.sony.net/csr/report>

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.



Understanding Environmental Impact from the Perspective of Product Life Cycles

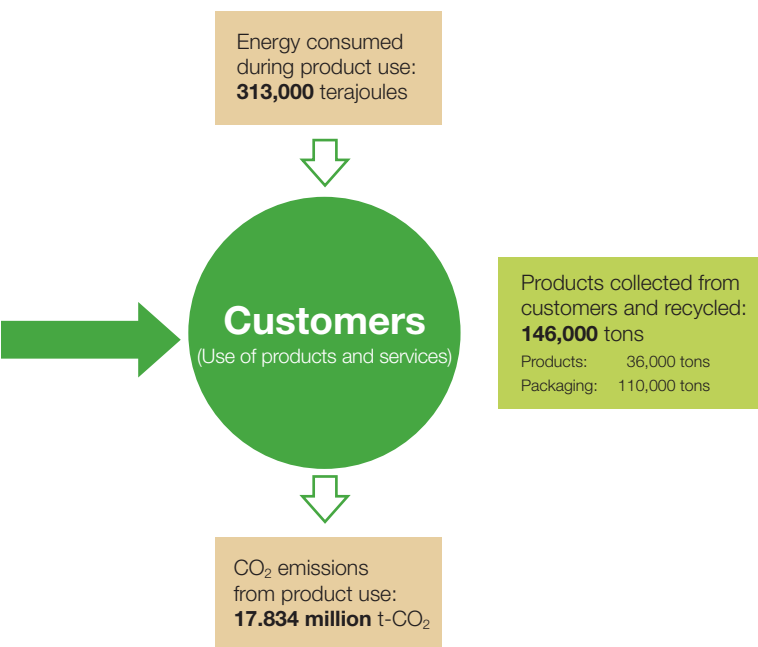
The chart below shows Sony's impact on the environment throughout product life cycles, including energy and resources used during Sony's business activities, energy consumed by Sony products when used by their purchasers, and the recycling and disposal of products after use. The chart shows the principal environmental impact during fiscal 2006 for items that Sony can recognize and manage directly.

For more information >> Methods and approach used for aggregating environmental data:
<http://www.sony.net/csr/report>

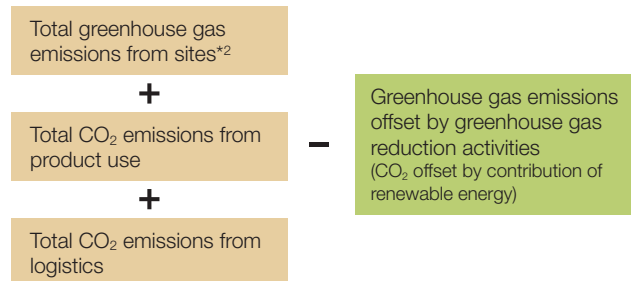
Environmental Indices

Based on careful consideration of the life cycles of its business activities, Sony has established its own unique set of environmental indices. These indices provide quantitative measurements of environmental impact, with lower numerical values signifying lower levels of impact. In Green Management 2010*1, which lays down environmental targets through fiscal 2010, Sony has set targets for these indices.

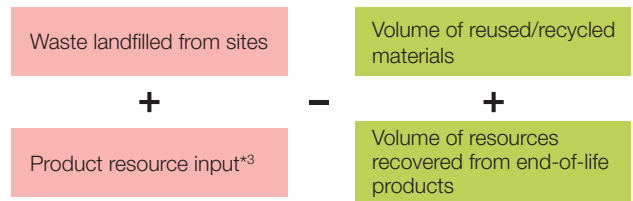
*1 For more information on Green Management 2010, see pages 52–53.



1 Greenhouse gas index



2 Resource index



*2 Total greenhouse gas emissions, calculated in terms of CO₂ emissions (the total of CO₂ emissions from energy use and perfluorocarbon [PFC] emissions), from sites.

*3 Total resources used in products, accessories, manuals and packaging materials. This total does not include resources produced from recycled Sony Group product waste.

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

Green Management 2010: Progress Report

To realize the Sony Group Environmental Vision, Sony has established Green Management 2010, a new set of medium-term group environmental targets to be achieved by fiscal 2010. The targets will guide the Sony Group in its efforts to help prevent global warming, to conserve resources, to ensure appropriate management of chemical substances, and to address a broad range of other complex environmental issues. Green Management 2010 encompasses general environmental indicators as well as individual targets. This section looks at Sony's progress on both fronts in fiscal 2006.

General Indicators and the Eco-Efficiency Equation

The general indicators, namely, greenhouse gas and resource indices, have been established to determine, where possible, the environmental impact of the Sony Group's business activities, products and services, over their entire life cycles. To determine whether these indicators are effective in gauging the Sony Group's impact given the business environment at the time, Sony uses the eco-efficiency equation shown on the right.

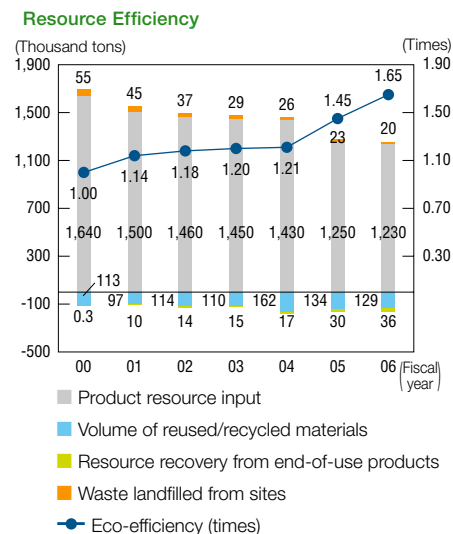
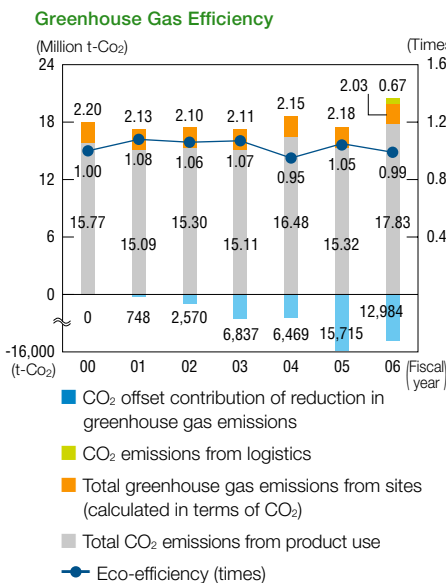
In fiscal 2006, Sony's greenhouse gas emissions totaled approximately 20.53 million tons, up approximately 17% from fiscal 2005. Sony's eco-efficiency index was 0.99 times the level in fiscal 2000. The increase in greenhouse gas emissions was due primarily to two factors: a change in the definition of greenhouse gas index that resulted in the inclusion, beginning in fiscal 2006, of CO₂ emissions from logistics, and an increase in CO₂ generated during product use of approximately 16%, attributable to increases in the size of liquid crystal display (LCD) televisions, and the number of sets sold. In contrast, total greenhouse gas emissions from sites decreased approximately 7% from fiscal 2005.

Sony's resource index for fiscal 2006 shows that resources used during the period totaled approximately 1.09 million tons, while eco-efficiency was 1.65 times the fiscal 2000 level. Eco-efficiency was also significantly higher than in fiscal 2005, reflecting an increase in sales of LCD televisions, offset by a scaling back of cathode ray tube (CRT) television production, while product resource input volume declined slightly. Overall, the resource index has declined steadily since fiscal 2000, while eco-efficiency has improved significantly since fiscal 2004, when the shift to flat-screen LCD televisions began in earnest.

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 - Volume of reused/recycled materials - Volume of resource recovery from end-of-life products

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



Progress of Individual Targets

The individual targets set forth in Green Management 2010 cover Sony's entire business cycle, from the procurement of parts to the manufacture, use and disposal or recycling of products. This section looks at Sony's progress on main targets for products and sites in fiscal 2006.

