

## Sony and the People

From its inception, Sony has constantly created markets and proposed new lifestyles.

Our mission is to offer the opportunity to create and fulfill dreams to all kinds of people, including shareholders, customers, employees, and business partners. We pledge to continue to take on the challenge of preserving Sony's position as a unique and creative company.



## Customers

Customer satisfaction (CS) is at the core of Sony's operations. Our customers always expect the best from Sony. The greater the expectations, the harder they are to fulfill. To ensure that we meet those expectations, Sony is working across the board to garner the satisfaction, trust and confidence of its customers.

In 2001, Sony's CS Charter was introduced to enhance customer satisfaction and to foster greater awareness of this important issue within our organization.



The CS Charter



CS Campaign (CS21)

### ▶ Customer Satisfaction is Sony's Corporate Culture

All employees, not just those in direct contact with the customer, need to be aware of customer satisfaction (CS) issues. Wherever they work in the Sony organization, whether it be product development, design, manufacturing or marketing, employees have to make CS their number one priority. Keeping the customer's perspective foremost in mind, it is imperative that each and every Sony employee meets the high expectations of Sony customers. To ensure that this approach becomes ingrained across the whole Sony Group, regardless of organization or business field, Sony has launched a Customer Satisfaction Campaign (CS21). The ultimate goal is to make CS a cornerstone of Sony's corporate culture.

### ▶ Sony's Global Repair Network

Sony's repair and servicing network spans the globe, with bases in approximately 8,000 locations. Although shipments of consumer electronics products have risen in recent years, the number of products actually being repaired is falling. In the year ended March 31, 2002, repairs declined by around 10% from the preceding year. One clear trend is that fewer products are being repaired outside the warranty period in the Japanese, North American and European markets. Sony believes that this is due to major improvements in product quality and lower product prices which makes repair costs seem comparatively expensive. Cheaper products mean that customers perceive repair costs as being prohibitively high relative to the original purchase price. To address this and other issues, Sony is working to build a repair and servicing system that better meets the needs of each customer and ensures customer satisfaction.

### ▶ Trends in Customer Inquiries

In 1963, Sony established a Customer Information Center in Japan to provide timely and appropriate responses to customer inquiries. These inquiries are shared throughout Sony, as they constitute a valuable source of feedback on its products. The success of the system paved the way for customer information centers to be set up at Sony sales subsidiaries worldwide. In the year ended March 31, 2002 alone, there were around 12 million customer inquiries to Sony in the Japanese, North American and European markets. The number of inquiries has been growing in recent years and is expected to rise further as electronic components become more technologically advanced and complex. Sony is currently enhancing its ability to rapidly respond to this growing demand by putting in place a customer response system that makes use of IT tools such as the Internet.

▶ **Quality Assurance Issues**

A number of quality-related issues occurred in 2001, leading Sony to voluntarily recall some of its products. Sony followed up with the launch of a quality management review project, and is now focusing on intensive efforts to rebuild its quality assurance system and improve product quality.

One example of the quality assurance issues Sony faced during the year was a problem involving the overheating of mobile phone battery packs. The excess heat deformed the battery pack casings of certain mobile phones on the market. After investigating the problem, the cause was found to be flecks of solder adhering to the battery pack during the assembly process. Sony's response was to voluntarily recall and replace all battery packs, free of charge, in order to prevent similar incidents. Further steps included improvements to the soldering process and the setting up of a new inspection process.

## Shareholders

The Sony management team recognizes the importance of corporate accountability as part of its mission to maximize shareholder value. Sony's policy is to disclose positive and negative news promptly, fairly and regularly to institutional and individual investors and industry analysts throughout the world.

▶ **Disclosure and Investor Relations**

Sony discloses not only earnings releases, but also information required by potential investors and analysts to make informed investment decisions. As such, Sony is committed to timely disclosure. The company regards annual reports and company websites as effective channels for providing such information. Sony is implementing ongoing improvements to these sources to make them easier to understand.

Investors are given a say in management decisions through a feedback system in which the views and suggestions of investors and analysts are brought to the attention of Sony management. Sony has also introduced measures to link management performance to remuneration. These measures, which include granting stock options to directors and upper-level management and applying economic value-added (EVA®)\* methodology to evaluate the performance of individual business units, are just some of the ways in which management is encouraged to approach issues from the viewpoint of investors.

\* EVA® is a registered trademark of Stern Stewart & Co.

