

**SONY**



**CSR Report 2008**

# For the Next Generation

Sony believes that corporate social responsibility (CSR) consists of activities required for sustainable business operations and also activities that contribute toward the creation of a sustainable society. Recognizing fully that our business activities impact both society and the environment directly and indirectly in a variety of ways, Sony pursues CSR activities with an emphasis on realizing a sustainable society, as expressed in the key phrase “For the Next Generation.” Sony aims to help maintain a healthy global environment, including biological diversity, for subsequent generations and to work in partnership with our diverse stakeholders to address global issues through innovative and effective approaches. Sony’s enduring contribution is the creativity of our employees in devising ways to meet such challenges. As part of Sony’s corporate governance, we have established management systems that serve as a strong foundation for the CSR activities noted above. We also conduct a wide range of initiatives to continually raise employee awareness of environmental and social issues.

Sony places a high priority on ensuring proper disclosure and effective communication with our stakeholders regarding both activities required for sustainable business operations and activities that contribute toward the creation of a sustainable society. In 1994, Sony published our first environmental report. In light of the increasing attention given to companies’ social accountability, in 2002 Sony published our first Social and Environmental Report. In 2003, Sony widened the scope of the report to include more comprehensive information on CSR and renamed it the “CSR Report.” This year, in an effort to enhance the readability of the report while continuing to make available the full scope of information, Sony has issued this written report, which highlights our key CSR issues and activities, supplemented by and cross-referenced to more complete information on the website shown below. The cover of this report represents the image of sustainable growth of Sony together with society.

We would welcome suggestions for further enhancement of Sony’s CSR information disclosure.

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

## Reporting Scope and Composition

This report summarizes the CSR activities of the Sony Group worldwide during fiscal 2007 (the fiscal year that began on April 1, 2007 and ended on March 31, 2008). It also includes reporting on some material activities, such as major organizational changes, up to the end of July, 2008.

In this report, the name “Sony” refers to the Sony Group, while “Sony Corporation” refers to the parent company which operates in Japan. The Sony Group refers to Sony Corporation and all consolidated subsidiaries in which Sony Corporation holds a capital stake of more than 50%.

- Sony discloses our operating and financial results in the Annual Report and information on our CSR activities in the CSR Report.
- Sony’s CSR Report 2008 is made up of a printed report and website components. The printed report provides information relevant to key CSR topics, while the website contains broad and detailed data, as well as an electronic version of the report. For details on information available on our website please see Information on CSR Disclosure at the end of this report.
- This report is published in English, Japanese 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; and *Environmental Reporting Guidelines (Fiscal 2007 Version)*, published by Japan’s Ministry of the Environment. For comparative tables that are covered in *2006 Sustainability Reporting Guidelines*, please refer to the following website: <http://www.sony.net/csr>
- Sony has obtained third-party verification of reported environmental data. For more information, please see page 50 on this report.



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## Message from the CEO

Welcome to the Sony Corporate Social Responsibility Report 2008.

Throughout Sony's rich history, great innovations have allowed us time and again to introduce industry-leading products. Today, we are applying those same skills to help address core global challenges such as environmental sustainability and social development. In these challenges, we see opportunities simultaneously to fulfill our corporate business mission and our corporate social responsibility. We are expanding on the traditional approaches to CSR, and are working to harness the great talent of our employees to develop new products, new businesses and innovative programs that aid in creating a sustainable society and respond to global leaders' calls for the private sector to help achieve the United Nations' Millennium Development Goals.

As you will read in the pages that follow, Sony's actions reflect our fundamental belief in the importance of social responsibility. We are committed to integrity and sound business practices. We are constantly renewing our efforts to lessen our environmental impact and are exploring new ways to help address pressing environmental issues. We are committed to providing high quality products and services. In addition to meeting appropriate environmental and labor standards ourselves, we have also put programs in place to help ensure that our suppliers do as well. We are building a more diverse workplace. We are supporting our local communities and are striving to uphold the highest ethical standards in everything we do. Why? Because these are not just the smart things to do for our long-term business interests; they are our corporate social responsibility and the right things to do for our common future.

As a global business leader, Sony believes we have the obligation to act responsibly in all of our business activities to help minimize our environmental impact. Earlier this year, we introduced the industry's most energy-efficient

television, which consumes less than half the amount of energy of our first BRAVIA™ model launched just three years ago. We also co-hosted the "Climate Savers Tokyo Summit 2008" with WWF, where I joined 11 other global business leaders in signing the Tokyo Declaration, which set heightened commitments to help address global warming. In Japan, we are the largest user of renewable energy and our nine European sites operate 100% with renewable energy. And we are committed to extensive reuse and recycling, as evidenced, for example, by the success of our U.S. electronics company's take-back and recycling program introduced last fall, and by Sony Pictures' recycling and reuse of film and television production set materials.

Beyond our business activities, social responsibility is about coming to the aid of those in need. Having witnessed far too many natural disasters this past year, I am particularly proud of how we came together with our employees to provide vital resources in support of a number of relief efforts around the world. In addition, our longer-term commitments to social development are helping to build a more educated society.

I hope you find this report informative, and that it provides you with a greater understanding of how Sony is working to build a stronger foundation for our business, create value for our stakeholders, and improve the quality of life for the next generation.

Howard Stringer  
Chairman and CEO  
Representative Corporate Executive Officer  
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 has introduced its own system to help improve the soundness and transparency of its governance by strengthening the separation of the Directors’ function from that of management and advancing the proper functioning of the statutory committees. Under Sony’s system, the Board of Directors defines the respective areas for which each of the Corporate Executive Officers 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 is governed by its Board of Directors, which is appointed by resolution at the shareholders’ meeting. The Board has three committees (the Nominating Committee, Audit Committee and Compensation Committee), consisting of Directors named by the Board of Directors. Corporate Executive Officers are appointed by resolution of the Board of Directors. In addition to these statutory bodies and positions, Sony has Corporate Executives who carry out business operations within designated areas.

## 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](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 nonreappointment 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.co.jp/SonyInfo/IR/stock/qfhh7c0000gmopd-att/nts\\_91.pdf](http://www.sony.co.jp/SonyInfo/IR/stock/qfhh7c0000gmopd-att/nts_91.pdf)  
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### 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 includes several provisions in 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 (five or more) and requiring that at least two Directors of the Committee be Corporate Executive Officers;
- suggesting that, as a general rule, at least one Director of the Compensation Committee be a Corporate Executive Officer, while prohibiting the appointment of the CEO or COO of the Sony Group (or persons in any equivalent position) to serve on the Committee; and
- discouraging the concurrent appointment of Audit Committee members to other committees.

**For more information >>** • Meeting Record  
• Cooperation of the Audit Committee and the Internal Audit Division  
• Board of Directors' Determination Regarding Internal Control and Governance Framework  
<http://www.sony.net/SonyInfo/Environment/management/governance/index.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 the corporate headquarters and regional offices around the world, adopted and implemented the Sony Group Code of Conduct, and set up Compliance Hotline systems through our 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,<sup>1</sup> East Asia<sup>2</sup> and Pan-Asia,<sup>3</sup> 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.

<sup>1</sup> Coverage area of Japan compliance office: Japan, South Korea and Taiwan

<sup>2</sup> Coverage area of East Asia compliance office: Mainland China and Hong Kong

<sup>3</sup> Coverage area of Pan-Asia compliance office: Southeast Asia, Middle East, Africa and Oceania

### 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. 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-

#### 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



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 system 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 system 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 a telephone call, e-mail or letter. The Sony Group Compliance Hotline system is directly linked to the Corporate Executive Officer in Charge of Compliance and is operated independently from the ordinary line of command. Summaries of hotline calls and of the operation of the system are reported to senior management and the Audit Committee. 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 2007, the Sony Group received approximately 340 hotline contacts covering issues relating to employment, labor, work environment, information management, environmental protection, possible conflicts of interest and thefts. All contacts received are investigated for the purpose of verification and appropriate action. In certain cases, these

contacts have led to a review of internal procedures and the strengthening or enforcement of internal rules.

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

To ensure that all 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, postings 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 some or all of the Sony Group. Examples include education programs regarding fairness in competition and business dealings, and training to avoid discrimination and harassment in the workplace.

### Compliance Program Monitoring (Implementing Compliance Self-Assessments)

As part of a broader compliance monitoring program, key Sony Group companies worldwide undertake compliance self-assessments, which involve self-inspection of enumerated compliance-related activities. The Regional Compliance Officers evaluate the results of the self-assessments and report their evaluations to the Corporate Executive Officer in Charge of Compliance. The Regional Compliance Officers also consider measures to address any reported issues and provide relevant instruction and supervision to Sony Group companies in their respective regions. Internal Audit and Compliance Audit programs supplement as warranted.

**For more information >>** • Risk and Crisis Management Systems  
• Information Security and Personal Information Management  
• Fair Business Practices, Transparency and Equal Opportunity in Procurement  
<http://www.sony.net/SonyInfo/Environment/management/compliance/index.html>

#### URL

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>

Interview with the President

**“We must seek new approaches to transform our ability to achieve both profitable and sustainable growth.”**



**Q. What are your thoughts on the past year, 2008 and beyond?**

Since I became president in 2005, the importance of “customer viewpoint” has been the message that I have been conveying to our employees. It is my belief that all of our activities should be based on customer viewpoints. I sincerely hope that all of our employees adopt and cherish this philosophy, along with our “quality first” initiative.

In June 2008, we convened Sony Group’s Mid-Term Management Strategy Meeting to review the past three years and to lay out our vision for the future. Here, I explained Sony’s intent to pursue profitable and sustainable growth. As we conduct business as a member of the global community, we face issues such as climate change and a scarcity of natural resources. Therefore, we cannot continue doing business in the same way as before. To build a sustainable society is imperative, and we at Sony know that we need to transform ourselves to contribute to this ongoing process.

Customers’ demands for product specifications change according to their social demands. The need for energy efficiency, for example, has become more important to many of our customers than convenience and comfort. In addition to minimizing our environmental impact, Sony’s mission is to provide breathtaking experiences, while simultaneously fulfilling the needs of the diverse lifestyles of our customers. Sony acknowledges the fact that our business will affect the environment, and we aim not only to pursue energy efficiency at our own sites, but to provide more environmentally friendly products and services to our customers by utilizing our technologies and innovation. We will reinforce our core businesses and accelerate development of our own innovations to accomplish this mission, and will proceed in this way with our mid-term initiatives.

**Q. What do you expect from Sony employees with regard to CSR?**

While we approach our corporate social responsibility activities as a corporate whole, it is up to each individual, including myself, to actively engage in these activities. I firmly believe that the deeper the involvement of each employee, the more effective and proactive our CSR program will be. Volunteering in local communities is just one example of how each and every Sony employee can engage in CSR activities, and thus enable the company to reach the next level. One can feel pride and a sense of accomplishment through these contributions to others.

The phrase “For the Next Generation” describes our CSR spirit. To pass on a more sustainable society for the next generation is our basic obligation to the global community when doing business, and thus our corporate social responsibility. I sincerely hope that Sony will continue to enhance our contribution to building a sustainable society through the full participation of our employees.

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



What We Believe:

# For the Sustainable Environment

Environment: Sony acknowledges that our businesses have an impact on the environment; we aim to provide more environmentally friendly products and services to our customers by using our superior technology and innovation to reduce harmful effects on the environment.

**SONY**

A long, low-profile building with a light-colored stone or brick facade. The word "SONY" is mounted on the wall in large, blue, three-dimensional letters. The building is set against a clear, bright blue sky. In the foreground, there is a green lawn. To the right, a large, leafy tree stands in front of a smaller building, with mountains visible in the distance.

# To Help Maintain a Sustainable Environment for the Next Generation, Sony Continues to Minimize our Environmental Impact

The environment is one of the most critical aspects of corporate social responsibility. Climate change, in particular, has received a great deal of attention in recent years. 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. In order to minimize our own impact on the environment, Sony acts responsibly in all areas and strives to resolve environmental issues together with our peers and business partners while taking full advantage of Sony's unique capabilities. Helping to preserve the natural environment for future generations is one of Sony's core beliefs. We also recognize that we may face reinforcement of laws and regulations that could have an impact on our business, while the market and consumer preferences are also changing and that if we do not take the appropriate measures or environmental actions, it would become a potential risk for our businesses.

### Global Environmental Management System Introduced to Realize the Sony Group Environmental Vision

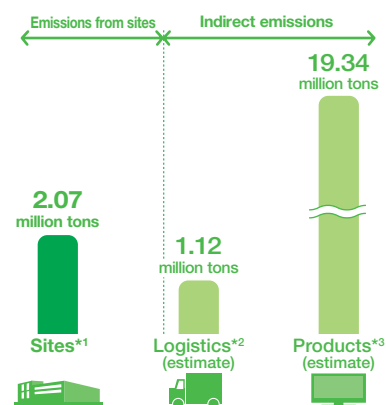
Having long recognized the importance of environmental issues in our corporate activities, Sony has been active in this area for many years. In 1990, Sony announced its policy on environmental conservation and established the Sony Environmental Conservation Committee. Then three years later in 1993, Sony enacted the Sony Environmental Policy and the Environmental Action Plan. These led to the formulation of the Sony Group Environmental Vision in 2000. The Vision states that "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."

To realize the above Vision, Sony introduced five-year mid-term environmental targets in 2001 and in 2006. The latter, Green Management 2010, sets both environmental indicators and individual targets as a means of addressing diverse and complex environmental issues such as global warming, resource conservation, and the management of chemical substances.