Progress Toward Achieving Individual Targets of Green Management 2010

Prevention of Global Warming

Target	Base Fiscal Year	Target Fiscal Year	Progress by Fiscal 2006	Page
Reduce emissions of greenhouse gases, calculated in terms of CO ₂ emissions, from business sites by 7% or more	2000	2010	Decrease of 9% from the fiscal 2000 level	65
Reduce annual energy consumption of products	—	—	Achieved for 90% of product categories	55
Ascertain and take measures to reduce CO ₂ emissions during the transport of products and other materials	—	—	CO ₂ emission: 670,000 tons Increase to 16% from 12% due to modal shift in total transport	61

Resource Conservation

Target	Base Fiscal Year	Target Fiscal Year	Progress by Fiscal 2006	Page
Achieve an absolute reduction in waste from sites of 40% or more	2000	2010	Decrease of 30% from the fiscal 2000 level	66
Achieve a waste reuse/recycle ratio of 99% or more at manufacturing sites in Japan	—	2010	99%	66
Achieve a waste reuse/recycle ratio of 95% or more at manufacturing sites outside Japan	—	2010	87%	66
Achieve an absolute reduction in volume of water purchased or drawn from groundwater for manufacturing purposes at sites of 20% or more	2000	2010	Decrease of 16% from the fiscal 2000 level	66
Increase reused/recycled materials utilization ratio of 12 % or more*1	2000	2010	10%	56
Continuously increase resource recovery from end-of-life products and reusing/recycling ratio*2	—	—	Resource recovery from end-of-life products: 36,355 tons Reusing/recycling ratio: 3%	56
Conduct life cycle assessments (LCA) for all major products	—	—	Achieved in 75% of product categories	56

Chemical Substance Management

Target	Base Fiscal Year	Target Fiscal Year	Progress by Fiscal 2006	Page
Prohibit, reduce or control use of controlled chemical substances at sites Achieve an absolute reduction in released amounts of volatile organic compounds (VOCs) into the atmosphere of 40% or more	2000	2010	Decrease of 41% from the fiscal 2000 level	67
Prohibit, reduce or control use of controlled chemical substances in products	—	—	Eliminated specified chemical substances from all Sony products shipped worldwide	58

*1 Ratio of reused/recycled materials to product resource input

*2 Ratio of resource recovery from end-of-life products to total weight of products, accessories, instruction manuals and packaging materials

For more information >> Progress of Green Management 2010: <http://www.sony.net/csr/report>

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 and achieving Green Management 2010 mid-term environmental targets and complying fully with internal policies established for the Group.

Global Environmental Management System

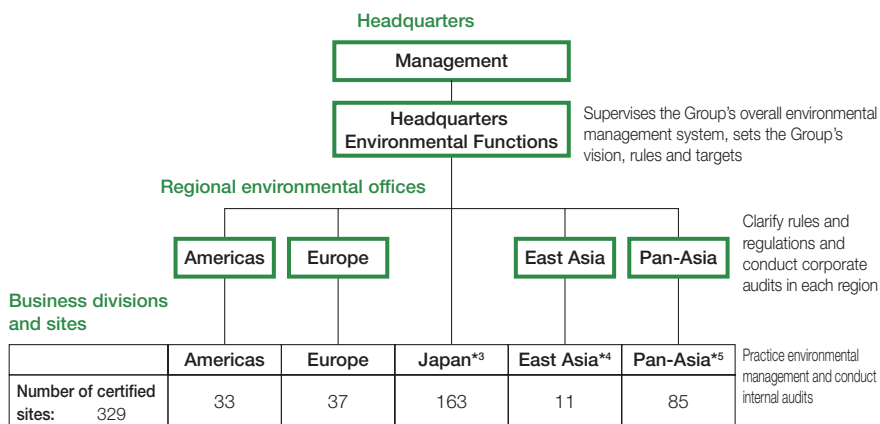
Since the 1990s, Sony sites throughout the world have sought certification under ISO 14001, an environmental management system based on the rationale of the Plan-Do-Check-Act*1 (PDCA) cycle. Acquisition of ISO 14001 certification at all sites was completed in fiscal 2000.

Since then, Sony has expanded this effort, integrating Group headquarters with overseas environmental departments, business units and sites, while taking advantage of the management systems already operational at each business site, and acquiring integrated ISO 14001 certification*2 for the entire Sony Group.

*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 certification is all manufacturing sites and non-manufacturing sites with 100 or more employees.

The Sony Group Global Environmental Management System



*3 Coverage area: Japan, Taiwan and South Korea

*4 Coverage area: Mainland China and Hong Kong

*5 Coverage area: Southeast Asia, Middle East, Africa and Oceania

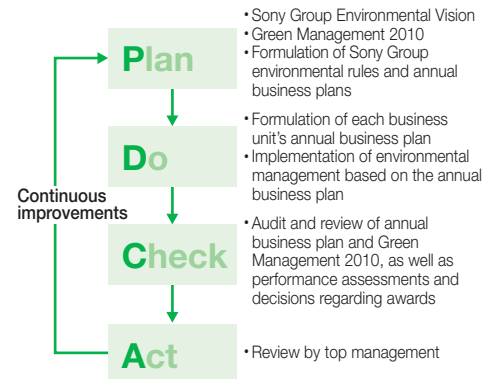
Environmental Management Linked to Business Activities

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 the results of environmental activities are assessed as part of overall performance evaluations for main business units and sites. To accurately assess these efforts, Sony has developed online data systems for the assessment of global performance data including 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 to the type of work they perform.

For more information >> Environmental management system
ISO 14001-certified sites: <http://www.sony.net/csr/report>

The Sony Group Environmental Management System PDCA Cycle



Reducing Environmental Impact of Products

Sony continues to implement measures aimed at reducing the environmental impact of its products throughout their life cycles. These measures range from performing assessments at the planning, design and engineering stages, to setting targets for reducing power consumption. Sony also has deployed an advanced management system to facilitate the control, reduction or elimination of a range of hazardous chemical substances.

Greenhouse Gas Emissions Related to Product Use

Sony products consume energy while in use, resulting in indirect emissions of CO₂. In fiscal 2006, CO₂ emissions from use over the lifetime of Sony products rose approximately 16% from fiscal 2005, to 17.83 million tons. Despite a decline in CO₂ emissions from PCs due to the shift from desktop to notebook models, a significant increase in sales of flat-screen liquid crystal display (LCD) televisions and professional-use data projectors and the launch of PLAYSTATION®3 resulted in an overall increase in CO₂ emissions.

In fiscal 2006, approximately 90% of Sony products achieved target reductions in power consumption. In terms of specific achievements, all of Sony's major television models for the Japanese market earned the five-star rating of the Energy-Saving Labeling Program, indicating the highest level of achievement of energy reduction standards set forth under Japan's Law concerning the Rational Use of Energy, while nearly all Sony PCs for the Japanese market met the Law's energy efficiency requirements (standards for fiscal 2007).

For more information >> Environmental data for products: <http://www.sony.net/csr/report>

Reducing product operating power consumption BRAVIA LCD televisions

The BRAVIA J3000 series of LCD televisions feature the Live Color Creation backlight system, which widens the color gamut and creates high-purity primary colors (cyan, yellow and magenta), thereby enabling these televisions to deliver true-to-life color while keeping power consumption to a minimum. The BRAVIA J3000 series' televisions are also equipped with an Advanced Contrast Enhancer, which automatically adjusts backlight intensity in response to the brightness of the image, as well as a Light Sensor, which adjusts the screen brightness in response to ambient brightness. Thanks to such features, the KDL-40J3000 model has achieved 180% for the energy-conservation standard of the energy-saving laws in Japan, and has attained the industry's highest energy-saving performance.*1

*1 As of April 2007, comparison is with digital LCD televisions sold in the Japanese market and based on Sony data.

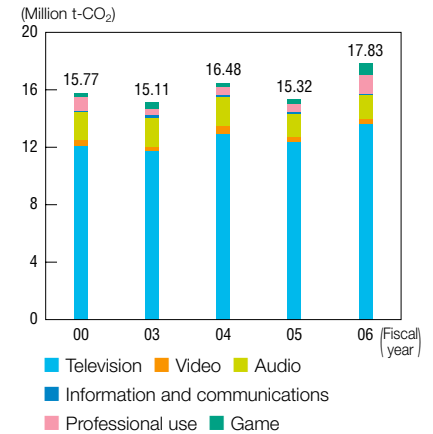
"VAIO" PCs

A mere 4.4mm in width and weighing an unrivaled 859 grams,*2 the 12.1 inch "VAIO type G" PC features a white LED backlight. The use of a slimmer, light guide panel and a compact, lightweight LCD system board have reduced display thickness by approximately 50% and weight by about 30% compared with conventional fluorescent tube LCDs. Low power consumption, facilitated by a white LED backlight, energy-saving hardware design and software control of the CPU, LCD backlight drive voltages, memory, graphic accelerator optical drive and other features, give this notebook PC an incredible 12 hours of continuous battery life.*3

*2 As of April 10, 2007, comparison is based on Sony data for a 12.1" PC with LCD for "VAIO Owner-Made Model," a customized model available in Japan, with no optical drive and with a small battery pack, 1GB memory (on board) and flash memory.

*3 The longest length of time within the specification of "VAIO Owner-Made Model" PC with large battery pack.

Greenhouse Gas Emissions from Product Use



Terrestrial/BS/110° CS digital high-definition television
BRAVIA KDL-40J3000



PC "VAIO type G"
VGN-G1ABNS

Reducing Environmental Impact through Product Life Cycle Assessment

With the aim of identifying the environmental impact of products at all stages of their life cycles, Sony conducts product life cycle assessments (LCAs) that quantify the impact of materials and parts production, product assembly and transport, use and standby mode, and end of life (i.e., disposal and recycling). LCAs help us to clarify priorities for improvement and determine environmental impact reduction measures.