For more information  <http://www.sony.co.jp/en/SonyInfo/IR/index.html>

▶ **Sony Corporation Shareholder Meetings**

Sony regards shareholder meetings as an important forum for direct communication with shareholders. As part of a program to maintain close communication with shareholders, an informal shareholder discussion session is held after each general meeting to give shareholders an additional opportunity to freely ask questions. In order to ensure that shareholders, including the large contingent of overseas investors (38.7% of the total as of March 31, 2002), have a say in the decision-making process, Sony has taken a number of steps to promote the exercise of voting rights. These include the introduction of a system in June 2002 to enable shareholders to cast their votes over the Internet.

## Employees—Equal Opportunity

### Basic Policies and System

The cornerstone of Sony’s policy on recruitment and promotion is to not discriminate on the basis of race, gender or disability, or in any other way. Sony Corporation formulated a human rights policy in November 2000, recognizing that respect for human rights is a priority issue for all of humanity. In all spheres of activity, Sony is working to foster greater awareness of human rights. At Sony Europe GmbH, all forms of discrimination are strictly prohibited. Sony has put in place harassment guidelines addressing discrimination based on race, gender or disability and policies addressing equal opportunity employment. Sony Electronics Inc. (The United States) has a basic policy in respect to human resources, which is to prohibit all forms of discrimination, including harassment.

### Promoting Employment for Physically and Mentally Challenged in Japan

In April 2002, Sony established a special-purpose subsidiary, Sony Hikari Corp., to provide employment opportunities to mentally challenged individuals who desire to enter the workforce. Sony Hikari is the second such company devoted to this purpose, following the establishment of Sony Taiyo Corporation in Oita Prefecture in 1978. Staffed by specially qualified instructors, Sony Hikari currently has 15 mentally challenged employees, each striving to develop individual abilities as a member of the Sony Group and society.

### Sony Electronics Inc. (The United States) Employees Recognized for Second Straight Year

For the second consecutive year, a Sony employee has been named as one of ten “Employees of the Year” by *CAREERS & the disABLED*, a magazine dedicated to equal opportunity and employment for people with disabilities in the U.S. The award recognizes the contribution of employees with disabilities to enlightening both companies and society in general about the expertise, quality of work and the significant results achieved by people with disabilities. In 2001, the award went to Timothy Scarbeary, an Internet Product Specialist at Sony Electronics. Tim, who is confined to a wheelchair because of muscular dystrophy, helps raise money for young diabetics, on his own time. In 2002, Keith Seibert, a visually impaired member of Sony Electronics, was recognized for his achievements. And Sony Electronics was selected as one of the top 50 best companies for the disabled. This annual ranking is based on the number of votes cast by readers of *CAREERS & the disABLED*, who select companies they would most like to work for and companies they think offer a working environment suitable for the disabled.



The 2002 award winner Keith Seibert (left) seen here with Human Resources professional Anne Lloyd.

### Gender-Neutral Employment

Sony’s human resources policies prohibit gender discrimination. The gender composition of the Sony workforce, however, has been a concern for some time. Thanks to improvements in labor practices and regulations relating to maternity and other issues (maternity leave and part-time working hours) over the last 10 years, we are gradually seeing a proportional increase in women working at the managerial level.

**Breakdown of Sony Corporation’s Workforce**  
(As of March 31, 2002)

	Male	Female
Management	4,468	75
Assistant manager level	5,693	577
General (excluding assistant manager level)	2,843	3,434
<b>Total</b>	<b>13,004</b>	<b>4,086</b>

(Includes employees awaiting transfer, but excludes transferred employees)

### Performance Appraisal & Career Development System

At the core of Sony Corporation’s approach to staff training is the belief that each employee be inspired to take on challenges and “seize the initiative in building a career.” Under Sony’s Performance Appraisal & Career Development system, employees are individually responsible for their goals and receive support from the company to map out a career plan. Employees and supervisors set goals together, and meet twice a year to review progress toward achieving them. Employees also prepare their own career plans, and receive advice from supervisors. Both goals and career plans are entered on a form online.

### Job Posting System

Sony Corporation’s job posting system is designed to offer challenges to employees who wish to further their careers by finding jobs within the company that they feel best suit their experience and abilities. The system is designed to encourage employees to develop their talents and succeed in what they do. Jobs are advertised internally as openings become available.

## Employees—Education, Training and Work Conditions

Sony is introducing innovative and unique forms of employee education and training.