We are implementing and continuously improving our globally integrated environmental management system with the aim of realizing these targets. Since the beginning of the 1990s, Sony sites throughout the world have sought certification under ISO 14001, an environmental management system. Today, we have acquired integrated certification for Sony Group headquarters, regional

Sony's Greenhouse Gas Emissions  
(Calculated in Terms of CO<sub>2</sub>)



\*1 The amount of direct greenhouse gas emissions produced at manufacturing and non-manufacturing sites and the amount of indirect gas emissions from purchased electricity and heat. These emissions fall under Scope 1 and Scope 2 of the Greenhouse Gas Protocol. (<http://www.ghgprotocol.org/>)

\*2 The total amount of CO<sub>2</sub> emissions produced through our international and Japan-inland products transportation handled by Sony Supply Chain Solutions, and transportation by major Group companies in Japan. These emissions fall under Scope 3 of the Greenhouse Gas Protocol.

\*3 The amount of electricity used in the lifetime of a product sold in fiscal 2007 converted to CO<sub>2</sub>. This falls under Scope 3 of the Greenhouse Gas Protocol. The formula is: Number of units sold x (Electricity consumed when operating x Annual operating hours + Electricity consumed when in standby mode x Annual standby mode hours) x Years used x CO<sub>2</sub> conversion coefficient.

Hours and years are based on data from various surveys. For example, it is assumed that televisions and personal computers have lifetimes of 10 and seven years, respectively.

environmental offices, business units and sites.

Each business unit and site formulates its own annual business plan incorporating relevant environmental considerations and the targets of Green Management 2010. The implementation of these plans is reviewed regularly and is included as part of performance evaluations. In addition to regular meetings held on a regional basis, Sony's Annual Environment Summit,

attended by managers from around the world and Sony top management, provides an opportunity to share information on progress, problems and targets associated with environmental policies and measures. We provide a broad environmental education program tailored to specific objectives and types of work to enable each employee to promote effective environmental activities in his or her workplace.

## Climate Change: Promoting Global Activities Throughout the Product Life Cycle

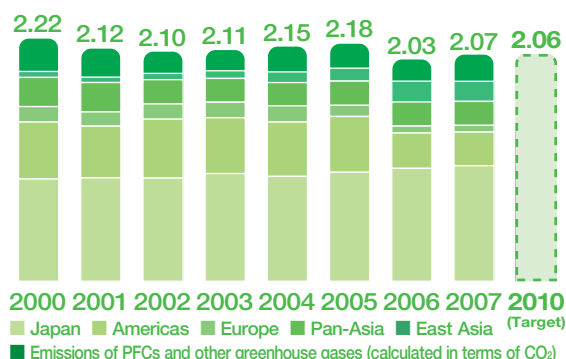
Sony business activities generate three categories of greenhouse gas emissions. There are "site" emissions at the time of manufacture at production sites as well as at offices, "logistics" emissions from product transportation, and "product in use" emissions whenever a consumer uses a Sony product. While Sony is taking initiatives to cut all three, we are in a position to directly control "site" emissions and are working on cutting absolute greenhouse emissions from our sites.

In 2006, Sony joined the Climate Savers Programme, organized by the world-renowned environmental NGO the World Wide Fund for Nature (WWF), and set a target of achieving an absolute reduction in greenhouse gas emissions from all sites of 7% by 2010 compared with the 2000 level. In fiscal 2007, Sony's greenhouse gas emissions totaled approximately 2,070,000 tons, which represented an increase of around 38,000 tons compared to the previous fiscal year, but still a 6.6% reduction compared to 2000. The main reason for the increase in emissions in fiscal 2007 was the 39,000-ton increase in emissions by PFCs accompanying changes to processes compared with fiscal 2006, despite a 1,000-ton decrease in CO<sub>2</sub> emissions produced through energy use.

### The contents of the agreement between Sony and WWF

- 1 The Sony Group will cut absolute greenhouse gas emissions, calculated in terms of CO<sub>2</sub>, 7% from the 2000 level by 2010;
- 2 Sony will reduce CO<sub>2</sub> 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.

Greenhouse Gas Emissions from Sites (millions of tons-CO<sub>2</sub>)



## Improving Energy Efficiency at Sites and Rolling Out Best Practices to Other Regions

Improving site energy efficiency is critical to achieving the targets mentioned above. The Sony Group is constantly introducing and optimizing energy-saving systems and considering fuel shifts.

For example, Sony Semiconductor Kyushu Corporation's Kumamoto Technology Center which, as a producer of semiconductors, consumes the highest level of energy of all Sony sites, has introduced a high-efficiency cooling

## What We Believe: For the Sustainable Environment

and heating system developed by Sony in collaboration with an equipment manufacturer. At the same time, joint development with a specialist manufacturer of a control system that maximizes energy efficiency of cooling and heating conversion systems throughout the year contributed to an 83% reduction in CO<sub>2</sub> emissions compared with a conventional fuel-powered heating system.

Our new headquarters, completed in October 2006, also uses a highly efficient cooling and heating system. In addition to measures to reduce CO<sub>2</sub> emissions that we implemented during the construction period, we utilized unused energy, and achieved a 48% reduction in CO<sub>2</sub> emissions for the first year compared with standard

buildings. The building has surpassed our original reduction target of 40% (according to research by Sony).

In the same way that we shared manufacturing know-how from our successful sites in Japan to overseas sites in the 1980s, Sony is rolling out cutting-edge energy-saving activities, implemented in Japan, to overseas sites on the environmental front. For example, our manufacturing site in China, Sony Electronics (Wuxi) Co., Ltd., installed two cutting-edge energy-saving chillers from Japan. By introducing this new type of chiller, the manufacturing site expects to save approximately 5 million kilowatt hours of power annually. This equates to a reduction of approximately 3,750 tons of CO<sub>2</sub> and represents a 6% reduction in the site's total emissions.

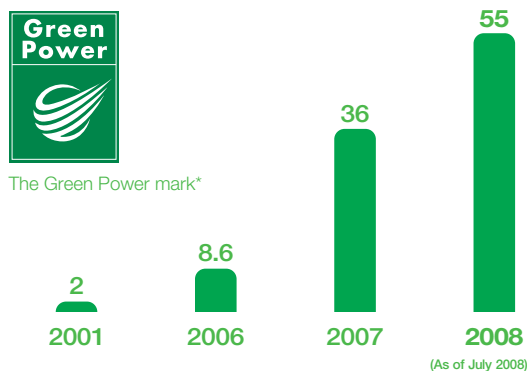
## Reducing Greenhouse Gas Emissions through Proactive Introduction of Renewable Energy

In addition to the energy efficiency measures described above, promotion of renewable energy sources plays a key role in our efforts to reduce greenhouse gas emissions. In Japan, Sony began by considering the introduction of wind power, a particularly practical form of natural energy. In 2000, Sony and the Tokyo Electric Power Co., Inc. together developed the Green Power Certification System to enable sites to purchase electrical power generated using renewable energy even if the site is not located near a wind power plant. Renewable energy can be traded via verified certification. Sony has been promoting the use of

the Green Power Certification System since our first purchase in December 2001. In October 2007, Sony signed Japan's largest Green Power Certification contract to purchase 16 million kilowatt hours of electricity generated by wood biomass (in Akita Prefecture), and in July 2008, 18 million kilowatt hours of electricity generated by the Biomass Energy Center (in Hokkaido). As of July 2008, the Sony Group in Japan purchases a total of 55.45 million kilowatt hours of electricity annually under the Green Power Certification System. This accounts for about 2.5% of the total amount of electricity consumed by Sony in Japan. We continue to expand the use of renewable energy derived from a variety of sources. For example, to promote forest conservation activities under the Green Power Certification System, Sony proposed and implemented a program in Akita Prefecture to use timber produced in the tree trimming process to ensure a stable supply of fuel for the wood biomass electric power plant in Noshiro City.

In Europe, Sony began using renewable energy in 2003. Following the introduction of renewable energy by Sony DADC Austria in November 2007, there are now nine sites in Europe that operate with only renewable energy sources. This is equivalent to around 43% of total power consumption by Sony's European sites in fiscal 2007.

Annual Contracted Amount of Certified Green Power in Japan (Million kWh)



\* 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.



Since April 2008, four of Sony's sites in the United States have signed Green Power Certification System contracts for the purchase of approximately 50 million kilowatt hours of green power. They are the Sony DADC Pitman and Terre Haute plants, Sony Corporation of America, and Sony Electronics Inc. Such initiatives are not confined to the field of electronics. For example, Sony Pictures Entertainment (SPE) has introduced rooftop solar panels to power its studios.



## Energy Saving Design: Reducing “Product in Use” CO<sub>2</sub> Emissions

Sony's products, albeit indirectly, emit CO<sub>2</sub> through electricity when customers use them. In the course of a product's life cycle—manufacturing, transportation, and usage—the largest amount of CO<sub>2</sub> is emitted from product use, and the total is estimated to be 19.34 million tons for fiscal 2007. While it is impossible to accurately predict or completely control the above amount since consumption is affected by the circumstances under which the product is used, under the agreement Sony signed with WWF, we have committed to “reducing CO<sub>2</sub> emissions from product use by lowering the annual energy consumption of major Sony products.” In order to reduce the environmental impact of our products, Sony employs our technical capabilities and know-how in the design of energy-efficient products.

consumption\*<sup>2</sup> to 86 kilowatt hours, which is equivalent to a reduction of 232%\*<sup>1</sup> under the energy reduction standards achievement rate. By raising the light-emitting efficiency of Sony's proprietary backlight system and the light transmissivity of optical film, Sony succeeded in achieving a substantial reduction of the annual energy consumption from the 194 kilowatt hours of KDL-32S1000, which was introduced in 2005.

\*<sup>1</sup> This percentage represents power reduction when applied to the fiscal 2008 standards set out under the Law Concerning the Rational Use of Energy.

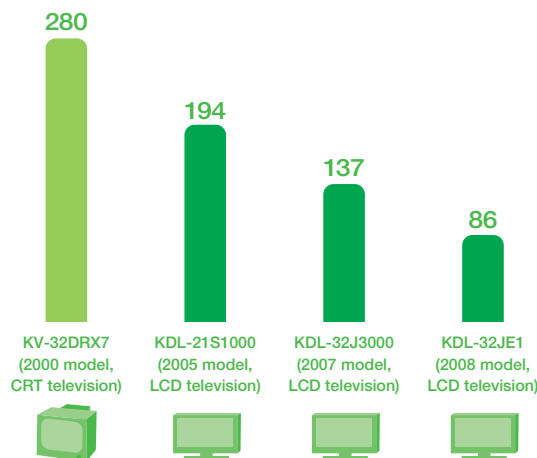
\*<sup>2</sup> The annual energy consumption is calculated under Japan's Law Concerning Rational Use of Energy according to the size and type of display with average viewing hours of a general household (4.5 hours per day).

### Reducing Power Consumption of Products

While further improvements are required across the broad spectrum of electronic products, television, with larger size and multifunction in demand, is the top priority product category. In spring 2008 in Japan, Sony released 11 models in our BRAVIA™ series of LCD televisions. For the model with the greatest energy efficiency, the energy reduction standard achievement rate is 179%\*<sup>1</sup> under Japan's Law Concerning the Rational Use of Energy, and 10 models earned a five-star rating under this energy reduction achievement rating system.

With the BRAVIA™ KDL-32JE1 released in July 2008 in Japan, Sony has succeeded in cutting the annual energy

Annual Energy Consumption of a 32-inch Television (kWh per year)



## What We Believe: For the Sustainable Environment

Personal computers are expected to continue to be popular. Sony introduced a low-power consumption white LED for the backlight and a specially developed low-voltage circuit in the LCD panel of the VAIO® TZ Series, a model produced to commemorate the 10th anniversary of Sony's launch of the VAIO® PC. Power consumption has been minimized through scrupulous attention to power-saving design, including a function that automatically turns off unused functions while the computer is in use. Flash memory also conserves power consumption, allowing a maximum battery life of 18 hours.\*<sup>3</sup> VAIO® TZ Series complies with the standards of the International Energy Star Program ver. 4.0, a power saving initiative implemented by seven countries and regions around the world.

\*<sup>3</sup> 18-hour battery life is for the VAIO® "Owner Made" model with the maximum capacity lithium-ion battery pack, Core 2 Duo processor, 1GB memory, flash memory and DVD super-multi-drive.

### Reducing Greenhouse Gas Emissions from Transportation of Parts and Products

We also are working to reduce CO<sub>2</sub> emissions from our logistics.

For fiscal 2007, CO<sub>2</sub> emissions from our logistics are estimated to be approximately 1,120,000 tons arising from our international and Japan inland products transportation handled by Sony Supply Chain Solutions, Inc. (SSCS), which outsources our electronics logistics to third party transporters, as well as from the logistics of major Sony Group companies in Japan.

SSCS has optimized transport and loading energy efficiency by switching to the use of transportation methods with reduced environmental impact. These

emission reduction efforts have been applied to the inland and international transportation of parts from suppliers, Sony-manufactured parts, finished products from suppliers, and Sony-made finished products.

Specifically SSCS is promoting a modal shift to the use of rail and sea transports, which emit fewer CO<sub>2</sub> emissions compared with road transportation by truck, and is also using exclusive containers and sharing railway logistics with other companies.

In the United States, Sony joined the "SmartWay Transport Partnership" program, promoted by the Environmental Protection Agency, in 2007. As a member of the program, Sony will continue our efforts to reduce fuel consumption and lower the environmental impact of our transportation activities.

### Innovation is Key to Efforts to Reduce Global Warming

It is widely believed that a shift to a low-carbon society is required in order to address the problem of climate change. Sony believes that our innovative technologies will enable us to make our own valuable contribution.

Renewable energy sources, such as solar power, have an important role to play. Sony is engaged in research on a dye-sensitized solar cell that uses an electrochemical mechanism and photosensitive organic dyes to convert solar energy to electrical energy.