One of Sony's Green Management 2010 medium-term environmental targets is to conduct LCAs for all major products. In line with this target, in fiscal 2006 Sony conducted LCAs for numerous products, including LCD televisions, DVD recorders, camcorders and professional-use cameras. As an example of LCAs, the environmental impact of KDL-32J3000 LCD TVs was reduced by approximately 30% compared to the LCD TVs of the same size launched in fiscal 2005 and approximately 51% compared to the CRT TVs launched in fiscal 2002.

Going forward, Sony will continue working to quantify environmental impact at each stage of its products' life cycles using LCAs and make appropriate modifications, thereby lowering the overall environmental impact of its products.

For more information >> LCA case studies: <http://www.sony.net/csr/report>

Use of Resources in Products

For products sold in fiscal 2006, Sony used approximately 1.23 million tons of resources, a decline of approximately 2% from fiscal 2005, and 130,000 tons of reused/recycled materials, down approximately 4% from fiscal 2005. In the area of televisions, resources used declined despite an increase in sales of televisions, due to a shift in demand for televisions from CRT models to lightweight, flat-panel models. Also, in the information and communications equipment, devices and others product categories, resources used fell sharply, reflecting a decline in sales of VHS tapes. In contrast, the launch of PLAYSTATION@3 prompted a sharp increase in resources used in the Game business, as a consequence of which the volume of resources used in products sold in fiscal 2006 remained largely level with the previous period. The 4% decline in reused/recycled materials used was due to efforts to trim the overall use of packaging materials, mainly for televisions, an area heavily reliant on recycled materials.

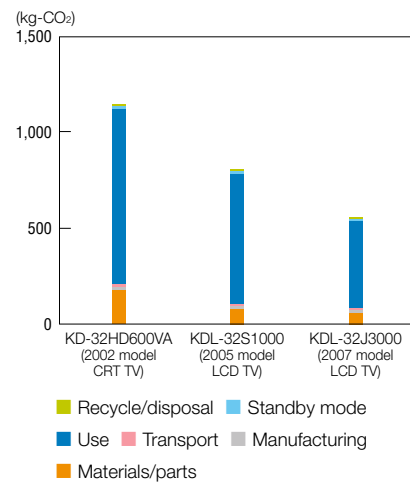
Under Green Management 2010, Sony is targeting an increase in its reused/recycled materials utilization rate to 12% or higher. Accordingly, Sony is promoting the use of both reused and recycled materials and the reduction of product weight. In fiscal 2006, Sony's reused/recycled materials utilization rate was approximately 10%, due to the introduction of recycled materials, primarily for audio products' bodies and components.

Using Recycled Plastics in Products

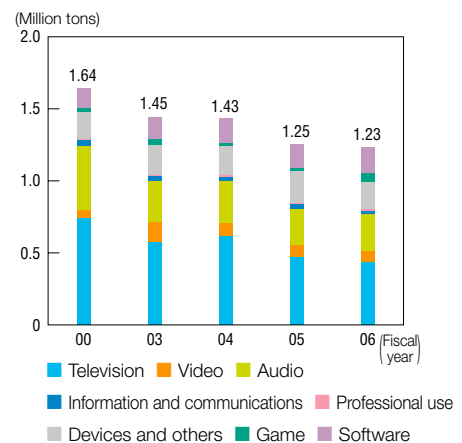
Sony aims to minimize consumption of the earth's exhaustible resources by making concerted efforts to use recycled plastics in its products. The Sony Group currently uses approximately 10,000 tons or more of recycled plastics annually in various products, including televisions, recording media, audio products, PCs and digital video cameras. With the aim of further increasing use of these plastics, Sony has set its reused/recycled materials ratio targets at 12% or higher, established a project team to achieve this target and made active technological development efforts.

In fiscal 2006, Sony introduced a method for recycling CDs that have been disposed of into product components. CDs disposed of by optical disc manufacturer Sony Music Manufacturing Inc. in Japan are converted into recycled polycarbonate using a proprietary method developed by the Sony Group that removes the surface coating through crushing and chemical cleaning. The recycled polycarbonate is blended with additives by a resin manufacturer that is collaborating with Sony and it is converted back into plastics that can be used again in products. For use in components of LCD rear-projection televisions, a new environmentally conscious flame-retardant substance (bromine- and phosphorous-free) developed by Sony is blended with the recycled polycarbonate.

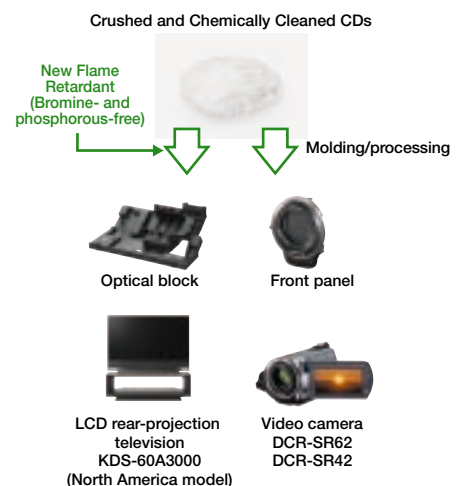
Environmental Impact (CO₂ Emissions) of TVs



Total Volume of Resources Used in Products



Examples of Products and Parts Containing Recycled Plastics



Promoting Environmentally Conscious Packaging

Because packaging materials are disposed of after products have been shipped and used, Sony has implemented several projects since 1989 in a concerted drive to promote environmentally conscious packaging as one of its key design objectives. Sony protects the products by not only using the minimum amount of materials but also using easily recyclable materials and materials for which well-ordered recycling systems exist worldwide, as well as recycled materials. Moreover, to make it easy for customers to separate packaging materials for recycling, Sony has adopted packaging that is easy-to-separate and clearly marked. Sony's activities are not limited to conserving resources and reducing packaging materials, but extend to efforts to promote recycling, which minimizes the incineration and landfilling of materials. This effort entails comprehensive measures, including the development of new technologies.

In addition, Sony takes precautions to ensure that hazardous substances, including heavy metals, are not mixed in with packaging materials by managing materials in line with its proprietary "Management Regulations for Environment-related Substances to be Controlled which are included in Parts and Materials" (SS-00259). These regulations are based on, among others, EU directives on packaging and packaging waste. Sony is also actively making use of inks that comply with voluntary restrictions put forward by the Japan Printing Ink Makers Association, as well as inks that do not contain volatile organic compounds (VOCs).



Octagonal carton to reduce use of corrugated cardboard cushions for the BRAVIA J3000 series of LCD televisions



Corrugated cardboard cushion with a folding structure devised for the shape of camera lens adapter HDLA1500

Developing and Utilizing Vegetable-based Plastics

Vegetable-based plastics are derived from corn and other biomass, (i.e., plant matter-based resources) and are therefore considerably more environmentally conscious than regular plastics in terms of reducing petroleum consumption, controlling greenhouse gas emissions,*1 and facilitating various after-use processes*2.

Sony has made extensive efforts to develop and utilize vegetable-based plastics. Sony began using these plastics in packaging materials in 2000 and in 2002 started using them in consumer products by utilizing them in Walkman® casings. Since then, the casings or parts of eight products in six categories and the packaging materials for two products have been made from these materials.

In 2004, Sony achieved a world first by developing a flame-retardant*3 vegetable-based plastic, which was used in DVD player front panels. This achievement enabled the use of these plastics in a broader range of products. In 2006, Sony succeeded in the practical application of vegetable-based plastics to FeliCa technology-installed



FeliCa technology-installed contactless IC card made with vegetable-based plastics





*1 The use of vegetable-based plastics ensures much lower CO₂ emissions over a product's life cycle—i.e., from the production of raw materials to the disposal of the finished product—because the plant matter from which the raw materials are derived absorbs CO₂ through photosynthesis during cultivation.

*2 Material recycling, chemical recycling, incineration and other processes

*3 Certain plastic parts for electronic products must be flame retardant



Development and Utilization of Vegetable-based Plastics

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

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

cards—contactless integrated circuit (IC) cards used in e-money transactions. Also in 2006, vegetable-based plastics were used by Sony's health insurance union^{*4} to produce 150,000 employee health insurance cards.

Sony has also developed and, with the cooperation of suppliers, succeeded in practically applying a new technology for accelerating the crystallization of polylactic acid (PLA), which makes it easier to produce vegetable-based plastic components. This technology enables the production of highly heat-resistant molded parts in a shorter time.

Management of Chemical Substances in Products

Globally Consistent Management of Chemical Substances

Many of Sony's electronics products contain between a few hundred and a few thousand parts that are made of a variety of chemical substances, some of which may be classified as hazardous and may harm the environment if they are not properly controlled prior to product 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 light of the global nature of its markets and supply chains, Sony observes certain standards, such as the RoHS Directive and the Management Methods on the Pollution Control of Electronic Information Products 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)^{*3}. These standards take into account applicable local and regional laws and regulations and the opinions of various stakeholders.

