



Sony and the People

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The Sony Group recognizes that it impacts society in a number of ways over the course of its business activities. For this reason, Sony considers it a matter of importance to take into account the varying interests of its stakeholders including shareholders, customers, employees, suppliers, business partners and local communities, when conducting its operations.

For Customers: Customer Satisfaction and Product Quality Improvements

Sony is taking various measures to continuously improve product and service quality from a customer's perspective in order to gain its customers' "satisfaction," "trust" and "confidence."

Customer Satisfaction (CS) Philosophy

Sony believes that it is Sony's mission and its major goal to continue to be "the customers' most trusted partner" in the 21st Century by always viewing things from "the customers' perspective" and to continuously implement and provide improved high quality CS, as a company with high expectations from customers.

Based on this commitment, in the year ended March 2002, Sony has developed the "Sony CS Charter" to firmly establish the importance of CS consciousness throughout the organization. In the year ended March 2003, we have expanded the idea into a company-wide program, the "CS21 Campaign," as part of the efforts to put the "CS Charter" into effect and into practice.

"CS21 Campaign" Activities and Results

Sony launched a company-wide project "CS21 Campaign" ("CS21") in February 2002. The campaign's slogan is "Customer Satisfaction is Sony's Corporate Culture." To meet the slogan, various activities are taking place to fulfill product quality and service that meet customers' satisfaction.

"CS21" encourages every single Sony employee in every part of the world and every level of business operations to review its business activity from customers' perspective and to implement concrete measures to further improve the quality of CS. This initiative is steadily generating results in all aspects of Sony's business operation.

With regard to product quality improvement, Sony is first listening more carefully to the voices of its customers. Then, Sony is proactively implementing reforms to improve product quality, reexamine features, etc. based on the lessons learned from its customers. For example, Sony made an effort to reduce machine noise while in operation to reflect a user's opinion.



Customer Information Center

Sony established its first "Customer Information Center" in Japan in 1963 to provide its customers with timely and appropriate consultation to their inquiries. This function has now expanded to worldwide sales subsidiaries.

For the year ended March 2003, the number of inquiries received worldwide totaled approximately 24 million. Many of the inquiries are related to the specifications or use of Sony products close to the time of purchase; however, in recent years, there has been an increasing number of inquiries concerning connectivity of Sony products to other manufacturers' products, reflecting the needs of the modern age.

Further, with the growth of internet use, Sony has also increased its efforts to develop cyber-infrastructure to provide Sony product information in a timely manner. Some examples include disclosure of products information and reinforcement of the FAQ site (compiling most frequently asked questions and answers) on the website.

In the U.S., Sony has improved the IT infrastructure by installing the latest automatic voice-response systems to provide quicker and smoother service to its customers.

*1 COO at the time the Sony CS Charter was established.

Sony's Global Repair Service Network

Besides Sony's efforts to improve product quality, Sony is also implementing various measures to improve after-sales services quality to follow up on the problems after the products have been used.

Currently, Sony has more than 8,000 repair-service locations worldwide, including all service stations and certified repair agents. In every region, Sony has instituted permanent programs aimed at making continuous improvements in the quality of repair services. These include training courses to develop improved repair skills and sharing of information on the latest Sony products. Every effort is made to ensure the uniformity of high standard of services provided worldwide at any Sony repair-service locations.

Since 1996, Sony implemented a company-wide electronic distribution of service-related technical information. This measure fulfilled a) the rapid distribution of the latest information, b) shortening of repair lead-time and, c) sharing of common knowledge database*¹ and various training programs on a worldwide basis.

In the year ended March 2003, following the business consolidation of Aiwa Co., Ltd. to Sony, a number of initiatives were in progress to provide the Sony quality repair-service to Aiwa products as well.

Safety of Products and After-Sales Services

Customers' safety is a matter of greatest importance to Sony. As such, Sony is constantly striving to identify and improve customer safety in a wide range of business activity areas, from product development to after-sales services.

Sony strives not only to conform to applicable international and national product safety standards, but also to ensure that the necessary measures are taken to avoid potential harm to customers. Sony has developed its own internal safety standards from product development, designing, and through every production stages.

Sony also takes comprehensive measures to ensure product safety after they have been repaired or serviced, through careful control of specifications that govern replacement parts.