Unlike conventional silicon-based solar cells, a dye-sensitized solar cell does not require a large vacuum process machine in fabrication. Also, because it can be fabricated using coating and printing processes, the cell

### "Not a business as usual conference," is how Sony Chairman and CEO Sir Howard Stringer described Climate Savers Tokyo Summit 2008

WWF was pleased to hear such a description. With the world facing catastrophe as a consequence of climate change caused by production and consumption activities that do not account for the health of the environment, business as usual is no longer an option. Greenhouse gas emissions have to commence a drastic decline in the next 15 years. The business community has to be visionary and innovative, proactively providing the initiative and leadership to create an economy for a safe and healthy planet.

WWF looks forward to working with Sony on this mission.



Dr. Chris Hails  
Director, International  
Relations  
WWF International

allows low-cost production. Furthermore, the cell manufacturing process has less impact on the environment due to the need for fewer materials and less energy. It has the additional advantages of providing excellent power generation performance even indoors with poor lighting, and of generating stable power that is not reliant on the weather. As the energy conversion efficiency of test cells has registered an industry leading 10% efficiency level, we will accelerate our research.

Sony is also engaged in research on a bio battery that uses sugar, another renewable source of energy.



## Communication: As a Global Leader, Sony Actively Promotes Partnerships to Help Realize a Low-Carbon Society

There is a limit to the effect of individual efforts aimed at addressing the global issue of climate change. We believe we have a greater chance for success in our efforts by also working in partnership with others.

In February 2008, Sony and WWF co-hosted the "Climate Savers Tokyo Summit 2008" to raise awareness of the importance of fighting climate change. We invited industry, government and media representatives for the first time to join WWF and members of Climate Savers at the annual conference. Member companies shared their successful initiatives, experts joined a panel discussion to forecast future trends, and James Leape, Director General

of WWF International, gave a keynote speech.

Sony Chairman and CEO Howard Stringer presented the Tokyo Declaration, signed by 12 companies. The signatories declared that we will "try to widen the scope of emission reduction activities in partnering with business partners," and that we will "promote a low-carbon lifestyle to consumers and customers." As stated in the Declaration, member companies, including Sony, will continue communicating with consumers about conservation and specific energy-saving steps they can take in using our products, as these goals cannot be achieved by businesses on our own.

## Sony's Resource Conservation Initiatives for Effective Use of Limited Resources

Sony continues to reduce the amount of energy resources we require to carry out our business activities, and also to recycle resources so that they can be reused. Preventing pollution and ensuring the recovery of rare metals are also important issues. In our business activities, Sony uses an estimated 1,460,000 tons of resources and produces approximately 1,270,000 tons of products. At the same time, we produce approximately 190,000 tons of waste. Under Green Management 2010, Sony aims to increase

our reuse/recycle ratio at our sites and for our products. The product reuse/recycling ratio is the ratio of resource recovery from end-of-life products to total weight of products, accessories, instruction manuals and packaging materials shipped that year. We also aim to promote the use of recycled materials in our own products.

Sony respects the principle of extended producer responsibility\*<sup>1</sup> and recognizes the importance of recycling end-of-life products and extracting resources for reuse.

## What We Believe: For the Sustainable Environment

Sony collects and recycles end-of-life products in accordance with recycling laws and regulations around the world, 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. At the same time, Sony develops and designs products bearing in mind the ease with which recovered end-of-life products can be recycled.

As a manufacturer of televisions, Sony is required to recycle CRT televisions (including AIWA brand) when they are discarded under Japan's Home Appliance Recycling Law, which came into effect in April 2001. Sony-manufactured televisions are recycled at 15 facilities across the country that belong to a nationwide cooperative recycling network established by Sony and five other manufacturers. Sony is the principal shareholder in one of these plants, Green Cycle Corp., in Aichi Prefecture. In fiscal 2007, approximately 890,000 units of Sony-made televisions were recycled, achieving a recycling rate of 87%, which is substantially higher than the recycling rate of 55% stipulated by the Home Appliance Recycling Law.

In Europe, Sony, together with three manufacturers having largely a different product portfolio, founded the European Recycling Platform (ERP) in December 2002 to meet the requirements of the WEEE Directive. As of May 2008, ERP is operating collection and recycling systems in Germany, Austria, Spain, Portugal, Ireland, France, Poland, Great Britain, Italy and Denmark. In all other European countries with WEEE legislation, Sony participates in the established national collection and

recycling systems.

\*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.

### Taking Action ahead of Legislation

At the same time, Sony takes action in the area wherever we consider it necessary, irrespective of whether it is legally required to do so.

In the United States, for example, Sony Electronics Inc. (SEL) has launched the "Sony Take Back Recycling Program" nationwide as part of our effort to expand our voluntary initiatives to significantly increase the recycling of end-of-life electronic devices. This program was developed in collaboration with Waste Management Inc., the largest waste management company in the United States. Under this program consumers may drop off Sony products at designated collection centers free of charge and also may recycle products made by other manufacturers for a small fee.

SEL has also introduced the "TV Trade Up Program," which gives customers who recycle their old televisions a coupon that can be redeemed when purchasing a new television at any Sony Style store. Such initiatives provide incentives for customers to recycle their products. The long-term goal is to recycle one pound of old consumer electronics equipment for every pound of new Sony product sold.

In Canada, Sony has launched a similar collection program together with other manufacturers and retail stores. With the introduction of take-back and recycling programs in Japan, North America, and Europe, Sony product recycling is now available in regions that account for about 70% of Sony product sales.



In South America and Asia/Oceania regions, Sony provides support for recycling programs in countries including Brazil, Australia and New Zealand. Sony is an active participant in government-level discussions on the

design of systems in China and other countries where recycling legislation is scheduled for implementation. Sony's ultimate goal is to establish take-back and recycling programs in every region where our products are sold.

## Launched a Group-wide Project to Accelerate the Reuse/Recycling of Materials

In March 2007, Sony launched the "Earth Project," a Group-wide initiative for the effective utilization of reusable/recyclable materials.\*1 The aim of the project is to establish recovery routes and apply recycling technologies for waste product parts and packaging generated by Sony Group companies, as well as waste materials produced externally.

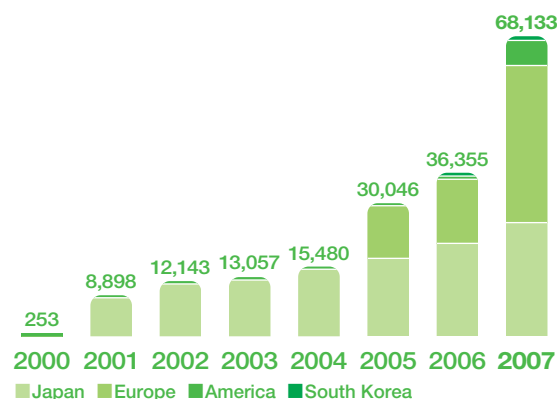
It is generally considered to be difficult to secure the requisite quantity and quality of reused/recycled materials, such as recycled paper and plastics, compared with virgin materials. However, the Resources Recycling Office, which was established under the Project, is aiming to establish a framework for ensuring a steady supply of high-quality yet competitively priced reused/recycled materials, while maintaining strict control of quality standards. Sony's use of recycled plastics in fiscal 2006 was an industry-high 16,000 tons and we target to double the number by fiscal 2010 (relative to fiscal 2006).

As of the end of fiscal 2005, Sony completed the global elimination of chemical substances from our products as specified under various laws and directives, such as the European Union's Restriction of the Use of Certain

Hazardous Substances in Electrical and Electronic Equipment (RoHS). (Please refer to page 29 for specific programs for the control of chemical substances contained in products.) This action on Sony's part has huge benefits for the recycling of products because the concerns about certain pollutants will have been addressed, making recycling of these materials viable.

\*1 Reusable/recyclable materials: Vegetable-based plastics, reusable material, and recyclable materials (such as recycled paper and recycled plastics)

Amount of Collected End-of-Life Products (t)

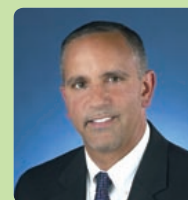


### Partnership Between Sony and Waste Management is Key in the U.S.

2007 was an exciting year for us as we formed a partnership with Sony to expand take-back of Sony and other consumer electronics products directly from users. With Sony's brand recognition and Waste Management's nationwide infrastructure combined, we have developed a very successful take-back and recycle system, enabling consumers to return the end-of-life products at convenient locations.

Now the program covers locations from coast to coast and we firmly believe that this is a giant step forward in our efforts to build a more sustainable America by stimulating consumer behavior for the environment.

I look forward to continuing to work with Sony and to realize the program's sustainability goal to make recycling as convenient as a purchase.



Matthew F. Coz  
Vice President,  
Growth, Commodity  
Sales and Marketing,  
WM Recycle America

# From WEGA to BRAVIA: Sony Recycling Initiatives

The fruits of these activities are to be seen in Sony products made with recycled materials. Sony not only saves energy but also reduces the amount of new materials used at time of manufacture, which is another form of resource conservation.

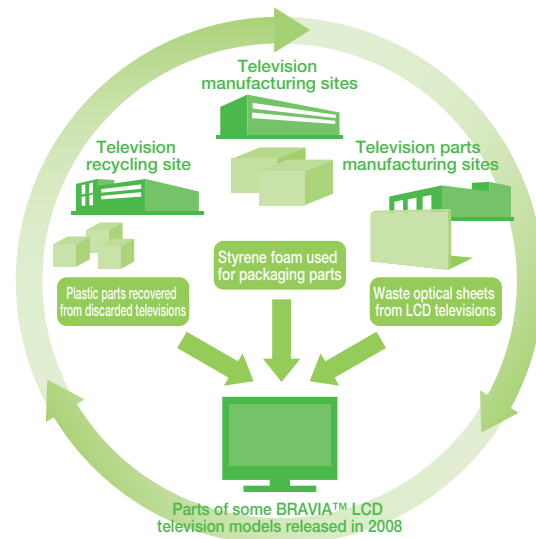
The Sony Group is committed to the internal conservation of resources through the effective utilization of technologies and resources. Sony was the first in the industry to establish a closed-loop system to recycle flame-retardant plastic material for televisions. The nine models in the three series (F1, V1 and J1) of BRAVIA™ LCD televisions released by Sony in spring 2008 in Japan are the first to incorporate some components made from recycled plastic parts of the WEGA (an earlier Trinitron color television) and polystyrene waste generated in the television manufacturing process. Sony has also begun recycling waste materials generated when manufacturing optical film used in LCD televisions. In this way, Sony is increasing the use of recycled materials by using recycled plastic materials produced both within and outside the Group.

Since March 2006, recycled plastic made from waste CDs produced by optical disc manufacturer Sony Music Manufacturing in Japan has been used to make casings and parts for Sony products. This is done by applying a proprietary fully automated system that removes the surface coating by crushing, washing and drying the discarded CDs to produce a recycled polycarbonate plastic. A resin manufacturer working with Sony then blends the recycled polycarbonate with additives to produce a recycled plastic for use in Sony products.

**Sony aims to create high added value and environmentally efficient operations through the effective use of limited resources and energy sources, while complying with applicable environmental laws and regulations and preventing pollution. Sony's goal is to achieve even better results and initiate a wider range of programs as we strive to find solutions for complex environmental issues. We aim to do this by deepening our knowledge in cooperation with a wide range of stakeholders, utilizing our strengths in innovation to bring about change, and working in partnership with others.**

For more broad and detailed information, please visit the following website: <http://www.sony.net/csr/>

### Flow of Recycling Materials



### Non-Electronics Businesses Introduce Unique Initiatives

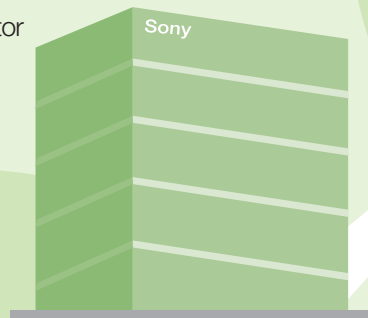
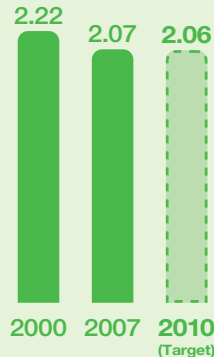
Resource conservation measures adopted by SPE include the reuse of sets used for filming movies and television programs. After filming, sets that may be reusable in future productions are listed by SPE in an online rental catalogue. To date, a total of 13,000 sets have been made available in this way. SPE also is the top contributor of used set material to Habitat for Humanity in Los Angeles, which builds homes for families in need.