*1 Directive limiting the use of specified chemical substances in electric and electronic products

*2 Japanese Industrial Standards (JIS) for marking the presence of specified chemical substances in electrical and electronic equipment

*3 Standards for suppliers managing chemical substances for items procured by Sony (sixth edition published in March 2007). These standards classify chemical substances as those that must be banned immediately, those for which a period for phase-out is individually set and those for which no deadline is set for ban of use but phasing out is planned.

Outline of Management Methods on the Pollution Control of Electronic Information Products

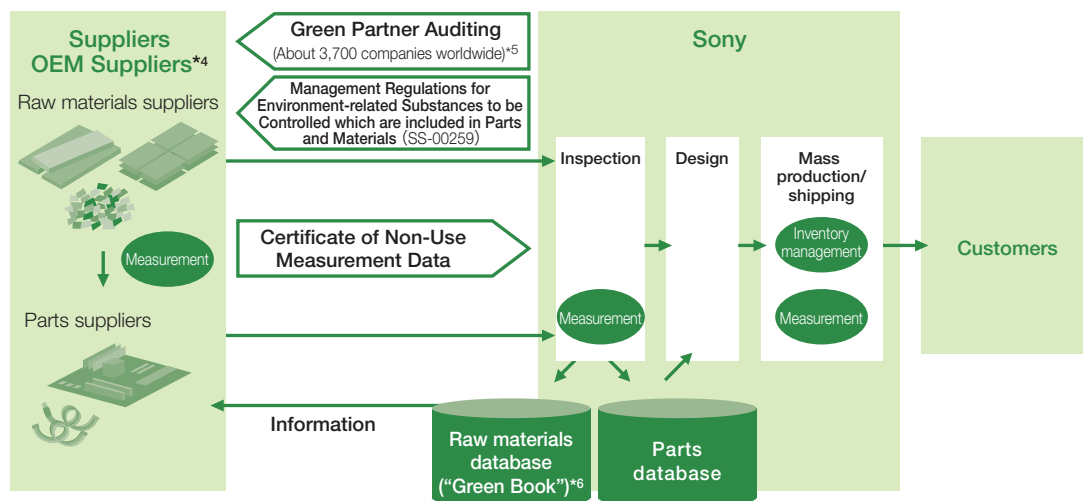
On March 1, 2007, it was passed in China to regulate the use of six substances, including lead and mercury, in electronic products and components sold in the Chinese market. Currently, the following are required in labeling of products, among others:

- Environmental pollution control mark
- Information on chemical substances content
- Packaging materials recycling mark

REACH (Registration, Evaluation, and Authorisation and Restriction of Chemicals)

On June 1, 2007, the EU implemented new regulations for chemical substances. Under the new rules, companies that produce or import more than one ton of chemical substances in any given year are obliged to, among other requirements, register and assess the safety of each substance. REACH also regulates their manufacture, import and use in products, as well as the import of products containing certain chemical substances that may be hazardous to human health or the environment.

System for Managing Chemical Substances in Products



*4 Companies that manufacture OEM (original equipment manufacturer) products on behalf of Sony

*5 Suppliers and OEM suppliers that had completed audits as of March 31, 2007

*6 For direct suppliers, the Green Book was made available via its electric procurement system in autumn 2003.

In line with these standards, Sony ensures globally consistent management of chemical substances in parts and materials. Sony has also taken steps to comply with the European Union's new REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation.

For more information >> Management of chemical substances in products: <http://www.sony.net/csr/report>
 Management Regulations for Environment-related Substances to be Controlled which are included in Parts and Materials (SS-00259):
<http://www.sony.net/SonyInfo/procurementinfo/ss00259/index.html>

Three Core Principles for Managing Chemical Substances in Products

To guide its efforts to manage chemical substances in products in compliance with SS-00259 standards, Sony has established three core principles:

- 1. Upstream management:** In 2002, Sony established the Green Partner Environmental Quality Approval Program, which outlines Sony's Green Partner Standards for chemical substance management. Sony audits suppliers based on these standards. Sony purchases electronic parts only from suppliers who have passed this audit and have been certified as Green Partners. Sony has also implemented thorough management of OEM suppliers, who make products for Sony specifications, by requesting them to introduce an identical system.
- 2. Management in Quality Control/Quality Assurance processes:** New materials and parts are tested to ensure conformity with ordinary quality control standards, as well as with SS-00259 standards. At the mass production stage, products are sampled and inspected regularly, and in Europe, inspections are conducted in warehouses prior to shipment. By implementing these strict management procedures worldwide, any inappropriate products are prevented from entering the market.
- 3. Application of measurement rules:** To prevent prohibited substances from accidentally entering products, 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 for certain high-risk substances contained in products. For these substances Sony has also implemented internal control systems that involve using measurement devices distributed to Sony sites worldwide, to help confirm that prohibited substances are kept out of products.

Reducing Use of PVC and Brominated Flame Retardants

Polyvinyl chloride (PVC) 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 health. 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 viable alternative is available. For example, with a few exceptions, Sony has succeeded in eliminating PVC from packaging materials. In addition, Sony has switched to Polyolefin materials for certain power cables, AC adapter cords and electrical cords used in its products.

Sony is also promoting the use of alternatives to brominated flame retardants, which can release harmful substances into the atmosphere if disposed of improperly. Brominated flame retardants are not used in the cabinets of any models of the "VAIO" PC launched in fiscal 2006, or in the printed wiring boards of any of B5-sized and smaller notebook PCs. Moreover, printed wiring boards in 72% of A4-sized Sony PCs also contain no brominated flame retardants.

Substances Specified by Sony as Subject to Control

	Substance
Heavy metals	Cadmium and cadmium compounds
	Lead and lead compounds
	Mercury and mercury compounds
	Hexavalent chromium compounds
Chlorinated organic compounds	Polychlorinated biphenyls (PCBs)
	Polychlorinated naphthalenes (PCNs)
	Polychlorinated terphenyls (PCTs)
	Short-chained chlorinated paraffins (SCCPs)
	Other chlorinated organic compounds
Brominated organic compounds	Polybrominated biphenyls (PBBs)
	Polybrominated diphenyl ethers (PBDEs) including Decabromodiphenyl ether (DecaBDE)
	Other brominated organic compounds
	Tributyltin compounds (TBTs)
	Triphenyltin compounds (TPTs)
	Asbestos
	Azo compounds
	Formaldehyde
	Polyvinyl chloride (PVC) and PVC blends
	Beryllium monoxide
	Beryllium copper
	Phthalate esters (DEHP, DBP, BBP, DINP, DIDP, DNOP, DNHP)
	Hydrofluorocarbons (HFCs), perfluorocarbons (PFCs)

* Level varies depending on application



Digital photo printer with PVC-free flat cables DPP-FP 90



"VAIO" PC containing no brominated fire retardants in the main circuit board
 "VAIO type A" VGN-AR72DB

Environmental Initiatives in the Entertainment Field

The Sony Music Group in Japan pursues environmental activities capitalizing on their particular strengths.

Activities with Artists

At Defstar Records Inc., the music group Natural High is actively involved in various environmental and communications-related activities. In addition to participating in a tree-planting tour to Indonesia's Lingkar Forest organized by Sony Magazines Inc. and giving a talk and live performance at Lingkar Café, the group donated a portion of its sales of *Chaku-uta*® (downloadable polyphonic ringtones for mobile phones) to cover tree-planting costs.

Numerous other artists belonging to Sony Music Group labels in Japan are choosing to record in Green Power-run studios and use Forest Stewardship Council (FSC)-certified paper*1 for CD and DVD jackets, as well as using their own websites to share their views on the environment.

MUSIC ON! TV Inc., which broadcasts the Japanese music channel MUSIC ON! TV, relies entirely on Green Power for the energy it uses. On May 4, 2006, the company held a live musical event called "Harmony with the Earth." In addition to broadcasting a special program showing highlights of the event and artists' messages about environmental issues, MUSIC ON! TV donated a portion of event proceeds to funds supporting wind power generation.

*1 FSC accreditation shows that a company's products use pulp from trees of forests that are properly managed.

Activities Involving Popular Characters

Sony Creative Products Inc. has developed the "Natural Pingu" brand of merchandise, which is made from organic cotton and other natural fabrics. Pingu has been adopted by Japan's Ministry of the Environment and Forestry Agency for use in their respective environmental campaigns, and the popular claymation character is finding himself increasingly busy as an environmental spokesperson in Japan. Sony Creative Products has also introduced green power at its 21 directly operated "m.i.x." stores across Japan.

Dream Ranch Inc. artist JUNICHI has created such "environmental characters" as Planelian and KAZEO, which are being promoted both inside and outside the company as characters that embody the concept of ecology through art.