In 1995, when product liability legislation was first enacted in Japan, Sony took the opportunity to strengthen the existing "safety standard compliance program." Additionally, Sony has a department charged with analyzing any latent medical risks posed to customers. This department undertakes research to ensure that the use of Sony products and services does not have possible adverse effects on human body. The research information is shared with related departments as deemed necessary and is applied to make appropriate management decisions.

Quality Assurance System

To preempt problems concerning product quality, Sony has a comprehensive quality management system specially attuned to its distinctive lineup of products with ISO 9001 as its basis. Quality assurance activities are implemented to encompass everything from product design to final shipment. Further, Sony is proactively enforcing quality assurance activities for software products by adoption of the Capability Maturity Model (CMM*²).

As Sony is moving into the era of the ubiquitous value network (UVN*³), Sony will continue to focus on activities to deliver UVN products that not only have seamless connectivity among its own UVN products, but are also cross compatible with UVN products from other companies, so that all customers will find Sony products easy to install and operate.

Quality Assurance Issues

In April 2003, Sony posted an announcement on the Internet concerning a problem discovered with the re-charger base of the digital still camera model DSC-P1. Regrettably, more than one year passed before Sony was able to pinpoint the exact problem and notify the users. In light of such quality management issues, Sony is making efforts to handle future quality assurance issues more effectively, including conducting a thorough reexamination of its entire quality assurance processes and procedures.

*1 A searchable database of knowledge and know-how.

*2 A framework for identifying elements vital to the software development process.

*3 Ubiquitous Value Network (UVN) centers on a new hardware platform that allows the seamless connection of both PC and non-PC consumer electronics devices, including televisions, audio equipment and other electronic devices. The UVN concept is one where devices and products can seamlessly access the network and connect with each other at any time, from any place. Users will connect with each other and with Sony, creating a completely new lifestyle.

Personal Information Management

Increased commercial use of networks such as the Internet has made it easy to collect, handle and manage large volumes of electronic data, including personal information about customers. The use of data security tools in the management of such information has become increasingly important to prevent leaks and protect privacy. While legislation to protect privacy is being enacted around the world, Sony Corporation formulated "Sony's Global Principles on Personal Information" in July 2000. These principles are designed to ensure the appropriate handling of personal information throughout the Group.

Sony Corporation has established an organization charged with promoting personal information management. This organization continuously provides training programs for all its employees on personal information management and monitoring compliance of its company rules.

Sony hopes that these activities will reassure customers that they can feel secure in providing Sony with personal information.

Game Trademark Registration Incident

In April 2003, the British press reported that Sony Computer Entertainment America Inc. (SCEA), the U.S. subsidiary of Sony Computer Entertainment Inc. (SCEI), had filed a trademark application for the term "Shock and Awe" in an attempt to capitalize on the tragic events surrounding Iraq.

In response, Sony Corporation and SCEI immediately reviewed the advisability of this trademark application, and concluded that it was an exercise of regrettable bad judgement in that it disregarded the context in which the term has been used. SCEA then promptly withdrew the application. Appreciative that its commercial activities are conducted within a global environment, Sony pledges to redouble its efforts to ensure the same thing does not happen again through implementation of the "Sony Group Code of Conduct."

Sony-Customer Communication Channels and Forums

Sony has several customer showrooms that allow people to enjoy the Sony product experience for themselves. Separately, Sony has also created a number of exhibitions that introduce Sony, Sony's environmental activities, and the joys of science to the community. A few of these sites are introduced below.

Sony ExploraScience (Tokyo, Beijing)

This science museum created by Sony allows children of all ages to have fun learning about scientific principles and digital technology through a range of exciting exhibits.

URL <http://www.sonyexplorascience.com/english/>



Sony ExploraScience

Sony Museum (Tokyo)

Examining various products used in different areas of life, the museum traces the history of Sony products over the five decades since the company was founded. The museum's home page also provides a glimpse of what visitors can expect (see below).

URL <http://www.sony.net/Fun/the-museum/>



Sony Eco Plaza

Sony Eco Plaza (Tokyo)

This permanent exhibition introduces Sony's environmental activities using multimedia and hands-on displays. Attendants are also available to provide explanations of Sony's environmental research and recycling technology.

URL <http://www.sony.net/ecoplaza/>



Sony Wonder Technology Lab

Sony Wonder Technology Lab (New York)

Open since 1994, the Lab is an interactive museum operated by Sony Corporation of America. Education, entertainment and technology are merged in exhibits featuring music, movies, videogames and digital technology.