# Key initiatives at sites

## Reducing Greenhouse Gas Emissions

- Introduction of the high-efficiency cooling and heating system and optimization of energy consumption using a control system developed by Sony
- Introduction of solar power generation systems
- Use of the Green Power Certification system
- Reduction of the greenhouse gas emissions by improving processes in semiconductor and LCD manufacturing sites

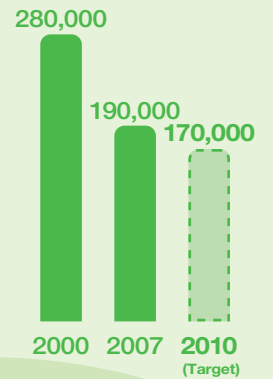
**Greenhouse Gas Emissions from Sites (Calculated in Terms of CO<sub>2</sub>) (Million t-CO<sub>2</sub>)**



## Reducing Waste

- Change in method of recycling styrene foam used for packaging LCD panels so that the foam can be reused for plastic parts used in LCD televisions
- Recovery of copper and nickel using a new method for treating sludge
- Recovery of waste polycarbonate generated in the plastic molding process for reuse in the same process

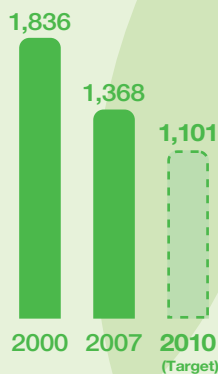
**Waste from Sites (t)**



## Managing Chemical Substances

- Reduction in volatile organic compound (VOC) emissions achieved by improving processes and introducing systems that remove pollutants
- Management of chemical substances and prevention of environmental accidents based on the Sony Group Global Standards for Site Environmental Risk Management
- Response to soil and groundwater contamination

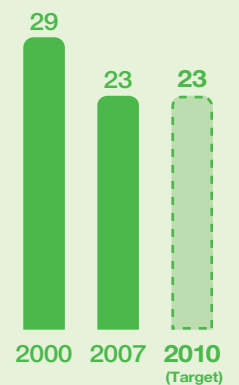
**Release of Volatile Organic Compound into the Air (t)**



## Reducing Water Used and Water Conservation

- Recycling of water used in manufacturing processes
- Cultivating groundwater in cooperation with local NPOs and agricultural cooperatives

**Water Used by Sites (Million m<sup>3</sup>)**



# Key initiatives in products

## Energy Saving

- Use of highly efficient panel modules and circuit integration (LCD televisions)
- Introduction of energy-saving functions, including an automatic power off mode and brightness sensors (LCD televisions and others)
- Introduction of digital amps (audio devices)
- Achievement of power savings by hardware design and software control (PCs and others)

### Main Environmental Labels Acquired by Sony Products \*1



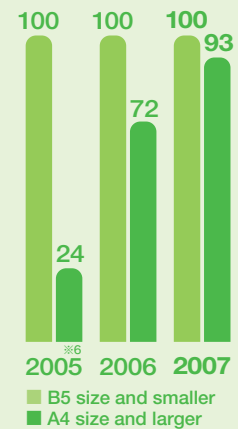
## Management of Chemical Substances

- Adoption of mercury-free white LED backlight (PCs)
- Introduction of Mercury-free silver oxide button battery
- Reduction of PVC and brominated flame retardants (mobile devices)\*2
- Total elimination of specified chemical substances from nearly all products shipped globally owing to implementation of the Green Partner Program \*3

### J-Moss Green Mark\*4



### Percentage of Notebook PCs in which no Brominated Flame Retardants were Used\*5



\*5 Percentage of models sold in the relevant years in which no brominated flame retardants were used in casings or main printed wiring boards.

\*6 Fiscal 2005 data comprises reference values for main models.



## Resource Conservation and Recycling

- Use of recycled polycarbonate from waste CDs (PSP®, Cyber-shot and others)
- Use of plastic recycled from styrene foam for plastic parts (LCD television and Home Theater System)
- Use of plastic parts from recovered CRT televisions in LCD television parts (LCD television)
- Use of Vegetable-based Plastics (digital SLR camera, contactless IC card and others)
- Introduction of the design-for-recycle based on Sony standards (LCD television and others)
- Introduction of the design-for-environment to conserve resources to reduce product weight (Blu-ray disc recorder, digital camera and others)

### Examples of Recycling-Conscious Design



## Packaging Materials/Others

- Introduction of more compact packaging by providing CD-ROM versions of manuals for digital still cameras and others
- Use of three-piece cartons to reduce the amount of packaging used and improve transportation efficiency (LCD televisions)
- Use of recyclable corrugated cardboard cushions
- Use of VOC-free ink for packaging and user manuals



### \*1 Environmental Labels

These are labels affixed to products acknowledged by third parties. They are (from left) the energy-saving rating label indicating the amount of energy saving achieved under Japan's Law Concerning the Rational Use of Energy for televisions and other products (LCD televisions); the Eco Leaf Environmental label (digital SLR cameras) indicating that the quantitative environmental impact of the product is disclosed and the Energy Star mark indicating products that have met the International Energy Star Program's energy saving specifications (PCs).

### \*2 Reducing Use of PVC and Brominated Flame Retardants

Sony plans to substitute polyvinyl chloride (PVC) in all new models of Mobile products (excluding accessories) and brominated flame retardants in casings and main printed wiring boards of new Mobile products by the end of fiscal 2010, provided that the substitute meets all product quality and technical requirements.

While PVC currently is not regulated by any laws that apply to chemical substances used in electronics products, there is a concern that PVC might generate various other chemical substances if disposed of improperly, including plasticizers and stabilizers, which could pose risks to the environment and human health.

Brominated flame retardants may also generate harmful substances if disposed of improperly.

### \*3 Elimination of Specified Chemical Substances

Sony observes laws that prohibit the use of specified chemical substances in products, such as the European Union's RoHS Directive. Sony has also established our own global standards for management of chemical substances taking into account the opinions of various stakeholders. At the same time, Sony has implemented the Green Partner Environmental Quality Approval Program (see p.29). As a result of these initiatives, by the end of fiscal 2005 Sony had completely eliminated specified chemical substances from nearly all our products shipped, not only to regions where such laws are applicable, but worldwide. Sony is also taking steps to comply with the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation.

### \*4 J-Moss Green Mark

The J-Moss Green Mark can be placed voluntarily on products that contain less than the allowable levels of certain specified chemical substances, or when applicable to "matters exempted from content marking." Sony manufactures two products covered by J-Moss (televisions and PCs), both of which met the J-Moss Green Mark standard.

What We Believe:

# With Our Products & Services

Products & Services: Sony will always listen to our customers' desires and is committed to meeting and exceeding their expectations. We strive to deliver "high-quality, reliable products that our customers can use with confidence" and "heartfelt customer service with a personal touch."



## Providing Products and Services that Meet Customer Requirements in Terms of Satisfaction, Reliability and Trust

Sony's global businesses encompass a variety of fields, including electronics, games, movies, music and financial services. While Sony enjoys a strong brand image with our diverse businesses, Sony's reputation for technological excellence in products, hailed as the world's "first," "smallest" or "thinnest," is founded on the provision of satisfaction, reliability and trust of our customers. As such, since the global replacement program for certain notebook computer battery packs in fiscal 2006, Sony has reexamined our long-pursued quality assurance and customer satisfaction activities once again, and worked to improve them. Sony's high market share, cultivated by offering customer-oriented, high-quality products and services since our establishment, comes with a strong responsibility. We face this obligation squarely and have been working continuously to enhance quality under the leadership of the Corporate Executive in Charge of Product Quality and Safety.

### **The Sony Pledge of Quality**

Sony gives top priority to providing customer-oriented, high-quality products and services. The Sony Group Code

of Conduct, adopted in 2003, directs Sony personnel to constantly seek ways to comply with or exceed legally mandated standards in all aspects of our business activities to help ensure the safety of customers who use our products and/or services. To instill this philosophy more firmly, we recently revised the Sony Customer Satisfaction Charter, created in 2001. The result is the Sony Pledge of Quality, formulated in January 2007, which lays out Sony's basic policy on product and service quality in the electronics business.

Not content with merely creating a robust quality framework, our aim is to build a "quality culture," in which all employees have a strong focus on quality.

To an individual customer, a problem with the quality of a single product or service may equate to a 100% defect ratio. Therefore, to lower the defect ratio wherever possible, it is important to address quality-related issues by adopting a customer-viewpoint. As a means to further reduce defects, we are extending our defects monitoring and analysis period for new models to three to five years after launch.



## Sony's Responsibilities in the Digital Age

Sony has made great strides as a manufacturer since our founding more than 60 years ago. Expansion of Sony's operational scope has been matched by dramatic changes in our business environment, including the digitization and modularization of technology used in products such as personal computers. These changes have resulted in the horizontal division of manufacturing, making it much easier for new entrants to make a similar product if parts are available. Product life cycles are becoming shorter, and product introduction cycles are also contracting amid intense competition among manufacturers. At the same time, the increasing amount of software in products has

changed both how products are made and the nature of quality issues faced by manufacturers.

In addition, customers increasingly base their purchasing decisions not only on function and price, but also on their evaluation of a company's approach to materials procurement and to product manufacturing. It is therefore increasingly important for companies to ensure that they and their suppliers are acting in an appropriate and transparent manner.

In the face of such changes, Sony is pursuing various initiatives to fulfill our role as an industry leader in addition to our traditional quality assurance and supply chain initiatives.

# Recent Initiatives to Improve Customer Service Communications

Our goal as stated in the Sony Pledge of Quality, formulated in 2007, is to be viewed as a company that "will always listen to our customers' desires and is committed to meeting and exceeding their expectations," and that will "strive to deliver high-quality, reliable products that our customers can use with confidence and heartfelt customer service with a personal touch." It is essential for us to create more opportunities to communicate with customers to help convey Sony's commitment to this pledge.

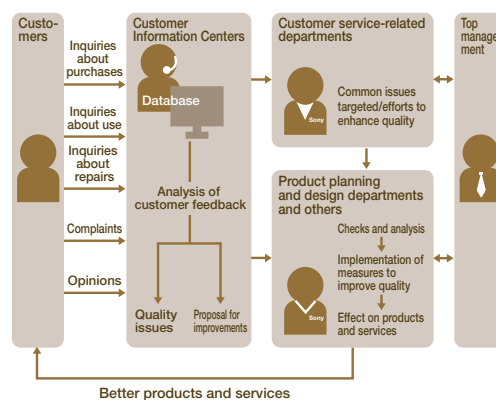
In recent years, the number of functions built into digital consumer electronics products has rapidly increased and has resulted in more ways to enjoy products. This trend, combined with growing "connectivity" with the Internet and with other products, requires a high level of specialist knowledge when responding to customer inquiries and requests. To date in Japan, Sony Marketing Inc. has been responsible for customer service operations, such as the Customer Information Center, while Sony EMCS Corporation has taken care of repair and service operations. In April 2008, we integrated the functions and employees of these two organizations with the establishment of Sony Customer Service (Japan) Inc. The aim of unifying these operations is to provide faster and higher-quality services to customers.

To ensure our ability to provide a uniformly high standard of customer service worldwide, in 2001 Sony established e-learning training programs for all employees engaged

in customer service. Also, as we recognize that customer service is part of a broader marketing opportunity, Sony Customer Service (Japan) Inc. has developed the ability to propose to customers new ways to enjoy products by creating close links with other Sony operations, including the Consumer Products Group Interoperability Solutions Center, established in March 2008 to advance product connectivity.

Malfunctions are inevitable in electronics goods, because they are industrial products. Sony's mission, therefore, is to prevent malfunctions wherever possible and to respond swiftly in the event of a problem. In such situations, our duty is to alleviate the inconvenience as quickly as possible in a manner that places minimal burden

### Utilizing Customer Feedback



## What We Believe: With Our Products & Services

on the customer. In addition, we must ensure that such incidents lead to prompt quality improvements.

Heightened efforts since 2006 have reinforced a system under which reports of malfunctions and new ideas for product improvements received from customers are promptly forwarded to the business units in charge of product planning, development and design. The result is the involvement of broader operations to facilitate the discovery of the cause of the malfunction and the incorporation of an effective remedy into the development process for the next generation of products.

### Employees are Consumers, Too

A special website was established for employees in 2003 to serve as a useful source of information and to enable us to gather a wide range of quality-related information, including problems, reports and ideas. Employees can send a message to the website when, during the course of their work, they discover an issue related to product quality that they cannot address, or when a quality-related problem occurs while they are using a Sony product. The information is reviewed, and measures to avoid potential problems and to prevent previous problems from recurring are proposed and implemented where appropriate.

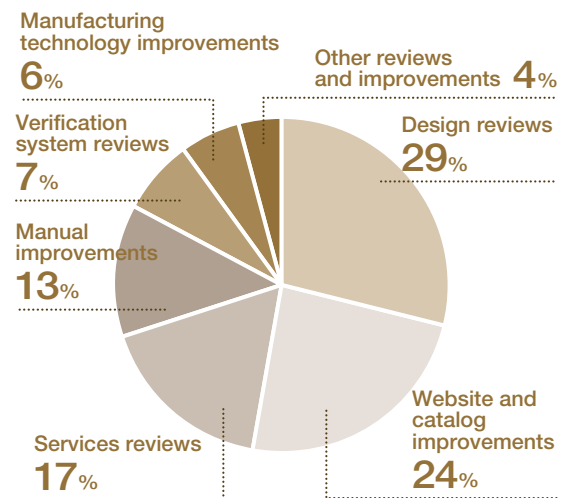
As of March 2008, we had received a cumulative total of more than 1,100 reports since the establishment of the channel. The diverse range of information received has included proposals to make products and manuals more user-friendly, and has led to more than 750 improvements.

### Faster Decision-Making with New System under Electronics CEO

To strengthen and reinforce our internal quality control systems, Sony holds annual Global Quality Meetings in addition to regular quarterly Quality Strategy Meetings, Procurement Strategy Meetings and Production Strategy Meetings. Employees from around the world who are responsible for quality and services take part in these meetings.

To ensure that each business unit is familiar with the various quality initiatives, in 2007 we launched a Quality Officer system covering all business units and affiliated manufacturing subsidiaries. The system allows objective examinations of quality issues through a dual reporting

**Breakdown of Product Quality Improvements**



procedure, under which the 23 Quality Officers appointed worldwide report to both business unit heads and the Corporate Executive in Charge of Product Quality and Safety.

One goal in fiscal 2008 is to ensure that the right information received from overseas reaches the product planning and design teams. To take digital imaging products as an example, we have instituted a system in the United States to analyze all malfunctioning products returned within a 60-day period after purchase. Local employees apply analytic methods learned during a one-month training course in Japan and report their findings promptly to the appropriate planning and design personnel. Accordingly, the system leads to quality enhancements while contributing to improved communication with business groups. We are launching a similar program in the Asian region.

### Responding to Increased Incorporation of Software

One common issue arising from quality-related meetings in the electronics businesses has been how best to address quality questions and issues that result from the increasing incorporation of software in products. Reflecting this trend, in fiscal 2007 approximately one-third of all quality notifications and announcements issued to customers involved software. Moreover, an in-house



survey found that such incidents usually occur within the first three months after purchase, necessitating various actions, including software updates and improvements to the design process.