### ▶ Sony University

The Sony University, a strategic arm of the Sony Group, is dedicated to identifying and fostering next-generation business leaders. A specially designed campus was completed in November 2001 and the University began by revamping the existing curriculum.

The University's mission is to foster and develop the abilities of individuals—who will play a prominent role in the company's future—by offering educational programs. Cutting across organizational boundaries, the university will also strengthen the overall cohesion of the Sony Group. Approximately 10 educational programs per year are being offered, and selected participants from Sony Group companies around the world participate in the program.

### ▶ e-learning: Campus Europe

Sony has established the Sony Campus Europe, an e-learning platform designed to enhance employee education by offering lifetime learning courses online. Ongoing education and self-development are essential to today's Sony employee. It is important for the company to train both general and management personnel in a wide range of areas so that they understand how to prioritize work and recognize levels of importance. Sony Campus Europe allows Sony employees to obtain the education and training they require when they are ready. Roughly 150 people have completed Sony Campus Europe training courses, while 325 are enrolled in current programs.



Sony Campus Europe Home Page

### ▶ The Learning Center

The Learning Center, part of Sony Electronics Inc. (The United States), offers an extensive list of courses for employees based on Sony methods that are geared to a broad range of educational needs. The faculty includes teaching staff from associate universities and corporate affiliates, as well as other Sony employees. The courses on offer include management and specialist training, cross-cultural exchange, computer training, Sony Six Sigma and EVA®. Teaching staff are stationed at three locations: San Diego, CA, San Jose, CA and Park Ridge, NJ.

### ▶ Flexible Working Hours and Conditions

In Japan, Sony has introduced a flex-time working system. This system allows employees the flexibility to configure working hours and conditions to fit with their individual needs and lifestyles. In addition, mandatory working hours have been eliminated for mid-level employees involved in research, development and design activities, who are expected to work under their own supervision and receive remuneration linked to results.

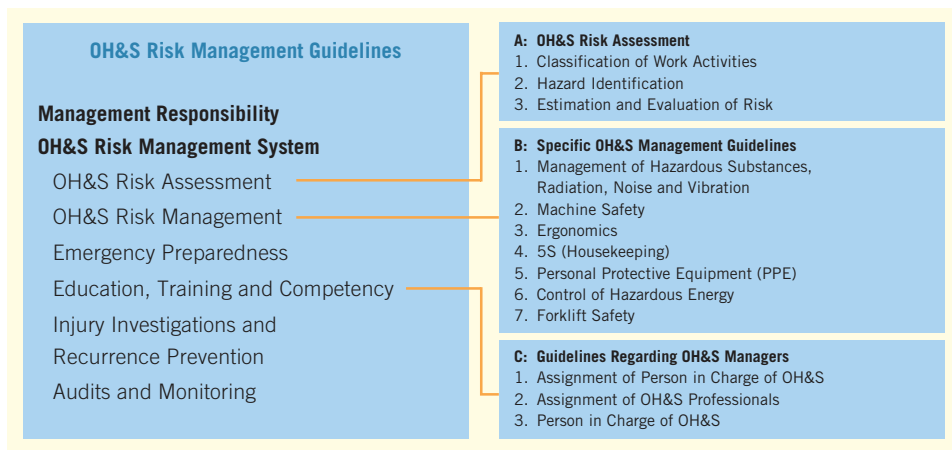
Year Ended March 31, 2002 Beneficiaries	(Number of employees)
Leave of absence or shorter working hours for maternity reasons	266
Leave of absence or shorter working hours for nursing care activities	9
Leave of absence for volunteer activities	1

## Employees—Occupational Health & Safety Management

Sony's Global Policy on Occupational Health & Safety, adopted in 1998, designates occupational health & safety (OH&S) as an integral part of all Sony business operations. This policy obliges Sony global sites to implement OH&S activities over and above those required by law, and stipulates that OH&S activities be carried out in accordance with the Plan, Do, Check, Act (PDCA) cycle.

### ▶ Implementing OH&S Risk Management Guidelines

OH&S Risk Management Guidelines were introduced to standardize OH&S management methods used at Sony Group sites worldwide. Based on a PDCA cycle-oriented management system and incorporating specific OH&S risk reduction methods, these guidelines are aimed at establishing minimum standards for OH&S management. This is expected to raise the level of OH&S at Sony facilities, especially in countries and regions where relevant legislation has not yet been put into place.