Eco Business Activities

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. Sony Magazines Inc. began bimonthly publication of *Lingkar*, a magazine that promotes mental and physical health by advocating ecologically aware, organic lifestyles. In cooperation with artists and musicians, the magazine provides an entertaining introduction to ecological issues relevant to its readers' everyday lives. The company also puts out a number of other environment-related publications, including *ecology now* and *Kankyo no Shigoto ni Tsuku* (Working in the Environmental Field).

In March 2007, Hall Network Inc. launched a new business for recycling the 600,000 polyethylene terephthalate (PET) drink bottles discarded annually at its six Zepp concert halls in Japan into drink bottle straps.



Natural High participates in tree-planting tour to Lingkar Forest



CDs recorded at Green Power-run studios
Rear, from left: Shogo Hamada, Koji Tamaki;
Front: RYTHEM



©The Pygos Group

The "Natural Pingu" series, made from organic cotton



Lingkar magazine

Reducing Environmental Impact of Logistics

Sony is working to reduce the environmental impact of the logistics supply chain by changing the transportation method of parts and products, improving packing procedures and optimizing transportation efficiency.

Environmental Impact of Logistics

Reducing energy consumption, packaging materials and volume used in the transportation of parts and finished products are crucial in reducing the environmental impact over products' life cycles. Public awareness of the need to lower greenhouse gas emissions caused by transportation is also growing.

In fiscal 2006, CO₂ emissions amounted to approximately 668,000 tons arising from the activities of Sony Group's global logistics subsidiary, Sony Supply Chain Solutions, Inc. (SSCS), including parts procurement, domestic shipment and global logistics, as well as from the activities of other major subsidiaries in Japan including transportation. As the company responsible for these operations, SSCS is striving to reduce CO₂ emissions and the volume of packaging materials in the international shipment of parts and finished products from suppliers and Sony's device sites by, among others, optimizing transport and loading efficiency and shifting to more environmentally conscious modes of transport.

Promoting Modal Shift in Japan

In order to reduce the environmental impact of transportation, SSCS is promoting a shift in long-distance transport to rail and sea transport, which emit less CO₂ than trucks, in a manner that balances lead times and transport costs. SSCS is also continuing to use co-transportation by sharing its railway containers with other companies to maximize transport efficiency. In addition to conventional rail transport, on April 1, 2006, SSCS began using the JR Freight Railway Company's newly launched "Super Green Shuttle freight service," which began to operate in March 2006, becoming the first consignor to load containers on the shuttle daily.

In fiscal 2006, Sony shifted its mode of transport for approximately 17,100 tons of products in Japan, which resulted in reducing CO₂ emissions by approximately 2,214 tons from the estimated total for this volume being transported by truck.

Reducing the Environmental Impact of Logistics by Re-Use of Packaging

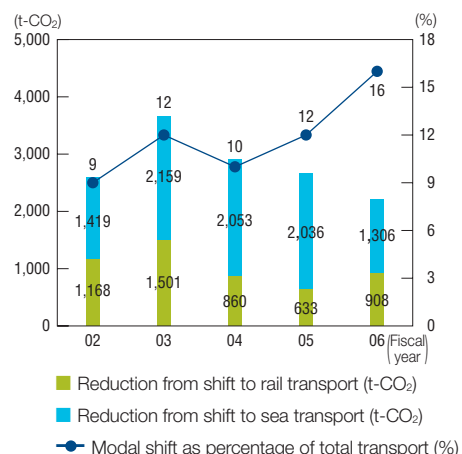
SSCS is increasing efforts to improve packaging and transport procedures in cooperation with Sony's engineering and production teams.

Actions include introducing reusable international shipping containers—introduced in fiscal 2005 for finished products—for shipping parts, to reduce both transportation costs and CO₂ emissions. The use of these reusable containers has enabled SSCS to minimize roundtrip shipping costs and at the same time simplify packaging using returnable materials, resulting in the reduction of waste from packaging and transport.

The integrated packing method for television sets introduced in October 2006, and the use of reusable international shipping containers, are expected to result in an annual reduction in CO₂ emissions of 255 tons.

In December 2006, SSCS also introduced reusable folding plastic containers for shipping certain digital camera and digital camcorder parts. This move led to a 26.5-ton reduction in the weight of cardboard cartons used in the first three months of 2007. Going forward, SSCS plans to begin using these containers for semiconductors, LCD panels and other large parts worldwide.

Reduction in CO₂ Emissions Due to Modal Shift in Japan



Reusable shipping containers for parts

Product Recycling

To use limited resources effectively and respect the principle of extended producer responsibility*1, Sony is promoting the collection and recycling of end-of-life products and the design of products conducive to recycling. Sony is committed to the development and efficient operation of new recycling systems harmonized to the social needs of different regions and countries.

Sony's Recycling Philosophy

To ensure the effective use of resources, Sony strives continuously to improve resource productivity through enhancement of 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 harmonizes its collection and recycling programs accordingly around the world in compliance with applicable laws and regulations, 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 U.S. state-enacted recycling laws.

Sony's Green Management 2010 plan contains two targets related to recycling. These are to continuously increase the volume of resource recovery from end-of-life products and to continuously improve its reused/recycled materials utilization ratio. The reused/recycled materials utilization ratio refers to the percentage of reused/recycled materials, by weight, to a product's resource input. Accordingly, Sony strives not only to increase recycling but also to ensure the efficient use of recycled resources. To achieve these targets, Sony implements 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.

In fiscal 2006, Sony recovered 36,355 tons of resources from end-of-life products and its resource reusing/recycling ratio was approximately 3%.

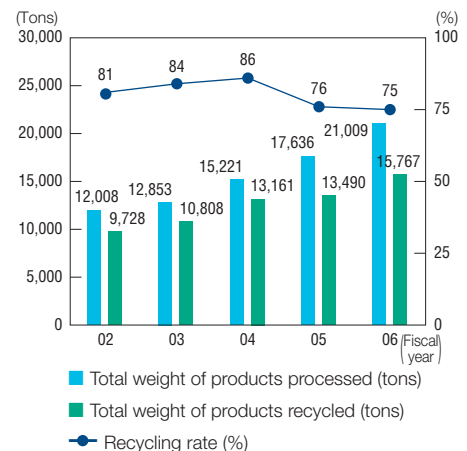
Recycling Activities in Japan

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 four 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.

Sony has established a nationwide cooperative recycling network with five other manufacturers. As a result, Sony-manufactured televisions are now recycled at 15 recycling plants across Japan. Sony Corporation is the principal shareholder in one of the 15 plants: Green Cycle Corp., in Aichi Prefecture. In fiscal 2006, approximately 760,000 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 required rate since fiscal 2001. In fiscal 2006, the recycling rate for Sony-manufactured televisions was 75%, down from fiscal 2004. The major reason for the decline was a decrease in demand for waste glass cullets recycled from CRTs.

*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.

Television Recycling in Japan



Television Recycling in Japan*
(Fiscal 2006)

Units received at collection centers	758,146
Units recycled	750,288
Total weight of products processed	21,009
Total weight of recycled products/materials	15,767
Recycling rate	75%

* The difference between the number of "units recycled" is the inventory of units to be recycled as of March 31, 2007.

In October 2003, Sony began collecting and recycling 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 PCs, and both CRT and LCD displays. These products are recycled by Green Cycle. In fiscal 2006, approximately 30,000 Sony-manufactured PCs and displays were collected, generating approximately 243 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 2006)

	Units	Desktop PCs	Notebook PCs	CRT displays	LCDs
Units brought into plant	Units	8,263	5,992	11,075	4,538
Total weight of products processed	Tons	88.4	14.2	216.0	22.3
Total weight of recycled products/materials	Tons	63.8	6.4	157.6	14.8
Recycling rate	%	72%	45%	73%	66%

Recycling Activities in North America

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

In the United States, 27 states are currently considering the introduction of legislation pertaining to the disposal of waste consumer electronic products, with California the first of four states to have already implemented such legislation. SEL cooperates with retailers to recover recycling payments and submit them together with a report on efforts to incorporate environmental considerations into product design to the state. In California, the total amount of waste consumer electronic products collected in the two years since the state enacted its electronic waste recycling law totaled nearly 62,000 tons, of which approximately 3,100 tons were estimated to be Sony products.

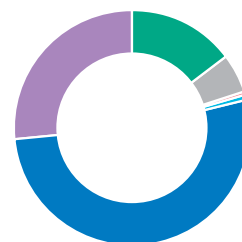
In Maine, which implemented its own electronic waste recycling law in February 2006, SEL shouldered the cost of recycling the equivalent of approximately 111 tons of Sony televisions and monitors in fiscal 2006. SEL is also bearing a portion of the cost of establishing a recycling infrastructure in the state of Maryland.