We have reinforced software-related rules, with the introduction in December 2007 of the “Rule for Reporting of Software Security Vulnerability Issues” requiring the prompt reporting of software vulnerability issues caused by Sony products, and conducted employee training sessions. This regulation requires employees to report such issues to the Corporate Executive in Charge of Product Quality and Safety within eight hours of becoming aware of the issue. This is a new rule that supplements the similar escalation rule, “Rule for Reporting of Safety-Related Incidents” introduced in September 2006.

Since introduction of the new rule, we have received a number of reports that have helped to minimize possible problems. We are continuing to educate employees about

the criteria for reporting incidents, and are boosting employee awareness by promoting the slogan “If in doubt, report!”

### **Quality Partnership with Subcontractors**

The growing use of subcontracting in the areas of design and production, as well as the procurement of high-value-added parts, has led to the emergence of a further issue—variations in sales and quality agreements into which Sony’s business groups enter with subcontractors. Consequently, we are working to ensure “Sony Quality” by introducing common criteria for subcontractor agreements across the electronics group. Quality improvement of subcontractors are vital in this age, when no major manufacturer can produce goods without contributions from subcontractors. It is important to work with subcontractors as business partners and to develop strong relationships based on trust.

## **Global Supply Chain Management Initiatives**

To help ensure our supply chain is environmentally friendly, we have focused actively on restricting use of harmful chemical substances in parts procured and in our products. Our global activities are consistent with the European Union’s RoHS Directive, which restricts specified chemical substances in products, and with the rules in Japan, where products containing specified chemical substances are required to carry the J-Moss Green mark.

Given the global nature of its suppliers, Sony has led the industry by introducing our own global standards for

management of chemical substances, called “Management regulations for environment-related substances to be controlled which are included in parts and materials” (SS-00259). We have also established the Green Partner Environmental Quality Approval Program for Sony suppliers. Sony maintains a common global quality standard for parts by purchasing electronic parts only from suppliers who have passed an audit and have been certified as Green Partners.

As mentioned previously, stakeholders are becoming

## What We Believe: With Our Products & Services

increasingly interested in companies' overall responsibility for their products, citing such issues as human rights, labor conditions and the work environments of subcontracted suppliers and companies. In June 2005, we established the Sony Supplier Code of Conduct. Based on the premise that our suppliers are engaged in the manufacture of Sony products, the code reflects the need for suppliers to address such issues and thus comply with Sony's standards.

The Sony Supplier Code of Conduct is based on the electronic industry's global code of conduct, discussed below. Sony has informed all suppliers for our electronics businesses about our supplier code of conduct. As part

of our effort to assess supplier compliance, we have introduced a supplier self-assessment program and also hold seminars for suppliers. Supplier self-assessment is implemented to all of our approximately 3,500 suppliers region by region globally. The overall findings from supplier self-assessments conducted in the Japan and China regions in fiscal 2007 were that suppliers are generally in the process of developing their organizational infrastructures, including the establishment of Labor and Ethics Management System. We will continue to work with our suppliers to help ensure that they improve their activities as appropriate.

## Effective Activities Supported by Industry Alliance

In the electronics industry, many manufacturers of finished products share the same subcontractors and parts suppliers. There are fears that if these manufacturers each introduce their own standards and methods, the imposition of a number of different standards and audits on suppliers will cause confusion and inflict an excessive burden on the supply chain.

In 2004, Sony, IBM and a number of other companies launched the Electronic Industry Citizenship Coalition (EICC) to promote social responsibility and shared efficiencies in the electronics industry supply chain. As of June 2008, the EICC consisted of 42 members, including manufacturers, production contractors and retailers, from Europe, the United States, Asia and Japan.

The EICC established a code of conduct with the goal of promoting effective socially responsible management by suppliers, making improvements and enhancing the level of CSR activities. To this end, the coalition is working together to develop the necessary tools and web-based systems for effective supply chain management. To build such a framework, the EICC holds discussions periodically with NGOs, socially responsible investors and other stakeholders.

Joint audits are also conducted based on the standards in the EICC code of conduct. In light of input from stakeholders, member companies are conducting these joint audits starting with suppliers in regions deemed to be high risk. By April 2008, 18 of Sony's suppliers had

### **Like Sony, Best Buy is focused on meeting customer needs**

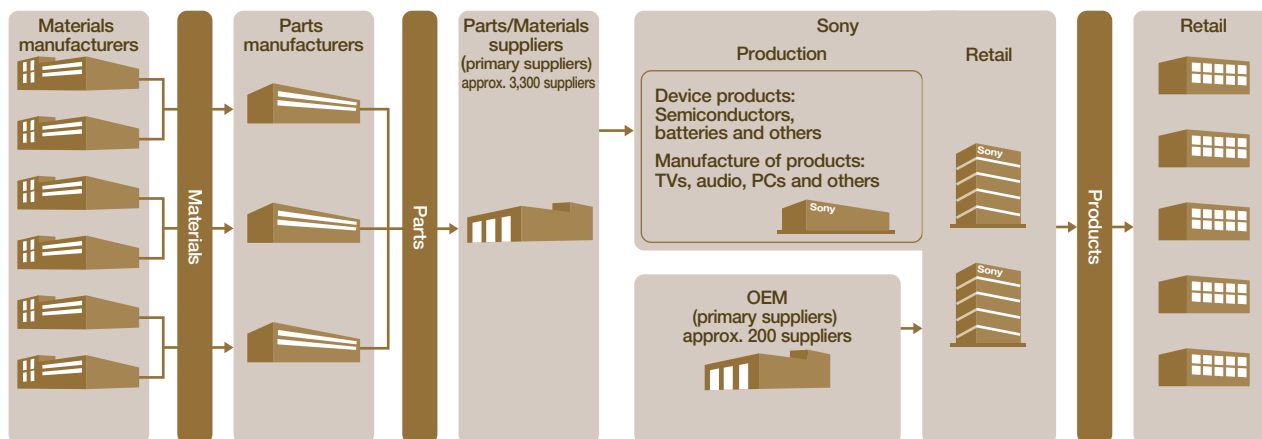
More than ever, the consumers who shop at Best Buy want to know the products they buy are responsibly made and sourced, energy-efficient and environmentally responsible. We are committed to partnering with Sony and the Electronic Industry Citizenship Coalition (EICC) to address and solve the supply chain challenges that face our industry, seeking to ultimately improve the social and environmental supply chain performance. Together, we can create a win-win situation not only for factory workers, but also for communities, suppliers, manufacturers like Sony, retailers such as Best Buy and ultimately consumers worldwide. Sony's proactive approach is especially vital, as it supports our role as a global advocate for consumers in the world of technology.



Paula Prah  
SVP, Communications,  
Public Affairs and  
Corporate  
Responsibility,  
Best Buy Co., Inc.



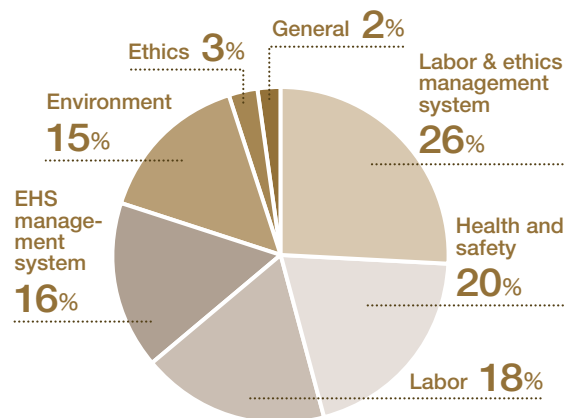
### Basic Structure of the Supply Chain



undergone joint audits. Audit results thus far have identified some issues in sections of Labor and Ethics Management System, Health and Safety, and Labor. By adopting the same approach as we do to quality, Sony continues to work in partnership with our suppliers to help them improve their activities.

In addition to conducting joint audits, the EICC also keeps a watchful eye on common issues facing the industry. In response to heightened stakeholder interest, it investigates such issues as workers' human rights and environmental destruction caused by extraction of rare metals essential in the manufacture of electronics products. The EICC is studying options for an industry approach to issues such as these.

Findings from Supplier EICC Joint Audits (% by Section)



Sony's product quality, service and supply chain activities are extensive. However, our involvement, which starts at the initial product planning stage, does not end with a customer's purchase of a Sony product. Rather, it continues until the product has been recycled at the end of its useful life, or has been completely disposed of. Sony is encouraging our employees engaged in product planning to take this long relationship into consideration. Once all employees embrace the concept of continued customer communication following a sale, "quality announcements" may be expanded to become valuable communication points with customers. As product features and customer needs evolve over time, we will adjust our product communications accordingly to best serve our customers.

For more broad and detailed information, please visit the following website: <http://www.sony.net/csr/>

What We Believe:

# With Our Employees

Employees: Fulfilling its role as a leading global company, Sony nurtures its employees and aims to create a diverse and dynamic workplace where employees gain satisfaction from their working lives.

Challenges  
1- Market Penetration  
2- Growth  
3- Cost Efficiency

Best Practices  
1- SEC  
2- CANADA  
3- SWISS  
4- ANTI-FAKE  
5- SMOJ  
6- MEXICO  
7- TAIWAN  
8- MALAYSIA



# Global Personnel Strategies Befitting a Global Corporation

Since starting operations in 1946, Sony has continually faced the challenge of mastering new fields that transcend existing frameworks. We have expanded from our home country of Japan to the rest of the world, and have diversified our businesses by adding content, games and financial services to the electronics business. Today, with businesses in approximately 100 countries and territories worldwide, Sony is a leading global corporation.

As such, Sony's strategies for the recruitment, professional development and career planning of our employees must be designed to attract and retain excellent personnel globally to continue to succeed in providing customers with dream-inspiring products, services and new lifestyles. In the intensely competitive global environment, it is important that our recruitment and personnel activities reflect global best practices, and that we employ high-caliber personnel best suited to the job, irrespective of region, race or gender.

Naturally, Sony strives to comply with all applicable employment and labor laws and regulations of the

countries and regions in which it operates. The Sony Group Code of Conduct, enacted in 2003, establishes basic principles that underlie Sony's human rights-related rules and activities. These human rights and equal opportunity provisions are based on existing international standards, such as the United Nations Universal Declaration of Human Rights.

To further our efforts in securing high-caliber personnel, Sony has launched a global recruitment initiative to supplement local hiring. To attract staff that will play an active role in the rapidly growing East Asian region in the future, for example, since 2000 Sony has been recruiting new graduates from China and other East Asian countries to work in Japan.

Employees of Sony Group's diverse companies around the world are critical to the future of Sony. As a further step to create a truly global organization in 2007, our human resources department established a Group-wide project and to promote infrastructure and rules for employees to be active and successful globally.

# Investing in the Future by Investing in Employees

Staff development is a key component of a company's future. The strength of the people who support a business is the most important foundation for a company's sustainable growth. Sony is increasing our investment in human resources development for the future to generate a cycle in which the growth and stellar performance of employees drives Sony's dynamic growth.

Unrelenting changes in the business environment and the fast pace of technological reforms call for a multitude of initiatives. To this end, Sony conducts varied training programs targeting a wide range of personnel from new employees through to senior executives in all parts of the world.

For example, in Japan, Sony offers approximately 200 technical courses for our personnel, from new employees to seasoned engineers and managers, covering subjects at basic to highly advanced levels. For essential technology training courses, Sony employees with frontline technological experience convey valuable in-house knowledge and know-how by serving as instructors. In fiscal 2007, approximately 9,500 employees took part in technical training programs in Japan. We also offer a full line-up of training programs covering other business-related subjects.

## Community of Specialists Supports Sony's Reputation for Technological Excellence

An additional means of promoting the continuation of technological know-how is the special designation of Distinguished Engineer (DE) introduced in fiscal 2006. Sony acknowledges individual engineers who are playing, and will continue to play, instrumental roles in our core technologies by bestowing this special designation.

In addition to making contributions in their areas of expertise at Technology Strategy Meetings, DEs themselves select new DEs, propose ideas for their activities, and participate in discussions with other DEs from across the Sony Group with similar specialties. These activities have become a catalyst for the development of DE communities. We intend to further foster medium- and long-term perspectives of Sony's technical personnel through, for example, hosting career dialogues with top executives and conducting a series of in-house lectures on cutting-edge technologies introduced by DEs.

The Sony MVP award also helps to foster a culture of technological creativity. The award honors individual employees who have created enhanced value for Sony through the application of specialist technology and knowledge. In fiscal 2007, 24 employees were certified as MVPs, bringing to 150 the total number of employees recognized since the award's inception in 2003.

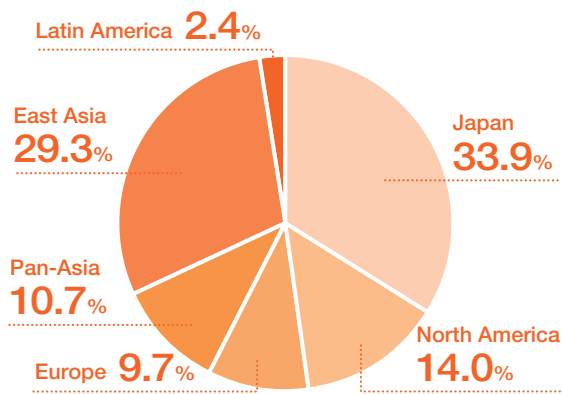


## Fostering the Next Generation of Sony Leaders

In 2000, we established Sony University, which offers a variety of programs to help recognize and develop future leaders of the Sony Group. In fiscal 2007, potential leaders representing diverse business units from various countries and regions took part in the Sony United Leadership Program. A range of activities, such as discussions among top executives and participants and the simulation of business scenarios, furthered participants' understanding of management strategies and leadership skills. Another important outcome of the program is the creation of new contact networks across companies and divisions. A total of 1,200 employees have participated in the program since Sony University started in 2000.