URL <http://www.sonywondertechlab.com>

For Customers: Making Products Easier to Use

As products offer more advanced functions and gain in complexity, Sony has designated usability as a key element of product quality. Sony endeavors to make its products and services accessible and easy-to-use for all users, regardless of age or ability. Another key consideration is the accessibility of information provided to customers.

Enhanced Product Usability

Developers went back to basics during the creation of the CFD-A100TV CD radio cassette player. Comprehensive user surveys and interviews targeted senior citizens, who are an important group of customers for these products, asking a range of questions designed to find out what customers really want from radio players in terms of features, ease of use and other design points.

The ICF-A100V, another radio model in the same series, combines a high-quality design with outstanding operability: anyone of any age can use the product.

The *airboard* personal IT television is another example of a product that is extremely easy to use. Not only does it feature a portable LCD monitor that can be carried around, allowing viewers to watch in any part of their home, but it also provides simple, intuitive e-mail and Internet access through a touch-panel screen. Since no keyboard is required, it allows those not familiar with computers to enjoy the benefits of basic IT functions.



Radio tuning is much easier with the "radio card" designed for the CFD-A100TV CD radio cassette player.



Sony's easy-to-use *airboard*

Increased Accessibility of Information for Customers

Since 1992, Sony Marketing (Japan) Inc. has been producing and distributing audio product catalogs on CD to provide visually impaired customers with easy access to product information, including data on product usability. These CD catalogs are designed to allow quick access to this information through a special track-numbering system.

To make the Sony Corporation website easier to use and access, Sony compiled accessibility guidelines in December 2002. These guidelines covered items as specific as the need to design websites so that users can adjust text size to make it easier to read.



CD audio catalogs (issued every four months) give visually impaired customers access to product information.



The Sony Corporation website incorporates user-friendly design features, such as expandable text, without altering the original page design.

For Employees: Employment /Working Practices

Sony's goal is to provide a healthy and safe working environment for all its employees while all applicable national and local employment laws are complied with. A variety of communication channels have been established to support good relationships between employees and managers. Sony is also experimenting with the introduction of personnel systems and employment patterns designed to flexibly cater to different career preferences and lifestyles.

Staff-Management Communication

Close communication between upper-management and other employees at Sony helps upper-management thinking percolate throughout the company while also providing the opportunity for ideas and opinions to influence upper-management decisions in a bottom-up fashion.

Company intranets are an important medium for such communication. At Sony, these channels operate in an open and democratic fashion, allowing employees to submit their opinions and ideas for improvement directly to top management. Intranets and internal publications are used to distribute messages about company policies, news, and strategy from top management to all employees. Periodic meetings of managers and a variety of other communication opportunities supplement these methods.

In its various locations in Europe, where applicable, Sony has established Works Councils where labor-related negotiations are conducted, in line with legislation and labor customs. Since 1995, this system has been supplemented at the European level by another body, the EICC^{*1}, which provides a forum for representatives of Management and employees from each EU-member country to meet and discuss issues. This system ensures that information on employment-, organization-, business- and employee- related issues that is applicable to multiple countries within Europe is shared between the employees and management, and that the opinions of the employees are heard and taken into consideration in major management decisions.

Sony EMCS Corporation Mizunami TEC, a Sony Group subsidiary in Japan, has established its own workplace consultation committee. This meets once a month for a direct exchange of views between managers and employee representatives who are chosen from each part of the workplace. Issues discussed at this forum include workplace environments and welfare.



EICC meeting in Europe



Meeting in progress at Sony EMCS Corporation Mizunami TEC

*1 European Information and Consultation Committee

Personnel Systems Designed Around Career/ Work Diversity

Sony uses a variety of personnel systems and policies designed to stimulate motivation in all employees. Sony Corporation and some Sony group subsidiaries have introduced an “expert system” for specific employees who work in areas such as research, development and design, where it is possible for individuals to organize their work at their own discretion. This system aims to allow such employees to decide how to arrange their time at work for maximal effectiveness in the achievement of specified goals, thereby extracting the most from individual ability and creativity.

The Intranet-based job posting system at Sony Corporation is designed to offer challenges to employees who wish to further develop their careers by finding jobs within the company that they feel best suit their experience and abilities. The system aims to encourage employees to develop their talents and succeed in what they do. Employees who have been in their current position for at least two years are free to apply for any of these positions.