These guidelines are based on the principles of “Sony’s Environmental Vision” and “Sony’s Global Policy on Occupational Health & Safety” and focus specifically on risk management designed to prevent occupational injury and illness. The guidelines establish standard procedures for application at Sony operations worldwide, encompassing a wide range of areas, including chemical substance management, ergonomics and personal protective equipment (PPE). Ergonomics includes managing workplace environments and procedures to control the risk of ergonomically harmful practices—working in awkward postures, handling heavy objects, standing for long periods and performing repetitive tasks, as well as the prevention of eyestrain arising from extensive use of computer monitors. The guidelines target reductions in these kinds of specific risks associated with day-to-day operations at all Sony sites around the world.

**URL** <http://www.sony.net/eco/>

### ▶ OH&S Activities in the Community

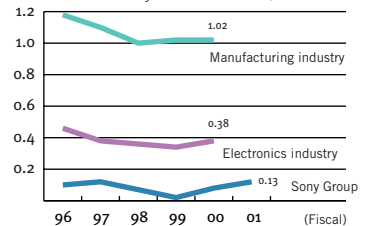
Sony’s Global Policy on Occupational Health & Safety encourages all Sony Group sites to actively participate in their respective national and regional health and safety programs. In keeping with this policy, Sony presented the risk assessment it performed when developing the AIBO entertainment robot to the National Industrial Safety and Health Convention, arranged by the Japan Industrial Health and Safety Association. (page 26 for product information for AIBO)

### ▶ Collection and Disclosure of Injury Statistics

Sony will disclose injury statistics, a key performance indicator of OH&S management at its operations.

**Injury Statistics (Japan)**

(Incident rates for injuries resulting in the loss of 4 days or more of work)



The incident rate represents the work-related injuries in terms of the ratio of the number of injuries per one million work hours.

Incident rate =  $\frac{\text{Number of injuries resulting in the loss of four days or more of work}}{\text{total working hours} \times 1,000,000}$

## Communities

Sony is committed to enhancing relationships with communities as a good corporate citizen. Focused on educational programs for children, Sony is active in promoting the arts, culture, international exchanges and environmental activities. Sony is also making efforts toward providing physically and mentally challenged people with opportunities to develop their abilities and gain more independence.

Sony's community affairs program includes financial support as well as product donations, to respond to the needs of communities, building partnerships with non-profit organizations and sponsoring volunteer programs for Sony employees. Through these activities Sony aims to contribute to local communities as a truly global corporation.

### ▶ **SOMEONE NEEDS YOU**

The SOMEONE NEEDS YOU (SONY) program was launched in the U.S. to encourage Sony Group employees to participate in volunteer activities. During the year ended March 31, 2002 more than 14,500 Sony employees in 20 countries participated in program activities in their local communities. One of the projects in the U.S. involved Sony employees painting colorful murals on the wall of a shelter for abused children. Program activities in Europe included visiting homes for the elderly. In Japan and Asia, many companies held blood drives and cleaned up local communities.



A visit to a home for the elderly in Europe.

### ▶ **Partnership with NGOs**

International NGO FoE (Friend of the Earth) Japan and Sony affiliate All Inc. are collaborating on a program called "Be a friend of the Earth!", available only in Japanese, that broadcasts information on global environmental issues. All proceeds from the broadcasts are donated to FoE Japan. It is a user-oriented program that encourages people to participate in environmental protection activities over the Internet. Furthermore, Sony is a member of the Corporate Environmental Responsibility Group of Earthwatch Europe, an NGO dedicated to supplying both monetary and human resources to researchers involved in outdoor survey activities designed to protect natural and cultural resources and heritages. Earthwatch has sponsored over 1,600 natural and cultural heritage-related surveys in 111 countries since 1972.

### ▶ **Emergency Relief and Humanitarian Assistance**

The Sony Group responded immediately to provide various means of support to the victims of the Sept. 11 terrorist attacks in the United States. Sony Group employees contributed funds to assist and support the families of victims of the tragic events. Many Sony employees in the United States participated in various volunteer activities.

The Sony Group supports the resolution of refugee problems for humanitarian reasons. In that regard Sony contributed to the UNHCR as a way to offer humanitarian support for the many refugees who continue to seek assistance in the world today.