On another front, SEL has voluntarily collected and recycled end-of-life Sony products in the state of Minnesota on a continuous basis for the past six years. Consumers can bring waste electronic products to any one of 17 collection points operated by recycling firms, where the products will be accepted free-of-charge. SEL bears the full cost of this program. SEL also sponsors collection events in seven states.

For notebook PC owners looking to upgrade, SEL offers the Notebook Trade-in Program, a program that allows owners to bring their old machines into a Sony Style or Sony Store outlet and receive a credit toward their next purchase based on the machine's value. End-of-life PCs collected through this program are reused in a variety of effective ways.

Many provinces in Canada are introducing regulations requiring the development of stewardship programs for end-of-life televisions, computers and printers. Sony Canada was involved in developing the blueprints of the current recycling programs in Alberta and Saskatchewan, including the comprehensive standards used in those programs. Sony Canada continues to play a leading role in the development of the stewardship programs harmonized to the social needs and the environment of the provinces which are introducing the regulations.

Resources Recycled from Televisions
(Fiscal 2006)



- Iron: 2,264 tons
- Copper: 829 tons
- Aluminum: 10 tons
- Non-ferrous and ferrous compounds: 58 tons
- CRT glass: 8,093 tons
- Other valuable materials: 4,106 tons



Notebook Trade-in Program website

Recycling Activities in Europe

In Europe, Sony has established 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.

To comply with the WEEE Directive, in December 2002 Sony and several other manufacturers established the European Recycling Platform (ERP). As of May 31, 2007, the ERP was conducting such activities in seven countries—Germany, Austria, Spain, Portugal, Ireland, France and Poland—and was in the process of establishing collection and recycling schemes in Italy 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 in 2005. 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 2006, Sony spent approximately 9.35 million euros to recycle around 14,700 tons of waste electrical and electronics products in Europe.

In numerous European countries, producers are legally responsible for the collection and recycling of waste from packaging and batteries. Sony fulfills this obligation through membership in collection and recycling schemes wherever applicable. In 2006, Sony spent around 3 million euros to recycle packaging and batteries in Europe.

Recycling Activities in Asia and South America

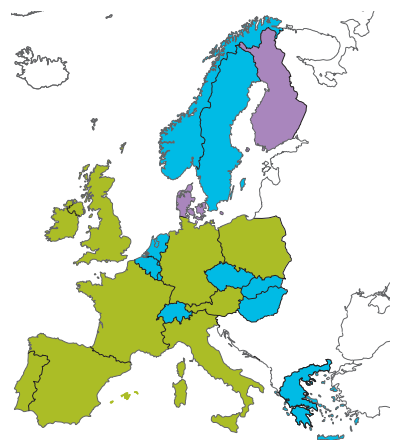
Sony Korea Corporation collects and recycles PCs, televisions and audio products in line with recycling legislation that came into force in the Republic of Korea in 2003. In recent years, the number of pieces of electronic equipment collected directly through Sony Store outlets and service centers has increased.

Similarly, Sony Taiwan Limited has continued collection and recycling of televisions and PCs in accordance with legal requirement established in 1998.

In fiscal 2006, Sony Brasil Ltda. launched its own end-of-life battery collection program in cooperation with retailers. Batteries are collected through collection posts set up by Sony Brasil at Sony retailers across the country. Collected batteries are turned over to a recycling firm, where they are disposed of in an appropriate manner.

For more information >> Recycling activities in Asia, Oceania and South America:
<http://www.sony.net/csr/report>

Sony's WEEE Directive Compliance System



- Countries covered by ERP
- Countries covered by NERA
- Countries applying national compliance schemes

Environmental Conservation at Sites

Sony is working to reduce greenhouse gas emissions from its business activities and encourage the efficient use of resources, as well as to manage chemical substances appropriately. At the same time, it is working to preserve the natural environment surrounding its sites through such measures as greening and ecosystem protection.

Greenhouse Gas Emissions

Sony has set a target to achieve an absolute reduction in greenhouse gas emissions (calculated in terms of CO₂) of 7% or more from the fiscal 2000 level by fiscal 2010. To this end, Sony is striving to lower energy consumption and emissions of perfluorocarbons (PFCs) and other greenhouse gases.

In fiscal 2006, Sony's emissions of greenhouse gases totaled approximately 2.03 million tons, down 9% from the fiscal 2000 level. Emissions from Sony sites*¹ accounted for 1.82 million tons*², approximately 120,000 tons less than in fiscal 2005. This decline reflected a sharp drop in production of cathode ray tube (CRT) televisions and the implementation of measures to enhance energy efficiency, including shifting from heavy fuel oil to natural gas, and was achieved despite an increase in energy consumption at semiconductor manufacturing sites. Sony sites in Japan accounted for approximately 1.03 million tons*³ of total emissions, an increase of 35,000 tons from fiscal 2005. With production of Blu-ray Discs at its disc plants and production at manufacturing plants in China expected to increase, Sony will evaluate measures implemented to minimize energy consumption at the affected plants and strive to curb greenhouse gas emissions by using more efficient forms of energy.

PFCs and other greenhouse gases are used in the cleaning and etching processes of manufacturing semiconductors and LCD panels. Emissions of PFCs and other greenhouse gases in fiscal 2006 (calculated in terms of CO₂) totaled approximately 244,000 tons, down approximately 34,000 tons from fiscal 2005. This decrease was primarily due to the installation of gas removal systems in semiconductor and LCD manufacturing sites.

*¹ This includes CO₂ emissions from fuel use of business vehicles owned by Sony.

*² Taking into account changes in the CO₂ conversion rate for the energy purchased in Japan, the amount of CO₂ emitted by the use of energy in fiscal 2006 was approximately 1.92 million tons.

*³ Taking into account changes in the CO₂ conversion rate for the energy purchased in Japan, the amount of CO₂ emitted by the use of energy in fiscal 2006 was approximately 1.12 million tons.

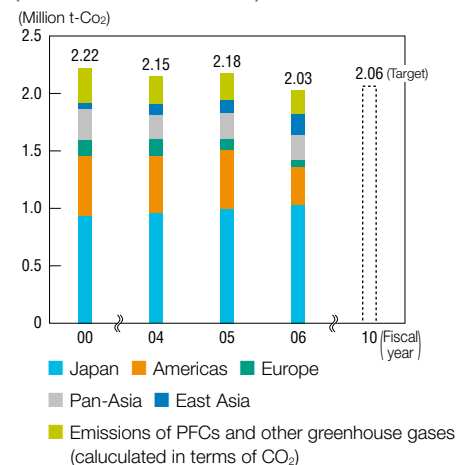
For more information >> Summary of environmental data (worldwide and by region)
Greenhouse gas emissions from sites (worldwide)
<http://www.sony.net/csr/report>

Promoting Efficient Energy Use

In August 2006, Sony Chemical & Information Device Corporation's Kanuma Plant in Japan switched from heavy fuel oil to natural gas—which emits less CO₂ and is highly efficient—to power its boilers and deodorization system. At the same time, the plant also switched to a high-efficiency turbo refrigerator. Thanks to the switch in fuels and improvement in energy efficiency, the plant achieved a 20% reduction in energy costs and lowered overall CO₂ emissions by 12,000 tons in fiscal 2006.

Sony DADC's plant in Anif, Austria, sought to increase energy efficiency by replacing refrigeration facilities, optimizing air conditioning systems, and inspecting and repairing ductwork. These efforts enabled the plant to realize an 800-ton reduction in annual CO₂ emissions.

Greenhouse Gas Emissions from Sites
(Calculated in Terms of CO₂)



Use of Renewable Energy

The use of renewable energy*¹ is a key part of Sony's effort to reduce greenhouse gas emissions. In fiscal 2006, the use of the Green Power Certification System and the introduction of solar power generation systems helped reduce Sony's CO₂ emissions by approximately 13,000 tons. The Green Power Certification System is a way of promoting the use of electric power produced from renewable energy sources. Even if the user is located far from a power plant, acquisition of a Green Power Certificate signifies recognition that the user is purchasing electric power generated using renewable energy.

In Japan, various Sony Group companies have used the Green Power Certification System since fiscal 2001*². In fiscal 2006, Sony Creative Products Inc. began using this system. In April 2007, Sony signed a contract to purchase 10 million kilowatt hours of geothermal power annually, Japan's largest Green Power Certification System contract to date. Including the amount of this contract, the Sony Group currently purchases a total of 20.4 million kilowatt hours of power per year using the Green Power Certification System in Japan. In other countries, companies such as Sony Logistics Europe BV in the Netherlands, Sony France's Alsace plant and Stuttgart Technology Center (STC) also purchase electric power generated using renewable energy. STC also installed a solar power generation system on-site in fiscal 2006.

Sony Chemical Corporation's Kanuma Plant and Sony EMCS Corporation's Service Togane site introduced solar power generation systems.

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

*² See page 11 and page 60 for details.