Flexible Working Practices

Various Sony Group companies in the United States have started to introduce flexible working practices. These allow some employees to work from home or at other approved locations, while also giving them flexibility to arrange the days and hours when they work. Typical flex-time working arrangements are approved by management, require set minimum weekly requirements and spell out the days to be spent in the office. Such conditions are subject to approval at annual review meetings, taking into account business conditions and the abilities of each person. Sony believes that such arrangements not only help to boost productivity, but allow it to develop working practices that cater to different lifestyles.

Effect on Employment of Major Restructuring Programs

Amid increasingly fierce competition, Sony was faced with few options but to institute structural reforms necessary to improve business efficiency and enhance its competitiveness. Given the effect on employment, Sony has been supporting employees and retirees most affected by these reforms.

In December 2002, Aiwa was acquired by Sony Corporation. This move has been accompanied by a global restructuring of Aiwa operations, including the closure of certain manufacturing plants and the outsourcing of sales and customer service operations. Recognizing the major impact that such moves would have on employment at Aiwa and its affiliated companies, Sony implemented fair selection procedures to find positions for those who wanted to continue working and provided those taking early retirement with increased severance packages.

Elsewhere, as part of a global restructuring of production systems, Sony decided at the end of March 2003 to close the manufacturing site at PT. Sony Electronics Indonesia. An amicable agreement on severance packages and related issues was settled in May 2003 after negotiations between workers and local management.

For Employees: Human Rights and Equal Opportunities

A fundamental aspect of Sony's policies on employment, recruitment and promotion is that there must be no discrimination against any employee or applicant on the basis of race, religion, color, national origin, age, sex, disability, or other factor unrelated to Sony's business. Sony also prohibits any use of forced or child labor*1.

Human Rights Provisions in Group Code of Conduct

Respect for human rights is a key element of the "Sony Group Code of Conduct" issued in May 2003. Standards under the four general headings listed below provide the basis for human rights-related rules and activities throughout the Group worldwide.

- (1) Equal employment opportunities
- (2) Prohibition of forced or child labor
- (3) Exemplary employment/working conditions
- (4) Provision of safe, healthy, efficient work environments free from discrimination

These standards are based on international norms such as the United Nations Declaration on Human Rights and the basic human rights described in the articles of the ILO.

Equal Opportunity Non-Discriminatory Employment

Sony Group companies around the world observe local and national laws on equal opportunities in employment and the prohibition of any associated discrimination.

In Japan, for instance, a fundamental policy on human rights covers all Sony operations. In the year ended March 2003, a cumulative total of over 10,000 employees had attended over 400 seminars on various human rights issues. Sony also maintains hotlines and counseling centers to deal with human rights-related protests, complaints, inquiries and consultations, both from inside and outside the company.

In Europe, equal opportunity employment policies are implemented in all local Sony Group companies. The company has also issued guidelines on combating harassment at work. In the United States, equal opportunity employment policies are also in place across all business sectors, from electronics to movies and music. Each company has issued guidelines to make clear its policy against discrimination.

Sony intends to continue to work towards ensuring the fair and consistent application of equal opportunity and non-discriminatory employment practices across the Sony Group worldwide, based on the "Sony Group Code of Conduct."

Prohibition of Forced and Child Labor

Sony prohibits all forced labor undertaken by children or others made to work against their will, irrespective of the precise form it takes. Sony has also called on all its suppliers worldwide to adopt similar policies (see p.26).

Appreciation of Diversity

Sony does not permit discrimination on the basis of race, religion, color, national origin, age, sex, disability or other factor unrelated to the legitimate business interests of Sony Group. Sony promotes the employment of a broad range of people, with the greatest degree of emphasis placed on the skills and talent of the individual.

In particular, Sony is a keen proponent of making employment opportunities available for disabled people who want to work, so that they can better participate in society. In April 2002, Sony set up a special-purpose subsidiary*2, Sony Hikari Corporation, to provide employment opportunities for mentally challenged people desiring to enter the workforce. Sony Hikari is the second such firm devoted to this purpose, following the establishment of Sony Taiyo Corporation in 1978. Staffed by specially qualified instructors, these firms provide work challenges tailored to individual abilities. As of March 2003, disabled employees accounted for a total of 1.88% of the total workforce of Sony Corporation.