### ▶ **"ECOMove," the 1st International Festival of Environmental Film Festivals**

The ECOMove "Festivals of Festivals" took place at the Sony Center in Berlin, Germany in December 2001. Sony joined as cooperating partner to support this event. The aim of ECOMove, as a platform of Environmental Film Festivals, is to raise awareness of interrelated global and ecological issues. ECOMove encompasses a variety of events, including the screening of films about the environment, award ceremonies, workshops, exhibitions and panel discussions focusing on environmental communication issues, as well as corporate strategies and critical but constructive journalism.

## Children

The 21st century has presented several broad challenges to humanity. One is improving the standard of living of people worldwide. Another is living in harmony with the Earth's natural environment. Education, particularly studies focused on the nature of humanity, will play an increasingly important role in resolving these issues.

Sony will continue to support a wide range of educational activities for children, our future. It is important to encourage children to think and act independently and to build character and enrich their creativity. At the same time, children should develop sympathy for others and social skills, by developing relationships with people from all walks of life. At the same time, children should be encouraged to explore nature and appreciate its beauty and wonder. Developing craftsmanship skills is also key to introducing children to the joy of seeing things through and creatively solving problems.

### ▶ The Sony Science Education Program for Children

In a prospectus drafted at the time of Sony's establishment, Sony founders Masaru Ibuka and Akio Morita wrote that one of primary goals of the company was to enhance scientific literacy among the Japanese people. They believed that introducing science education in elementary schools was key to rebuilding Japan in the aftermath of World War II. This belief was behind the establishment of the Sony Science Education Promotion Program in 1959. Thereafter, these activities were carried on by the Sony Foundation for Education, which has continued to offer financial support for schools and teachers over the ensuing 42 years.

In the year ended March 31, 2002 the Sony Science Education Program for Children was started to develop children's interest in science. The program supports elementary and junior high schools and teachers nationwide, especially those that are enthusiastically engaged in fostering interest in science among children. In the year ended March 31, 2002, 102 out of approximately 160 applicants received subsidies and computers. Schools that have been selected will present results of scientific educational programs at four locations nationwide.

### ▶ Sony Wonder-Science Laboratory

Held at Sony Group companies and elementary and junior high school nationwide, this program aims at providing children with the opportunity to actually create things and discover interesting natural phenomena in the process. We also hope to introduce children to the joy of making things. Specifically, the Sony Foundation for Education sends instructors to events, while Sony employees and local teachers run the program.

During the year ended March 31, 2002, 880 children participated in 19 workshops, where they built scientific toys and carried out interesting experiments.

### ▶ Educational Support Programs

In 2001, Sony began providing assistance for public elementary schools in the regional communities of Mexico. Support involves building computer classrooms, renovating school buildings, and providing desks, chairs and audio visual equipment. Thus far, Sony has assisted two public schools. In another program, Sony provided support for a project in South Africa called School TV Access, which is run by the South African Broadcasting Company, since its inception in 1999. Sony has contributed color televisions and videocassette recorders to 250 elementary schools over the past 3 years, to provide greater access to educational programs. In Europe, Sony has installed equipment at a recording studio operated by Benjamins Media in France, which provides cassette recordings of children's literature for children with visual disabilities. Sony is also assisting in public relations activities for the project.



Children at one of the participating schools study changes in wildlife at a local stream.



Possibly a future expert studying how to recycle polystyrene foam with limonene. ■■ page 35

▶ **Sony Creative Science Award**

This contest was started in 1998 to stimulate interest in science among Singaporean elementary school students, and to foster creativity. The contest involves toys that incorporate scientific principles, and draws in about 2,000 contestants from around 100 schools every year.

▶ **The Sony Cup Electronic Design Contest**

Held once every two years, Sony supports an electronic design contest aimed at promoting electronics education among college students in China. The students participate in the contest in teams of three, and design and create electronic circuits over a four-day period. In fiscal 2001, 2,071 teams of 6,213 students, representing 346 Chinese universities took part in the contest.



The award ceremony for the Sony Cup Electronics Design Contest.

▶ **Complimentary Gift of School Satchels**

Sony and certain group companies present the children of employees with the gift of a school satchel (or writing set) when they enter elementary school. This tradition dates back to 1958, only 13 years after the end of World War II, when ordinary Japanese people still struggled to make ends meet. Sony's co-founder Masaru Ibuka came up with the idea of giving school satchels to Sony employees' children when they enter elementary school. The goal was to celebrate the occasion, and also to help his employees economically. The year 2002 marked the 44th time the presentation was held. Sony gave gifts to 789 students this year, bringing the total presented so far to 20,448.



Masaru Ibuka presents a school satchel (circa 1960).