For more information >> Sites introducing renewable energy: <http://www.sony.net/csr/report>

Waste from Sites

Sony has implemented a variety of measures to reduce waste and use materials more effectively in line with its targets to achieve an absolute reduction in waste from Sony sites of 40% or more from the fiscal 2000 level and achieve a reuse/recycle rate of 99% or higher for sites in Japan and 95% or higher for sites outside Japan by fiscal 2010.

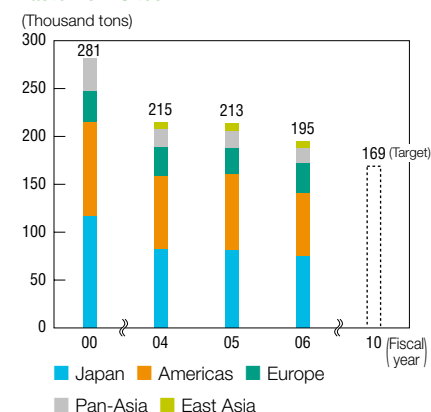
In fiscal 2006, waste from Sony sites totaled approximately 193,000 tons, down 18,000 tons from fiscal 2005 and 30% below the fiscal 2000 level. This decline was largely attributable to a reduction in the volume of packaging materials used when shipping parts, a major component of waste generated by production sites.

Sony's waste reuse/recycle rate in fiscal 2006 was 99% for sites in Japan and 87% for sites outside Japan. Both rates were higher than in the previous fiscal year.

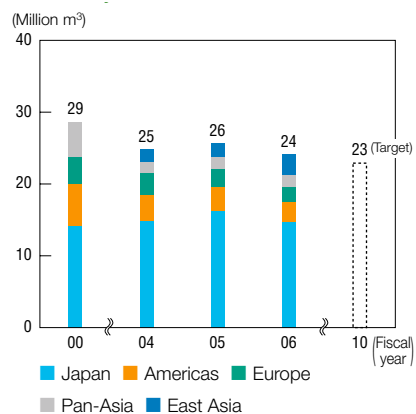
Water Used by Sites

In line with its target of achieving an absolute reduction of 20% or more in volume of water purchased or drawn from groundwater for manufacturing purposes at sites from the fiscal 2000 level by fiscal 2010, Sony is taking steps to reduce water used by its sites. In fiscal 2006, Sony sites used approximately 24.18 million cubic meters of water, a reduction of approximately 1.47 million cubic meters from the fiscal 2005 and 16% below the fiscal 2000 level. Sony Chemical & Information Device Corporation's Neagari Plant installed recycling facilities for wastewater from production processes. Thanks to such efforts, Sony is making progress on this front.

Waste from Sites



Water Used by Sites



Reusing Water at Sites

Sony Chemical & Information Device Corporation's Neagari Plant manufactures printed circuit boards and other electronic components. Printed circuit boards must be washed with water during the production process, which requires a significant amount of water. In fiscal 2006, the Neagari Plant introduced a water purification system that allows wastewater from production processes to be reused for industrial purposes.

With the Neagari Plant's new system, water is first chemically and biologically treated and filtered to a point where it satisfies quality standards for effluent water and then is treated further using a new purification system that includes a precision filtration followed by membrane filtration, thereby transforming the wastewater into water suitable for industrial use. This new system enables the plant to reuse 80% of wastewater from production activities. In fiscal 2006, this contributed to a 480,000m³ reduction in water used by the site.

Chemical Substances Used by Sites

The Sony Group has developed a group-wide common approach to the management of chemicals used at sites where the use of these chemicals is controlled by legislation; designated as having a potentially harmful impact on the environment; or used in large quantities.

In line with Green Management 2010, which outlines Sony's targets for chemical substances requiring management, divided into four classes, Sony has implemented measures aimed not only at managing the amount of these chemicals used but also the amount transferred and released into the air, water and soil as emissions or waste. In countries where no legal reporting systems exist for chemical management, Sony sites apply internal standards based on Japan's Pollutant Release and Transfer Register (PRTR).

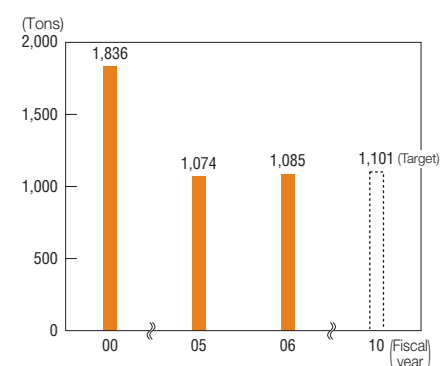
Class 1 chemical substances are those whose use is prohibited. Among Class 1 substances, Sony used 589 kilograms of mercury as an additive in button batteries, as well as a combined total of approximately 2 tons of other Class 1 chemical substances, including lead solder and ethyl cellusolve, which are used in certain exceptional cases.

Class 2 chemical substances are those that are to be phased out by March 2011. In fiscal 2006, Sony used no Class 2 chemical substances.

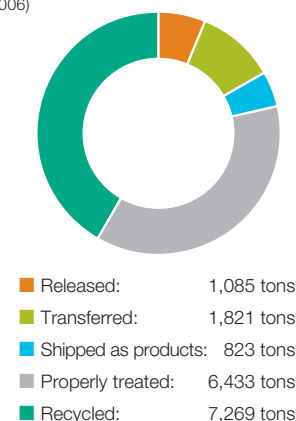
Class 3 chemical substances are volatile organic compounds (VOCs) and greenhouse gases. Sony Group's target for 2010 for the atmospheric release of VOCs is to achieve an absolute reduction of 40% or more from the fiscal 2000 level. In fiscal 2006, Sony released approximately 1,085 tons, 41% less than in fiscal 2000. With the start of commercial production at a new semiconductor production facility and an increase in production at LCD plants that is expected to increase the volume of these substances released into the atmosphere, Sony will continue to take steps to achieve reductions.

For more information >> Emissions of air and water pollutants (worldwide)
List of controlled substances at sites
<http://www.sony.net/csr/report>

Release of Class 3 Chemical Substances into the Air



Volume of Class 1, 2 and 3 Chemicals Used (Fiscal 2006)



Environmental Risk Management at Sony Sites

To carry out effective risk 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 prevent environmental accidents through the appropriate management of chemical substances.

Environmental Accidents

In September 2006, Sony Energy Devices Corporation's Koriyama Plant in Japan reported an environmental accident involving the discharge of machine oil. This accident occurred when a drum containing machine oil tipped over during conveyance, resulting in some of the oil from the drum draining into a rainwater tank, from which it was discharged outside the site.

This accident was attributable to two causes. The first was that conveyance of the machine oil drum, which should be carried out by two people, was in fact carried out by only one person. The second was that the rainwater discharge pipe did not have emergency cutoff valves.

Immediately following the accident, an on-site task force was set up and emergency measures were promptly implemented, namely, installing an oil fence in the nearby Gohyakugawa river to prevent the oil from flowing into the river. The accident was reported to the relevant local authorities, as well as to Sony headquarters in Tokyo and the business group with which the plant is affiliated. Fortunately, because the amount of machine oil discharged was small and the oil fence effective, this accident did not result in significant damage to the environment.

Permanent measures implemented in response to this accident included a review of conveyance equipment and procedures and the installation of emergency cutoff valves at the mouths of all 13 discharge pipes within the site. In addition, information regarding the accident and follow-up procedures was shared among Sony Group sites with the aim of preventing a recurrence elsewhere.

Response to Soil and Groundwater Contamination

Up until the end of fiscal 2006, through voluntary assessments, Sony had identified incidents of soil and groundwater contamination at four Sony Group sites—three in Japan (Sony Corporation's Haneda Technology Center, Sony Haneda Corporation's Technologists Center and Sony EMCS Corporation's Inazawa TEC) and one in the United States (Sony Magnetic Products Inc. of America's Dothan Plant, in Alabama). Sony provides regular reports to the relevant authorities and continues with remediation work at all four sites.

Progress of Soil and Groundwater Remediation

Site	Date Confirmed	Substance(s) Detected	Cause	Response
Sony Corporation Haneda Technology Center (Japan)	March 2006 (Result of assessment conducted in line with Tokyo bylaws)	Fluorine Lead	Cause determined	Petition filed in line with Japan's Soil Contamination Countermeasures Law
Sony Haneda Corporation (Japan)	September 2004 (Result of assessment conducted in line with Tokyo bylaws)	Fluorine Boron Lead Trichloroethylene	Leak in area where substances had previously been used	Pumping of groundwater began in July 2005. • Petition filed in line with Japan's Soil Contamination Countermeasures Law
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.

Promotion of Green Spaces

Since its establishment in April 1985, Sony Semiconductor Kyushu Corporation's Oita Technology Center has carefully preserved a valuable wooded area on its site containing trees more than 100 years old, as well as the area's natural environment, striving through maintenance and management to ensure the forest can be enjoyed by subsequent generations.