Gender-Neutral Employment

The gender composition of the Sony workforce has been a concern for some time. Improvements over the past decade or so in employment practices and changes in the rules governing issues such as maternity leave and shortened working hours are now translating into a gradual rise in the proportion of women working at managerial levels.

Composition of Sony Corp. Officers and Employees

	March 31, 2002		March 31, 2003	
	Male	Female	Male	Female
Officers	15	0	14	0
Management	4,468	75	4,683	109
Regular employees	8,536	4,011	8,611	3,756
Total	13,019	4,086	13,308	3,865

*1 The term "child" refers to a person younger than 15 years old (or 14 years old where a local law provides for a lower age) or the local legal minimum age for labor, if it is higher. This standard does not apply to work or service of performers or recording artists or that otherwise by its nature is reasonably necessary to be procured from a child, to the extent permitted by local law (for example, a child actor/actress).

*2 Employees working at subsidiaries specially created for the employment of disabled people may be counted as employees of the parent company for the purposes of calculating the proportion of the workforce that is disabled, provided the subsidiary meets certain conditions.

For Employees: Education and Training

Sony's education and training programs aim to develop the skills of employees working in different countries and areas of business. Besides Internet-based on-the-job training programs that aim to improve skills while working, Sony has also developed various unique programs designed to develop the next generation of company leaders.

Sony University: Developing the Next Generation of Leaders

Launched in November 2000, Sony University is an internal educational institution whose main focus is the identification and cultivation of future Sony Group business leaders. The university runs five different varieties of programs at which participants benefit from direct communication with members of Sony's top management, notably Chairman Idei and President Ando. The university also makes use of Internet-based programs, as well as research seminars designed to promote debate.



Sony University

Intranet-Based Education and Training Programs in Europe

Sony Europe is making use of an Intranet for personnel-related matters, called sonypeople.com. As of April 2003, this system had over 4,800 regular users. Besides a wide variety of information on internal rules and personnel matters, the sonypeople.com web site features various education and training programs. Through the site, users can easily access education programs designed for each country in Europe, key training personnel, and online learning programs available in different European languages through a special e-learning platform. In addition, to promote educational training and teamwork, the sonypeople.com site also contains the Sony Project Space, where employees may develop projects together online. Participation in these projects is open to all.

Learning Centers in the U.S.

Employees at Sony Electronics Inc. (the United States) can benefit from the Learning Center, a personnel development and training program based at three separate sites. Learning Center programs cater to a wide variety of needs, from training programs for new recruits to development programs designed for managers and specialist staff. These programs make use of different modes of learning, including online e-learning courses, off-site management training courses, and special strategic development programs for future leaders designed in conjunction with prominent universities.



Sony Electronics Inc.'s Learning Center

Personnel Development Initiatives

In February 2003, Sony EMCS Corporation (the electronics business segment's design, manufacturing and customer service platform) began running global leadership seminars designed to cultivate the next crop of leaders in its manufacturing businesses. Many key middle managers and potential leaders have participated in these seminars, which also provide a valuable opportunity for people to exchange views.

In China, the personnel system adopted at Sony Precision Devices Huizhou Co., Ltd. provides operators with the chance to boost their own career by providing access to a library and computer room where workers can sharpen their computing skills and gain knowledge for their personal enrichment.

For Employees: Occupational Health & Safety

Sony believes strongly in the importance of providing all who work at the company with a safe and healthy working environment. Sony adopted its Global Policy on Occupational Health & Safety (OH&S) in 1998. This sets OH&S reference standards for all Sony sites worldwide to guide management of this issue.

Sony Global Policy on Occupational Health & Safety

The aim of this policy is to bring an integrated global approach to an issue that previously had been handled differently by country and site. The policy designates the health and safety of employees as a critical aspect of business operations and stipulates two specific implementation principles: first, observance of applicable OH&S legislation is a minimum requirement, with actual activities expected to exceed this; second, OH&S management activities must be carried out at all Sony Group sites worldwide based on a Plan, Do, Check, Act (PDCA) cycle.

Application of OH&S Management Systems

Implementation of OH&S management systems (OHSMS) in accordance with the Global Policy on Occupational Health & Safety is overseen by one of the task force committees (OH&S and Environmental Risk Management) established under the Sony Environmental Conservation Committee*1. Sony has adopted the OHSMS used in Europe as its global standard for this type of management system. By the end of March 2003, a total of 45 Sony Group sites had received independent OHSMS certification.