Besides this Sony cross-company leadership program, Sony conducts a large number of leadership training programs in other countries. One example is a program implemented by Sony Europe in 2006. Managers considered to have leadership potential work on projects undertaken by social enterprises (public interest organizations) that address such issues as education and the environment. In addition to helping foster leadership, the program has received extremely high praise for allowing these social enterprises to receive the benefit of Sony's expertise on various issues, such as supply chains and general business acumen. Sony also holds seminars on leadership in the Pan-Asian region for key personnel working in Group companies.

Personnel by Geographic Segment



## Diversity Is the Value Sony Cherishes

Consistent with our global nature, Sony is strongly committed to diversity among our employees.

Sony has learned a great many things since the early days when we first targeted markets outside Japan. At that time, Sony's founders left Japan to set up business in the United States, where they became familiar with new commercial practices and cultures, helping the company interact with its global customers and employees. Although a homogenous organization may at times appear advantageous because of its simplicity, it is diversity that makes it possible to respond to constant change and innovate. Respecting and accepting diverse values, characteristics, and cultures—regardless of race, gender and age—is at our core.

### Focus on Gender in Japan

In 2005, Sony launched the Diversity Project (DVI@Sony<sup>\*1</sup>) in Japan, aimed at stimulating a corporate climate that

encourages the success and promotion of female employees.

The majority of employees in the electronics business segment are engineers and are male, and there is a pressing need to encourage more women to join and excel in these ranks. Tapping such talent, and the diversity of such talent, will help Sony to be more innovative, to better understand rapidly changing customer needs and to provide products and services that meet these needs.

The project helps build and expand employee networks and raise employee awareness, as well as, it is hoped, boost motivation, productivity and satisfaction. It holds training courses and special events for women in managerial positions, and discussion groups and seminars on career issues affecting female employees. To meet the need for enhanced understanding at the management level, there is an ongoing series of roundtable meetings among general managers and female employees.



As a result of such initiatives, in fiscal 2007 Sony Corporation was presented with the first “Diversity Management Award,” sponsored by the Toyo Keizai Newspaper Company. Buoyed by this recognition of our management’s stance on diversity, Sony will eagerly advance our affirmative activities in this area.

\*1 DIVI stands for Diversity Initiative for Value Innovation.

### Initiatives in the United States and Europe

Since 2005, U.S.-based SEL has held forums, workshops and events focusing on issues related to women and minorities. In 2007, SEL launched a Diversity Board made up of senior managers from the company’s various business units. In conjunction with the Diversity Department, the Board has launched activities to attract the best talent available, drive retention through building an inclusive work environment. One such program is the SEL rotation program.

In Europe, in cooperation with CSR Europe,\*2 Sony has set up a working group along with several other companies aimed at increasing the percentage of women in specialist and management positions and has shared analysis on current conditions, best practices and discussions. By providing role models, establishing an internal mentoring system and revising employment policies in some regions, Sony is working to create an environment that enables women to be successful and achieve their full potential.

\*2 An NPO that promotes CSR activities in Europe.

### Ratios of Female Employees and Female Employees in Management Positions by Region\*\*

#### Sony Group (Japan)

	04	05	06	07	Benchmark*
Female employee ratio	30.0%	29.0%	25.6%	24.8%	24.7%
Female management level ratio	2.9%	3.1%	2.9%	3.1%	3.5%

\* Data based on corporations with 1,000 or more employees and according to a basic statistical survey of salary structures for fiscal 2006 by the Ministry of Health, Labour and Welfare. Management levels are calculated as the total number of department and section managers.

#### Sony Group (U.S.)

	04	05	06	07	Benchmark*
Female employee ratio	37.8%	38.0%	38.6%	37.8%	47.6%
Female management level ratio	32.7%	32.5%	31.4%	31.6%	35.5%

\* Based on Equal Employment Opportunity Commission statistics for 2006

#### Sony Group (Europe)\*\*3

	04	05	06	07	Benchmark*
Female employee ratio	36.0%	38.0%	39.3%	40.3%	33.4%
Female management level ratio	15.3%	17.0%	17.4%	17.2%	25.0%

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

\*\*3 Sony Group (Europe) electronics business

\*\*4 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.

### DIVI gave me courage and power

It is not easy for female managers to find a role model, and this is why I was pleased to assist in developing a mentor system for them. Through the pilot program I found my own mentor, and I was able to learn a great deal from an executive’s broader point of view. I hope to see the same kind of program for pre-managerial females as well.

Chance is like a comet with a large oval orbit. It is not always in sight to catch—therefore, one should not hesitate to reach out when it is nearby. I hope that the DIVI activities give the supportive push for everyone to reach out for a chance. Graduates of DIVI have organized a support group. I believe that building a supportive environment makes Sony a richer organization.



Yukari Kohashi  
Deputy General Manager  
System Engineering Dept. 2  
SSE Div. DI Business Group  
Sony Corporation  
Member of DIVI

### Creating an Environment Where People with Disabilities Can Make a Full Contribution

Sony's first special purpose subsidiary, Sony Taiyo Corporation, embodies the philosophy of Sony founder Masaru Ibuka—who wished to provide opportunities for individuals who want to play an active role in society despite their disabilities—and commemorated its 30th anniversary in January 2008. Sony Corporation in Japan strives to create a positive, accommodating work environment for individuals with disabilities and to offer various fields that harness their skills. Sony conducts several activities to share Sony Taiyo's three decades of

knowledge and experience regarding employment of people with disabilities, including training programs for representatives and the Personnel Divisions of the Sony Group companies in Japan. The goal is to fully realize Sony's basic philosophy of creating a work environment where people with disabilities can make a full contribution.

In fiscal 2007, Sony Corporation employed 321 individuals with disabilities through the period on average, representing 2.17% of our workforce, above the legal requirement of 1.8%.

## Dynamism Starts with Making a Comfortable Working Environment

To further promote organizational dynamism and a global perspective among employees in our workplace, it is imperative to promote a comfortable working environment.

By offering versatile working styles, through such systems as flexible time and discretionary labor that accommodate different lifestyles and enable employees to fully demonstrate their abilities, we believe we can foster greater motivation, which enhances Sony's dynamism.

Sony promotes a work-life balance that enables employees to combine child-rearing and caring for family members with their jobs. In Japan almost all of the female employees of Sony Corporation who have given birth have taken advantage of extended childcare leave, and approximately 90% have returned to work following the leave. In April 2007, Sony Corporation revised our childcare leave system with the aim of creating a work environment more conducive to taking childcare leave. Another aim is to promote greater participation in childcare by men, thereby making it much easier for employees to balance work and home life. In April 2008, Sony introduced a new at-home work system, allowing the use of paid annual leave on an hourly basis. Sony Corporation has also implemented initiatives that provide employees with assistance for planning their careers and for fostering a workplace culture that supports work-life balance. In 2007, working men and women with children attended the Working Parent Forum where they listened to others talk of their experiences, made contacts and exchanged notes.

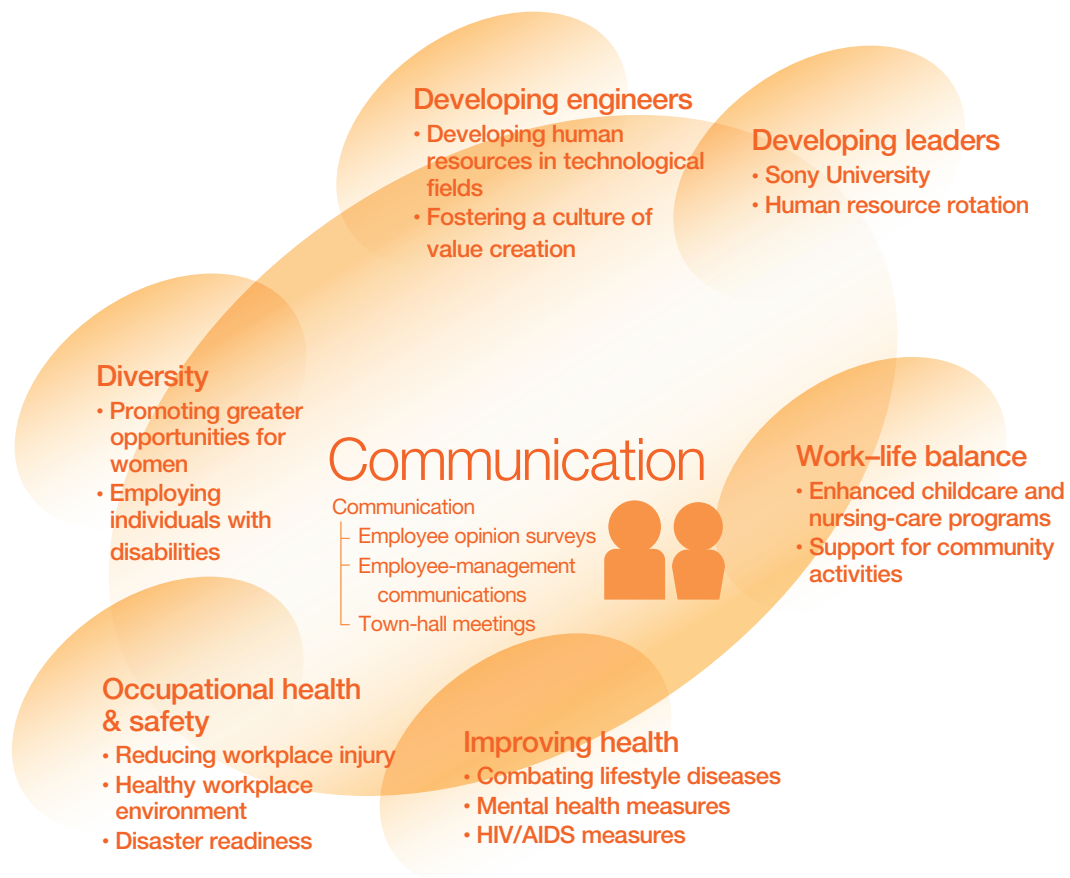




In human resource and workplace development, we can see positive results only with continued initiatives and implementation. Good communication between managers and their staff, as well as between the company and its employees, are important ingredients. Sony surveys our employees in each region to evaluate the effectiveness of human resource initiatives and programs. The results are utilized to formulate action plans, which are implemented along with basic policies on employee health and safety.

Sony’s Founding Prospectus promised “to establish an ideal factory that stresses a spirit of freedom and open-mindedness.” We firmly believe that dynamic employees are vital for us to provide customers with dream-inspiring products, services and new lifestyles and to contribute to building a sustainable society.

## For Our Employees



For more broad and detailed information, please visit the following website: <http://www.sony.net/csr/>

What We Believe:

# For the Sustainable Society

Society: Sony continues to address the needs of communities through its fields of expertise by harnessing the products, technologies, and innovation that comprise its business assets, the strengths of Sony Group employees, and the partnerships it enjoys with its stakeholders.



## Seeking to Contribute to Society Through Businesses: The Sony Founding Spirit

When Sony was founded in 1946, our goal was to enrich society by applying radio, communications and other technologies for the benefit of individual citizens. Since then, Sony has sought to better the lives of consumers around the world and to inspire them through the technologies, products, services and entertainment we produce.

In support of this goal, Sony began by spearheading efforts to support science and technology—with a particular emphasis on education—in line with and expanding upon one of our founding missions: “enhancing scientific literacy.”

### Contributing to Science Education

In 1959, Sony launched the Sony Fund for the Promotion of Science Education to reflect Sony’s strong belief in the importance of elementary and secondary science education. The goal of the Fund is to encourage children to take an interest in and enjoy science. To date, more than 5,050 schools in Japan have benefited from the Fund, with teachers and schools nationwide receiving the resources they need to incorporate creative and innovative teaching methods in children’s education. Teachers who

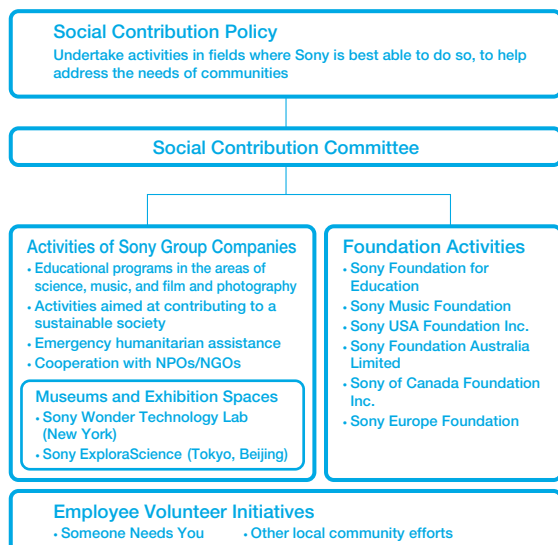
have benefited from the program have established the Sony Science Teachers Association (SSTA) which works with approximately 1,900 teachers from 49 branches nationwide to hold its own seminars and lectures to further develop their skills. Separately, the Sony Foundation for Education, established in 1972, has conducted educational science programs, including the “Wellspring of Science Inspiration—Children’s Dream Class.” In this program for elementary and junior high school students, which is led by Nobel laureate in chemistry, Dr. Hideki Shirakawa, children learn about science while staying in natural surroundings.

### Worldwide Social Contribution Activities “For the Next Generation”

While Sony’s support for future generations began with science education, it has grown to include the arts (music and film), culture and technology. Sony Corporation’s Social Contribution Committee implements a broad range of activities through six Sony foundations and Sony Group companies around the world. The Committee’s guiding principle is to help address the needs of the communities in which Sony operates. In fiscal 2007, Sony’s expenditure on social contribution activities totaled ¥4.5 billion.\*

\* In addition to donations, sponsorships, and independent program expenses (facility operation expenses), this amount includes the market prices of products donated.