In June 2003, the Oita Technology Center made use of a green belt on its site to establish Sony Shionoka Park, a public park that is open to use by local residents. A barrier-free space designed and maintained for easy, safe use, Sony Shionoka Park is a favorite choice of a wide range of visitors, including preschool children and residents of local care facilities, and welcomes between 1,000 and 3,000 visitors monthly. The park also features a green belt with a biotope zone and areas for observing plants and animals. Plans are to further expand the park in the future.

In recognition of the Oita Technology Center's efforts, the facility was awarded the Excellent Stage 3 mark of certification under the Social and Environmental Green Evaluation System (SEGES) of the Urban Green Space Development Foundation—the highest certification given under SEGES. In 2005, Sony EMCS Corporation's Kohda TEC was also awarded Excellent Stage 3 certification, and the facility continues to uphold this level of excellence.

Creating a Wildlife Sanctuary

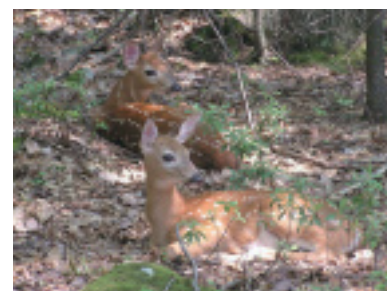
In 2006, Sony DADC's plant in Pitman, New Jersey, signed an agreement with the state of New Jersey to transform a portion of the site into a wildlife sanctuary. The area, a piece of forested land approximately 48,500m² containing several ponds, is home to wild deer, foxes, birds and pond life. Recently, the presence of coyotes has also been confirmed. 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.

Tree Planting

In fiscal 2006, Sony Semiconductor Kyushu Corporation's Kumamoto Technology Center launched a tree planting activity on areas adjacent to its site. This effort was undertaken in collaboration with the Broadleaf Forest Project currently being promoted by the town of Otsu, Kumamoto Prefecture, where the Kumamoto Technology Center is located. Plans are to plant 7,500 *Yamazakura* (*Prunus jamasakura*) and Japanese maple (*Acer japonicum*) trees within five years. Two plantings have been completed, totalling 3,000 trees, through the participation of 450 employees and family members. With the cooperation of local authorities, employees of the Kumamoto Technology Center will continue working toward the creation of a "Sony Forest" that wears different colors every season.



The Oita Technology Center's Sony Shionoka Park

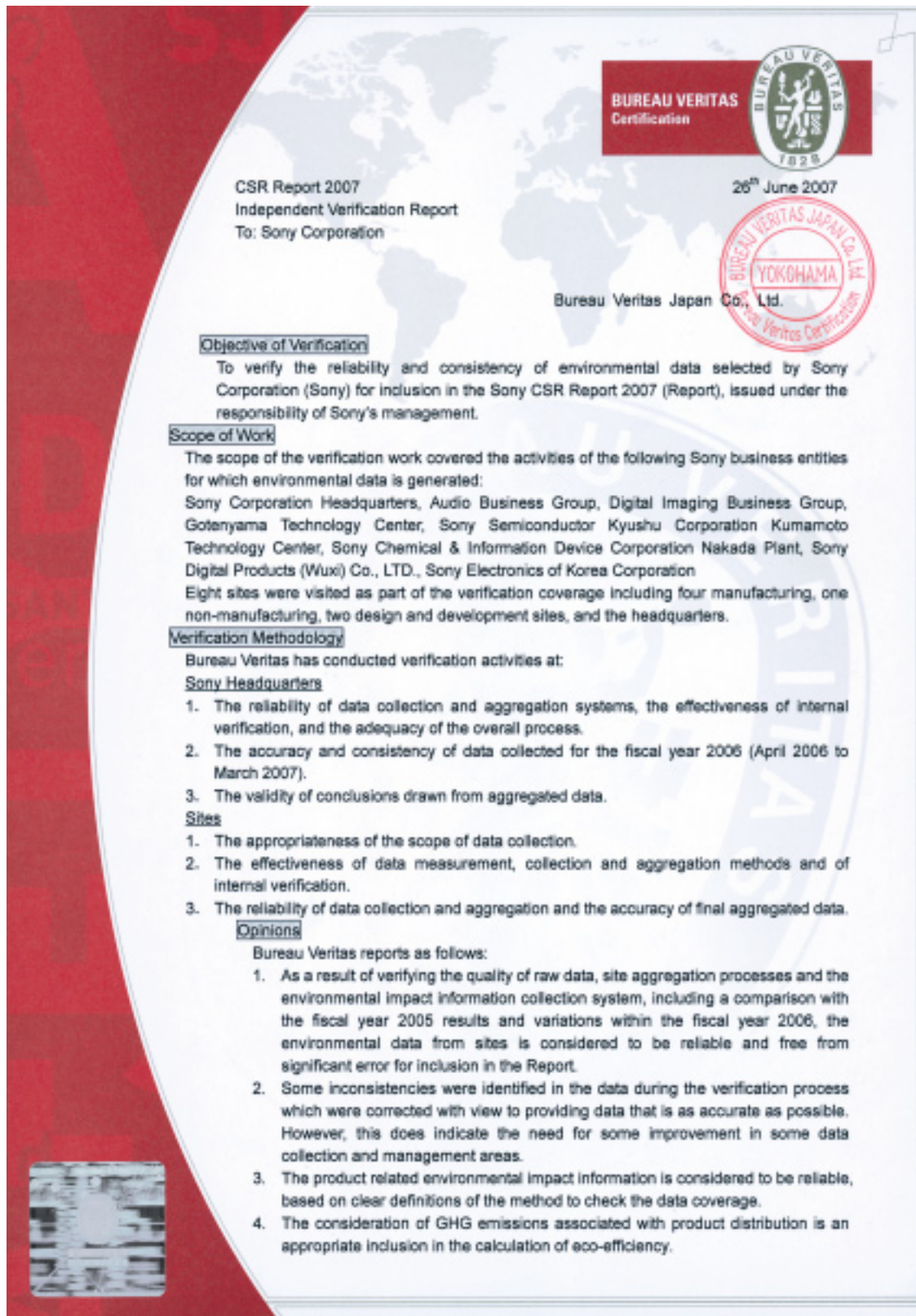


The Pitman Plant's wildlife sanctuary



Tree planting by employees of the Kumamoto Technology Center

Independent Verification Report



CSR Report 2007
Independent Verification Report
To: Sony Corporation

BUREAU VERITAS
Certification

26th June 2007

BUREAU VERITAS JAPAN Co., Ltd.
YOKOHAMA

Bureau Veritas 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 2007 (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, Audio Business Group, Digital Imaging Business Group, Gotenyama Technology Center, Sony Semiconductor Kyushu Corporation Kumamoto Technology Center, Sony Chemical & Information Device Corporation Nakada Plant, Sony Digital Products (Wuxi) Co., LTD., Sony Electronics of Korea Corporation
Eight sites were visited as part of the verification coverage including four manufacturing, one non-manufacturing, two design and development sites, and the headquarters.

Verification Methodology
Bureau Veritas has conducted verification activities at:
Sony Headquarters

1. The reliability of data collection and aggregation systems, the effectiveness of internal verification, and the adequacy of the overall process.
2. The accuracy and consistency of data collected for the fiscal year 2006 (April 2006 to March 2007).
3. The validity of conclusions drawn from aggregated data.

Sites

1. The appropriateness of the scope of data collection.
2. The effectiveness of data measurement, collection and aggregation methods and of internal verification.
3. The reliability of data collection and aggregation and the accuracy of final aggregated data.

Opinions
Bureau Veritas 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 year 2005 results and variations within the fiscal year 2006, 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 some improvement in some data collection and management areas.
3. The product related environmental impact information is considered to be reliable, based on clear definitions of the method to check the data coverage.
4. The consideration of GHG emissions associated with product distribution is an appropriate inclusion in the calculation of eco-efficiency.

For more information >> Verification report and reference view: <http://www.sony.net/csr/report>

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<http://www.sony.co.jp/SonyInfo/Support>

CSR activities web page:

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 web sites:
English: <http://www.sony.net/IR/>
Japanese: <http://www.sony.co.jp/IR/>

Communications spaces

Sony organizes exhibitions of various kinds, such as exhibitions at science museums that are designed to stimulate interest in science.

Sony ExploraScience (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/english/>

Sony Wonder Technology Lab (New York)

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

Information on the website

<http://www.sony.net/csr/report>

The following information on Sony's CSR activities is available at the Sony website:

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Key Socially Responsible Investing (SRI) Indices in which Sony is Included (as of June 1, 2007)



Dow Jones Sustainability Indexes



FTSE4Good Global 100 Index



Printed on FSC-certified paper.
Printed with volatile organic compound (VOC)-free, vegetable oil-based ink using waterless printing, which generates no hazardous waste fluids.

Corporate Social Responsibility Report
Year Ended March 31, 2007

Sony Corporation

Published: Sony Corporation July 2007
Printed in Japan