OH&S Risk Management Guidelines

Sony has developed OH&S Risk Management Guidelines to standardize the OH&S management methods used at Sony Group sites worldwide. Based on the principles contained in the Sony Environmental Vision and the global OH&S policy, these guidelines provide general OH&S risk management methods designed to aid in the prevention of accidents, injuries or illness in the workplace. The guidelines are also used in OH&S audits at all Sony Group sites. They are therefore a particularly useful

Sony's Global Policy on Occupational Health and Safety

The policy applies to all organizations within the Sony Group companies and organization throughout the world.

<Philosophy>

Sony recognizes that occupational health and safety (OH&S) is an integral part of all business operations. Sony therefore secures a safe and healthy working environment for its employees.

<Policy Aims>

1. To observe all local OH&S-related laws, regulations and agreements, and to establish independent standards to improve management ability of OH&S to practice OH&S activities more than just what the laws require.
2. To establish and maintain an appropriate organizational structure that clearly defines responsibility for promoting OH&S activities in all Sony Group companies and organizations.
3. To perform an OH&S risk assessment to evaluate potential dangers and hazards with a proactive science based analysis in all areas of operation.
4. To respect the voice of employees with the recognition that their health and safety is ensured by good communication between employer and employee.
5. To conduct effective OH&S training to all Sony employees, and to exchange information with outside companies performing services on Sony locations in order to secure OH&S.
6. To undertake internal promotion and information activities to enhance safety awareness.
7. To undertake periodic OH&S audits and endeavor to improve the OH&S management system.
8. To participate in public OH&S activities of both government and the local community.
9. To develop and introduce new methods and technologies for protecting the OH&S of employees.
10. To invest relevant capital in enforcing this policy, and to undertake continuous improvement of the OH&S management system.

OH&S Risk Management Guidelines

Management Responsibility



OH&S Risk Management System

- OH&S Risk Assessment
- OH&S Risk Management
- Emergency Preparedness
- Education, Training and Competency
- Injury Investigations and Recurrence Prevention
- Audits and Monitoring

*1 Please refer to p.43.

tool in countries and regions where relevant legislation has not yet been put into place.

Specific Risk-Reduction Areas

The OH&S Risk Management Guidelines list specific areas, such as management of chemical substances, ergonomics, and the use of personal protective equipment, where risk management measures can help to prevent accidents and injuries from occurring during daily work activities.

Ergonomics, for example, involves the management of aspects of work and workplace environments in such a way as to reduce the risk of harm to employees (see right).

The guidelines apply to all Sony Group companies around the world and are designed to lower the risks associated with individual daily work activities.

Lower Incident Rate in Injury Statistics

The establishment of OH&S guidelines and management systems has resulted in an incident rate for workplace injuries that is low relative to other Japanese companies. Regrettably, however, there were two fatal accidents during the year ended March 31, 2003, one at Sony Music Entertainment (USA), and the other at Sony DADC (Austria AG). Risk-reduction measures continue to be implemented to ensure that these kinds of accidents do not recur.

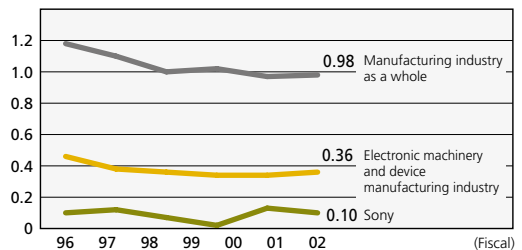
OH&S Risk Management Guidelines

1. Management of hazardous substances, radiation, noise and vibration.
2. Machine safety
3. Ergonomics
4. Housekeeping
5. Personal Protective Equipment (PPE)
6. Control of hazardous energy
7. Forklift safety

Ergonomic Risk Factors

- Awkward working postures
- Tasks requiring excessive use of force
- Repetitive tasks
- Stress caused by machine proximity
- Vibration in arms and hands
- Handling stationary heavy objects
- Extremes of heat or cold

Workplace Injury Statistics for Japan



The rate of incidence indicates the frequency of injuries sustained for every 1 million hours of actual labor.
 Rate of incidence = number of cases of injuries requiring more than four days of missed work / actual number of hours worked X 1,000,000

OH&S Award for Sony Group Company in Thailand

In May 2002, Sony Semiconductor (Thailand) Co., Ltd. (SCT) received an award from the prime minister of Thailand in recognition of the excellence of the OHSMS developed and implemented at the company. This award is presented to companies that have made outstanding achievements in the fields of environmental protection, product quality and OH&S. The employees of SCT played an important proactive role in maintaining workplace safety, while local managers organized related meetings and participated in audits. SCT also worked to raise awareness of health and safety issues outside work.