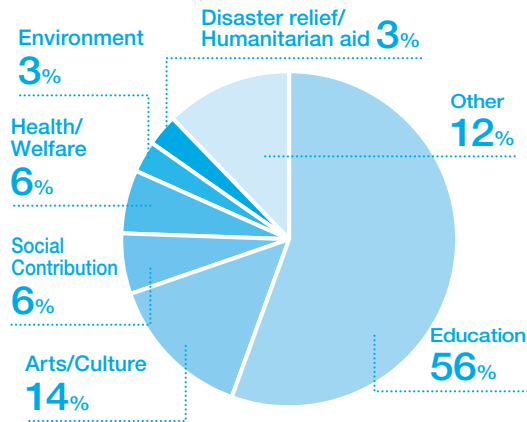
### The Sony Group’s Social Contribution Organization



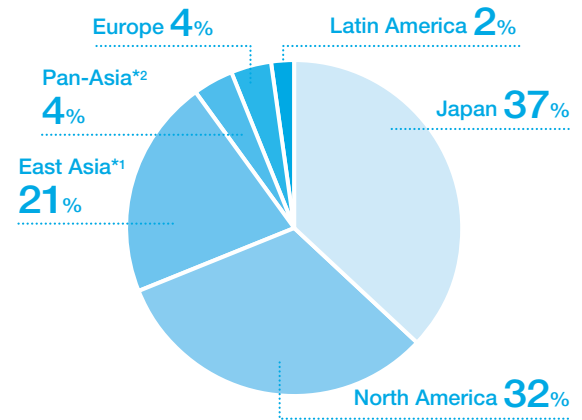
The 10th Annual Sony Creative Science Award, a competition hosted by the Sony Group companies in Singapore and the Singapore Science Center, was held in August 2007. The competition brings together children aged 7 to 12, who compete in developing innovative toys based on scientific principles. As part of the program, science shows and workshops are also held to pique children’s interest in science and enhance their creativity. In 2007, the competition received more than 3,000 entries from 101 schools, bringing the total number of participants over the past decade to approximately 30,000 children.

In Thailand, Sony held the Young Creative workshop, in which children gained first-hand experience in making

**Social Contribution Expenditures by Field (Fiscal 2007)**



**Social Contribution Expenditures by Region (Fiscal 2007)**



\*1 Mainland China, Hong Kong, Taiwan and South Korea

\*2 Southeast Asia, Middle East, Africa and Oceania

a television program. The objective of the workshop was to stimulate the children’s curiosity in science and technology and to nurture their talent and creativity. More than 80 participants, aged between 12 and 16, took on the roles of announcer, producer, casting director, editor and cameraman using Handycams and other Sony equipment. Through this experience, which included a tour of a manufacturing site, children learned all about the connection between technology, communications and storytelling.

In 2006, Sony launched the Sony Student Project Abroad (China) (SSPA) program. Under the program, Sony invites Chinese high school students to Japan to take part in cooperative workshops related to Sony’s technology and to learn about Japanese environmental initiatives. This program includes a visit to a recycling plant and the opportunity to experience a homestay with families of Sony employees. SSPA reflects Sony’s belief that acknowledging and understanding different cultures and diversity is an important attribute for children growing up in today’s global era.

Sony continues contributing to the field of music education through a variety of activities. Just last year, Sony became the lead sponsor of the Online Community of The Weill Music Institute at Carnegie Hall. In its pilot season, the Online Community supported Carnegie Hall’s Global Encounters (GE) Program, which provides public school

students with the chance to explore world history through the indigenous music and cultures that have helped shape global perspectives. In Spain, Sony has donated funds to the Classical Music School Reina Sofia, to support programs for promising young musicians, potentially tomorrow’s masters, that give them valuable experience performing in concerts throughout the country.



## Living in Harmony with Local Communities Is Key to Sony's "Global Localization"

When a company engages in business activities in a community, it becomes an active member of that community through the creation of employment and the provision of products and services. Sony's philosophy of global localization, "Think globally, act locally," advocates engaging with the local community as much as possible, including employing local managers, while holding shared global principles. This philosophy is important not only for business, but also for promoting a positive relationship with members of the local community.

Sony's global, in-house volunteer program, called "Someone Needs You," is designed to enhance community relationships. Under the program, Sony Group companies organize volunteer programs tailored to local needs and encourage employee participation. In fiscal 2007, approximately 28,000 Sony employees took part in such volunteer activities.

Most of Sony's 264 major sites worldwide conduct a variety of individual volunteer initiatives. Participation in one program raises employees' awareness, which often leads to planning another with outside partners or to helping solve another issue. These programs provide employees with a sense of satisfaction from contributing to their local communities. In instituting such programs, Sony strives to encourage participation by allowing employees appropriate time off to engage in volunteer efforts.

As a global company, Sony strives to fulfill our responsibilities as a corporate citizen by also providing emergency relief to victims of large-scale natural disasters and regional conflicts. In 2007, Sony Group companies in Japan, the United States and the affected regions made donations to assist victims of the earthquake in Niigata, Japan in July, the wildfires in California, the United States in October and the typhoon in Bangladesh in November.

For the victims of the May 2008 cyclone that hit Myanmar, employees of Sony Group companies in its neighboring countries Singapore, Malaysia and Thailand also made donations of ¥20 million through relief funds to provide aid. Sony plans to provide medium- to long-term assistance to the region in collaboration with local NGOs. Sony Group companies and employees in China, Pan-Asia, Japan and the United States donated a total of ¥190 million for relief efforts following the great earthquake in China's Sichuan Province, which also struck in May. Funds donated by Sony Group employees were matched by Sony under the Company's established "matching gift" programs.



# Acting as a Global Company, Sony Contributes to Help Create a Sustainable Society

Given the rapid changes and serious challenges we face in the world in this century, we have been examining what kind of contributions Sony can make and how we should address global issues going forward. We have reviewed the direction of our social contribution activities, which have supported the next generation since the company was founded, through the provision of science education, the nurturing of creativity and other activities.

In today's increasingly globalized and mutually dependent world economy, we believe that Sony's corporate responsibility must not be limited by geography. It is also important to help address environmental issues, poverty, the provision of primary education and other issues highlighted in the United Nations' Millennium Development Goals.

## Helping to Create a Sustainable Society

In South Africa, Sony provides support for the South Africa Mobile Library Project, launched by the South African NPO SAPESI (South Africa Primary Education Support Initiative). The aim of the project is to improve literacy by using mobile libraries to loan books to students and teachers at primary and middle schools across the country. In addition to making a financial contribution to the project, Sony also donates used children's books collected at six Sony Group

companies\* located in British English-speaking regions.

In Mexico, Sony continues to participate in a project that repairs primary school buildings. In addition to donating Sony products, Sony provides funds to help with lighting, furniture and repairs to school grounds.

In China, Sony launched a Support-for-Schools Project in 2003 to provide assistance for pupils in primary schools in poor and under-served districts. To date, Sony has donated desks, chairs and blackboards to more than 120 schools. In 2007, The Project was nicknamed as the Home Alone Care Project and provided assistance to primary schools in farming villages and remote regions that have many children whose parents have gone to cities to find employment.

Since 2006, Sony has continued to support the UNICEF EYE SEE Project by donating digital cameras and providing financial assistance. The aim of the project is to give children living in societies that face natural disasters, poverty, infectious diseases, conflict and other difficulties the opportunity to express themselves through photography. In EYE SEE III, held in 2007, 40 children from Liberia and Rwanda learned about basic photographic technology, composition, subject selection and expression through workshops led by professional photographers. Using cameras donated by Sony, the children took

## Collaboration between UNICEF and Sony to put cameras in the hands of children in developing countries has literally changed their lives.

UNICEF's EYE SEE photo project began as a modest idea in earthquake-ravaged Pakistan to help children express themselves at a time when their lives were turned upside down.

The idea was simple—to allow children to harness the power of photography to express themselves and inform adult decision-makers. Sony has been our key partner, and the stunning photographs of EYE SEE participants have been displayed in Pakistan, the United Kingdom, Italy, the United States, Canada and Japan—as well as worldwide on CNN. Many are saying they would like to become photographers one day.

It has given a voice to children subject to natural disasters and conflict, who otherwise may not have had the chance to be heard. And it has given people in far-flung lands a unique perspective into the lives of children in Pakistan, Liberia and Rwanda.



Michael Bociurkiw  
Project Manager,  
UNICEF EYE SEE II  
and III

# What We Believe: For the Sustainable Society

approximately 2,000 photographs.

Sony and UNICEF co-sponsored an EYE SEE III photographic exhibition to coincide with the Tokyo International Conference on African Development (TICAD). Sponsored by the Japanese government and held every five years, the conference took place in Yokohama in May

2008. The exhibition succeeded in provoking visitors to think about the various issues represented in the photographs.

\* The six Sony Group companies: Sony Australia, Sony New Zealand, Sony South Africa, Sony Singapore, Sony Hong Kong, Sony UK

## Joining Consumers to Create a Sustainable Society through Innovation

Sony believes that by working in partnership with others, we can accomplish so much more as we strive to address global issues. One example is a new campaign that combines corporate power and consumer choice. The campaign supports the “Solar-bear Smile Project,” initiated in Japan, by linking consumer behavior to environmental conservation. Under the campaign, Sony donates a portion of the revenue generated from the sale of retail batteries and battery chargers in packages that display

“Solar-bear” campaign characters. Money raised through the campaign is then used to install solar power generation units at kindergarten and nursery schools in Japan.

In the first initiative of its kind in Japan, Sony Points, received by consumers when they buy a Sony product, can be used to purchase “green power”—that is, power generated by renewable energy sources such as wind and the sun. Sony Style Japan buys Green Power Certificates, which recognize the use of renewable energy, by paying the difference between normal electricity charges and the cost of generating natural energy, which is then sold in small lots. Customers also have the convenience of being able to make their purchases via mobile phone.

Sony Computer Entertainment Inc. (SCEI) offers users of PLAYSTATION®3 (PS3™) the opportunity to take part in Stanford University’s Folding@home™ Project, which studies the mechanics of various diseases, including Parkinson’s, Alzheimer’s and cancer. In March 2007, SCEI began offering PS3™ users a software application for Folding@home™, enabling them to take part in the

### Collaboration Between Sony’s Battery and “Solar-bear”



Shinzi Katoh/©EcologyOnline

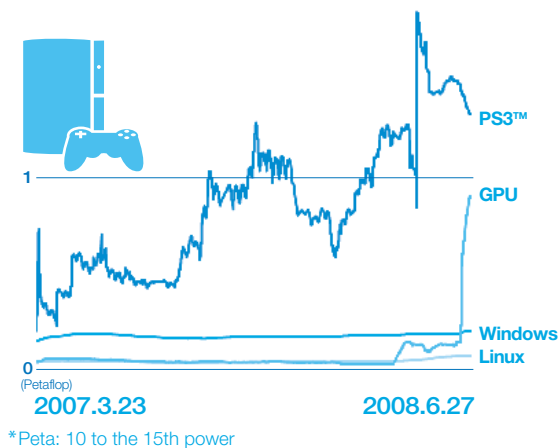
### Participation in CSR-Related Organizations and Projects

Sony undertakes a wide range of activities with the aim of promoting CSR initiatives overall. One example is our active role as the convener of the communication task group on the formulation of the ISO 26000 standard, on which Sony submits reports in Japan through the Japanese Industrial Standards Committee (JISC). Sony is also a member of worldwide CSR organizations, including the World Business Council for Sustainable Development (WBCSD), Business For Social Responsibility (BSR), CSR Europe, and the Council for Better Corporate Citizenship (CBCC). In January 2008, Sony joined forces with IBM, Nokia, and Pitney Bowes to launch a database of environmentally friendly patents on a website hosted by the WBCSD. The portfolio of patents, called the “Eco-Patent Commons,” is comprised of patents pledged by corporations to provide assistance with environmental preservation.



distributed computing project, which studies causes of diseases linked to misfolded proteins in the human body. To date, more than 1.4 million PS3™ users from around the world have taken part by contributing the processing power of their PS3™s to the analysis. Thanks to the tremendous computing capacity of the PS3™, equipped with the microprocessor Cell Broadband Engine™ (Cell/B.E.), in September 2007 the Guinness Book of Records certified the Folding@home™ project as the world’s most powerful distributed computing network after it broke the 1 petaflop\* barrier for computing capacity.

### Folding@home™ Computer Power



### Sustainable Design Initiatives

Sony’s product planning and design process has always focused on usability from a user’s perspective. Building on this approach of universal design and combining it with

### The “odo” Design Concept Group of Devices



eco-design principle, in 2006 we launched the Sustainable Design Project, proposed by designers, to design product models that also take sustainability into account. Although still at the experimental stage, the “odo” design concept group of devices, powered by kinetic energy, offers children new experiences, a sense of social consciousness and ecological values, and inspiration to look toward the future. We believe that Sony can help shape a new future from the novel ways in which consumers interact with devices. In the future, the concept of sustainable design of products can be expanded to initiatives to include services as well.