Presentation of award to Sony Semiconductor (Thailand) by Prime Minister Thaksin Shinawatra

Management of Supplier Relationships

Creating greater value in the products and services that Sony provides to customers is not just a matter of increased efforts by Sony. Suppliers also play an invaluable role in achieving this goal, even in the environmental and social aspects of the process. Besides improvements in product quality, Sony requires all its suppliers to be serious about the reduction of environmental impact and the observance of related laws and regulations.

Sony Procurement Policy

Sony expects its suppliers to have high technical capabilities and a sound financial base, and to introduce environmental management systems. In particular, Sony requires that its suppliers observe all relevant laws, as well as rules and standards stipulated by Sony. If a supplier were found to be in violation of either labor laws (such as those governing child or forced labor) or environmental legislation, Sony would demand that improvements be made at once. Sony would be prepared to cease trading with a particular supplier if such improvements proved insufficient or were not forthcoming.

The specifics of Sony's procurement policy in terms of required supplier capabilities are summed up as "eQCDSE" where:

- e** = e-commerce capability
- Q** = ability to continuously supply items that consistently meet quality standards
- C** = ability to supply cost-competitive items
- D** = ability to deliver items on time and in the required quantities
- S** = ability to meet expectations for the provision of a broad range of services
- E** = ability to undertake initiatives that reduce the environmental impact of items



The eQCDSE total is then evaluated in terms of future value. Emphasis is thus not merely placed on past performance and current results, but on management policies and activities that underscore future competitive strength.

Support for Compliance Measures

Sony has established a number of systems designed to support compliance measures undertaken by suppliers and to share necessary information. One example of this in the year ended March 2003 was a new eco-procurement initiative (see p.51 for details on the Green Partner Environmental Quality Approval Program). Sony also organizes a number of regular events to deepen ties with suppliers and to share information: examples include conferences, the Green Partners Environmental exhibition, and an annual parts and technology exhibit.



Poster from an event featuring environmental exhibits by suppliers

Fair and Transparent Business Practices in Purchasing

Sony makes great efforts to treat its suppliers fairly and equally in accordance with all applicable laws and regulations. In Sony Corporation, personnel engaged in purchasing are forbidden from developing any personal relationships with suppliers and business partners that could lead to a potential conflict of interest. In Sony Corporation, such personnel receive training to ensure that it can maintain fair and transparent business practices in its purchasing transactions.

For the Community: Corporate Citizenship

Ever since its establishment Sony has been involved in educational programs and other activities that support the growth of the next generation. Amid a growing emphasis on the importance of the links between companies and society, Sony aims to build better relationships with communities as a good corporate citizen.

Corporate Citizenship Activities

In the Founding Prospectus, Sony founders Masaru Ibuka and Akio Morita described the enhancement of scientific literacy among the Japanese people as one of the missions of the new company. Their passion for promoting science education reflected their belief that this kind of educational focus was a critical part of rebuilding Japanese society in the aftermath of World War II. Sony established a science education program to support education for excellence in science in elementary and junior high schools in 1959. Today, the Sony Foundation for Education, established in 1972, carries on this work. During his lifetime, Mr. Morita was always a keen advocate of the importance of maintaining a global perspective and the promotion of better international relations. Under his leadership, Sony instituted various international exchange programs, including Sony Student Project Abroad (SSPA), a decade-long program that invited high school students from the USA to Japan. Continuing these traditions, Sony's current honorary chairman, Norio Ohga, is closely involved with Sony Music Foundation activities.

Through these and other activities, Sony is supporting the growth of the next generation as a good corporate citizen.

Promotion of Local Community Initiatives

The Sony Group has operations located all around the world. Sony community initiatives take place in many different parts of the world, and are therefore highly varied in terms of focus and activity, depending on the social, cultural and historical context. Sony embraces such diversity and encourages activities closely tailored to the particular needs of local communities. In addition, Sony has instituted internal programs such as the Matching



Masaru Ibuka (left) pictured at the inaugural gift-giving ceremony sponsored by the Sony Science Education Promotion Program.