**Sony believes it is increasingly important to engage in activities that address global issues. In conjunction with educational programs to raise employee awareness, Sony will continue contributing to the creation of a sustainable society as expressed in our catchphrase, “For the Next Generation.”**

For more broad and detailed information, please visit the following website: <http://www.sony.net/csr/>

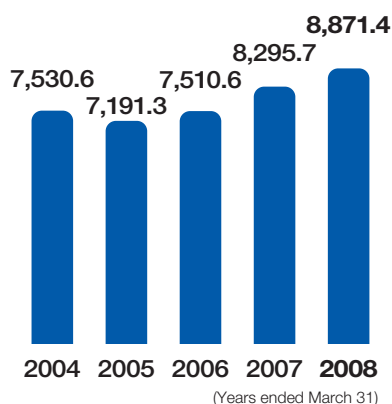
# Sony Group Overview

## Corporate Data

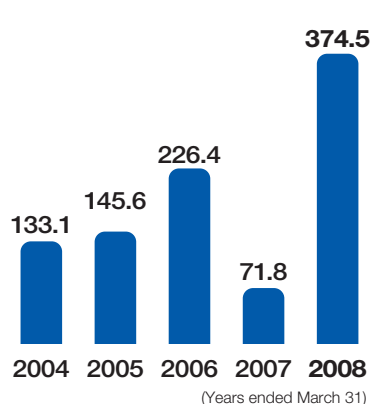
Headquarters	7-1, Konan 1-chome, Minato-ku, Tokyo 108-0075, Japan
Established	May 7, 1946
Employees	180,500 (As of March 31, 2008)
Sales and operating revenue	¥8,871.4 billion (For the fiscal year that began on April 1, 2007 and ended on March 31, 2008)

## Financial Highlights (Billions of yen)

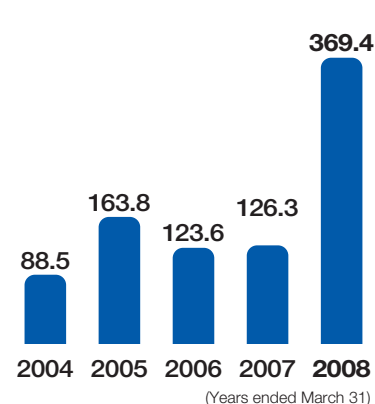
Sales and Operating Revenue



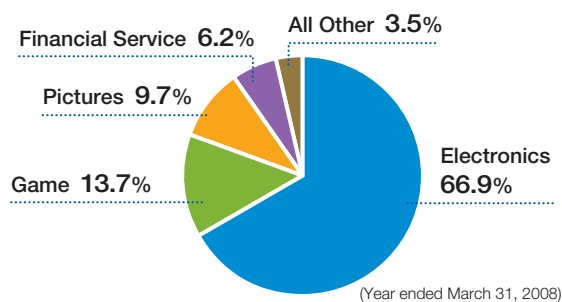
Operating Income



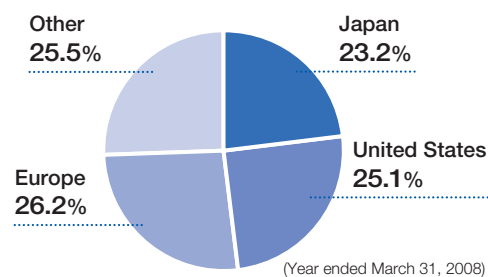
Net Income



Sales and Operating Revenue by Business Segment \*1



Sales and Operating Revenue by Geographic Segment \*1 \*2

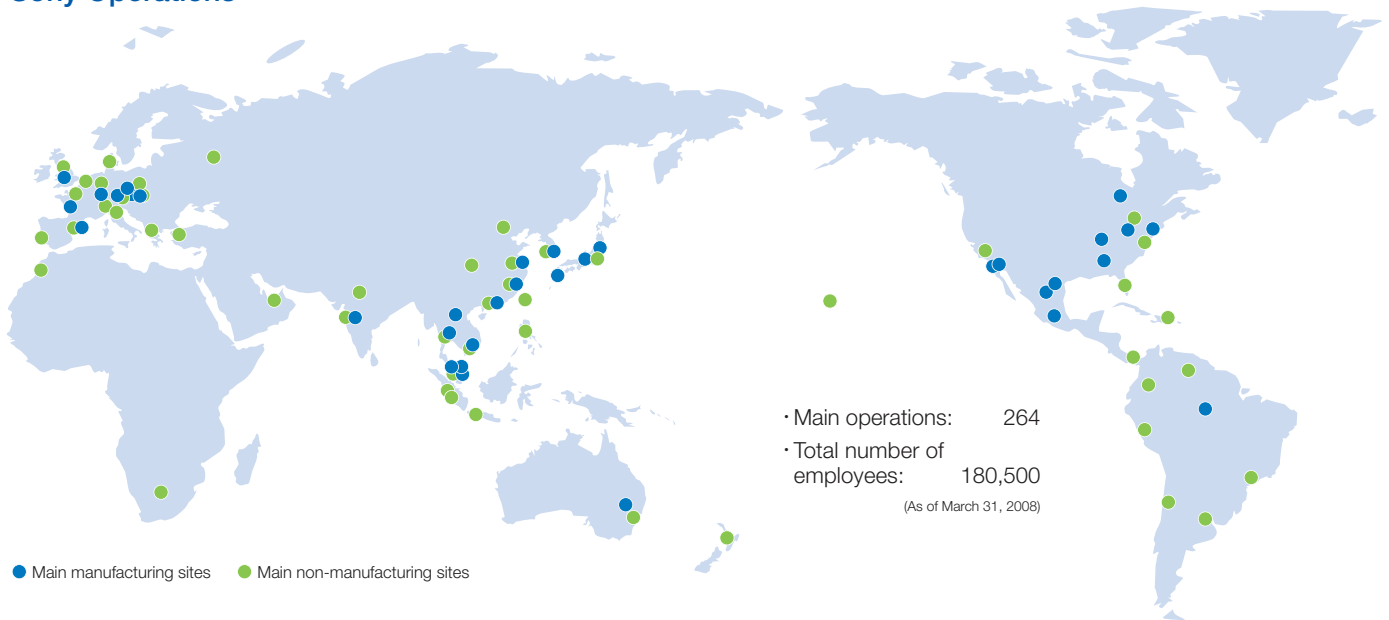


\*1 Percent of sales and operating revenue to outside customers.

\*2 Sales and operating revenue accounted for by customers in each particular region.

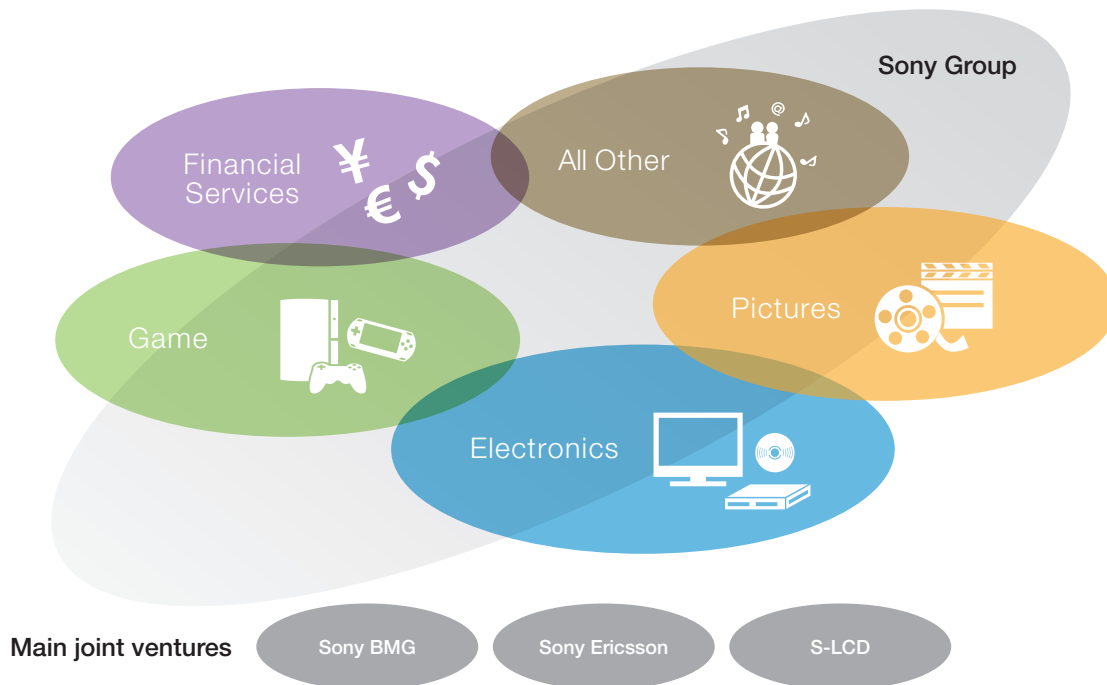
For more information >> <http://www.sony.net/IR/>

## Sony Operations



## Business at a Glance

Sony's global business activities include electronics, games, movies, music and financial services.



## Principal Organizational Changes in Fiscal 2007

Sony established Sony Mobile Display Corporation by integrating the operations of two joint venture companies, ST Liquid Crystal Display Corporation and ST Mobile Display Corporation, engaged in the manufacture of low-temperature, polysilicon thin-film transistor (TFT) liquid crystal display panels for mobile products.

## CSR Report



This report contains Sony's ideas and initiatives regarding key CSR activities

## Printed Report and Website

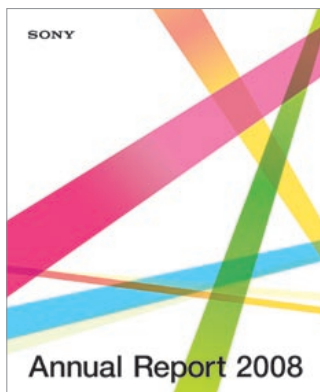
Information pertaining to Sony's CSR activities is disclosed in this report and on Sony's website. This report provides information relevant to key CSR topics, while the website contains supplemental data.

## CSR Website



Website containing detailed information pertaining to Sony's CSR activities

## Annual Report



For Sony's latest Annual Report, please visit the following websites:

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

## For inquiries regarding this report or Sony's CSR activities:

Corporate Social Responsibility Dept.  
7-1, Konan 1-chome, Minato-ku,  
Tokyo 108-0075, Japan  
Phone: 81-3-6748-2111  
Fax: 81-3-5448-2244  
<http://www.sony.co.jp/SonyInfo/Support>

## Museums and Exhibition Spaces

Sony organizes exhibitions of various kinds, including exhibitions at educational museums that are designed to stimulate interest in media, science and technology.

### 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.jp/english/>

### Sony Wonder Technology Lab (New York)

This interactive museum brings technology and creativity together to make learning experiential, entertaining and fun. The Lab's exhibits showcase the positive impact technology can have on virtually any discipline, from medicine to movie-making.  
<http://www.sonywondertechlab.com>



Sony has obtained third-party verification from Bureau Veritas Japan Co., Ltd. to ensure the reliability and consistency of environmental data found in this report and on Sony's website, and to facilitate the ongoing improvement of Sony's environmental management.

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

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



## CSR Report

Disclosure on Sony's CSR Information  
Global Reporting Initiatives (GRI) Sustainability Reporting  
Guideline 2006 and its Content Index

## Management System

Message from the CEO Howard Stringer  
Interview with the President Ryoji Chubachi  
Corporate Governance  
Compliance

## Product Responsibility

Product Quality and Quality Management

- Organizational Structure
- Responding to the Customer
- Product Quality Information Channel
- Safety Initiatives
- Efforts to Ensure Product Information Security
- Responses to Quality Issue

## Responsiveness and Customer Services

- System
- Customer Information Centers
- Using the Internet
- Repair and Service Network

## Usability

- Verification through Usability Assessment
- Making Products Easier to Use
- Providing Information to a Diverse Range of Customers
- Age-based Rating Systems for Game Software

## Supply Chain Management

- Underlying Philosophy
- Electronic Industry Alliance, Electronic Industry Citizenship Coalition (EICC)
- Sony Supplier Code of Conduct
- EICC Joint Supplier Audits

## Employee

### Employee Information

- Total Number of Employees, Personnel by Business Segment, Personnel by Geographic Segment
- Composition of Sony Corporation's Directors and Corporate Executive Officers

### Employee-Management Relations and Communication

- Employee-Management Relation
- Communication with Top Management
- Employee Opinion Survey

### Human Rights and Equal Opportunities

- Human Rights Provisions
- Human Rights and Training

### Diversity

- Gender
- Employing Individuals with Disabilities
- Employing Senior Citizens

### Work-Life Balance

- Upgrading Our Systems
- Support Programs

## Human Resources Systems and Personnel Development

- Evaluation and Compensation Systems
- Developing Business Leaders
- Developing Engineers
- Employee Training Programs

## Occupational Health and Safety

- Basic Policy and Management Systems
- Risk Assessment
- Business Continuity Plan
- Global Workplace Injury Statistics
- Employees Health
- HIV/AIDS

## Social Contribution

### Outline of Social Contribution Activities

### Introduction of Corporate Social Contribution Activities

- For the Next Generation
- Volunteer
- Emergency Humanitarian Assistance
- International Cooperation Activities

## Environment

### Sony Group Environmental Vision

### Environmental Management

- Environmental Management System
- Overview of Sony's Environmental Impact
- Green Management 2010
- Green Management 2010: Progress Report

### Environmental Data

- Environmental Data Collection Methods and Rationale
- ISO14001 Certified Sites
- Environmental Data for Sites
- Greenhouse Gas Emissions from Sites
- Emissions of Air and Water Pollutant
- Environmental Data for Products
- Environmental Conservation Cost
- List of Controlled Substances at Sites
- Independent Verification Report
- History of Environmental Activities at Sony

### Reducing Environmental Impact

- Reducing Environmental Impact of Products
- Environmental Conservation at Sites
- Reducing Environmental Impact of Logistics

### Environmental Technologies

### Product Recycling

- Sony's Recycling Philosophy
- Development of Resource Conservation System
- Recycling Activities in Japan
- Recycling Activities in North America
- Recycling Activities in Asia, Oceania, Latin America
- Recycling Activities in Europe
- Links of Product Recycling Information in Each Area

### Environmental Communication

- Communication with Society
- Communicating within Sony Group
- Communicating with the Local Communities

## CSR Innovation

Technology  
Partnership  
Marketing  
Design



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.

For the Next Generation

**Corporate Social Responsibility Report  
Year Ended March 31, 2008**

Sony Corporation

Published: Sony Corporation August 2008  
Printed in Japan