Akio Morita (second from right) pictured with a group of SSPA participants.



Norio Ohga, at the International Oboe Competition

Gift Program*¹ to encourage employee participation in local community activities by employees.

Social Contribution Activities and Systems

Senior management determines the basic policies relating to Sony's social contribution activities. Reports on these activities from around the world are compiled and reported to management to inform these discussions.

The emphasis of these activities is on fostering closer relationships between Sony operations around the world and local communities by making good use of Sony's resources, such as technology and knowledge. Activities range from support for science, culture and the arts to participation by employees in local community projects. One program of particular note is SOMEONE NEEDS YOU (or Sony for short)*², which aims to promote voluntary participation by employees in projects globally.

*¹ Under this system, Sony makes matching contributions to non-profit organizations and charities to which employees have made donations.

*² Please refer to pp.30-31 for details.

For the Community: Fostering the Future

Sony undertakes numerous activities around the world that help to foster the growth of the future generation in many different communities. Among these are programs designed to inspire an interest in science among children; programs that enable youth to develop their potential; and programs that support youth in developing specialized skills.

Science Education Programs

Product Disassembly Workshops (Japan)

There is an anecdote that, as a child, founder Masaru Ibuka took apart relatives' watches to see if he could put them together again, much to the owners' chagrin. In a similar spirit, since 2001, Sony has organized product disassembly workshops for parents and their children. Held in the Setagaya area of Tokyo, these workshops aim to build on the fun involved in such activities to cultivate within children an interest in the art of making things, and to allow them to meet professionals involved in the creation of the products. Sony provides products used at the workshop and engineers volunteer at the workshops to help the children take apart products supplied by the company.



Parents and children take apart products at this Sony workshop, aided by volunteer employees.

Sony Creative Science Award (Singapore)

Since 1998, Sony in Singapore has been organizing competitions for elementary school children to design toys based on scientific principles. These contests, which aim to foster creativity in children, attract close to 2,000 entries annually. Winners of the latest competition visited China as part of a special exchange program with Sony ExploraScience (Beijing).

Sony also organizes scientific education programs in other parts of Asia, including China, South Korea and Malaysia.

Sony Foundation for Education (Japan)

The Sony Foundation for Education works to foster creative and enquiring minds through science, aiming to promote education as a positive force for changing the

world and inspiring people with a new spirit of challenge. The foundation supports a number of educational programs. These target different groups: elementary and junior high school children (The Sony Science Education Program for Children); those who teach science to children (The Sony Science Teachers Association); and children between the ages of 3 and 5 (The Sony Preschool Education Program). In addition, the Early Development Activity Center organizes activities designed to strengthen the bonds between parents and children.



This sponsored school project teaches children about the creatures living in rivers.

URL <http://www.sony-ef.or.jp/>

Youth Development Programs

Sony Marketing Student Volunteer Fund (Japan)

Established by Sony Marketing (Japan) Inc. in 2001, this fund aims to cultivate leadership in university students through voluntary participation in community activities. In 2002, the program attracted applications from over 100 student groups around Japan, and 20 groups won the funds for their activity. Each group submits a report and shares its experiences with other student groups at the share meeting at the end of the program.

Sony Australia Foundation (Australia)

Sony Australia Foundation was established as a non-profit charitable organization in 1991 to support youth education and development programs. Its activities include programs for young people with terminal illnesses, as well as scholarship programs across six fields

(including science and technology, music and economics) that target high school students. In the year ended March 2003, the foundation organized a camp for young people to experience moviemaking, at which a number of Sony employees helped as volunteers.

URL <http://www.sonyfoundation.org.au/>

Star Class Scholarship Program (USA)

Sony Electronics has been supporting this university scholarship program for high school students in the United States every year since 1991. These scholarships are awarded to four students each year based on a combination of good academic performance during the final two high school years and voluntary community activities.

Sony also awards university scholarships in other countries, including China (for science and technical subjects) and Canada (Sony of Canada Science Scholarship Foundation).

Sony Music Foundation (Japan)

Established in 1984, the Sony Music Foundation promotes international exchanges, supports up-and-coming artists, and organizes concerts, competitions and other activities to promote classical music, opera and dance in Japan. For example, the foundation sponsors nationwide exchange programs and competitions for the benefit of amateur college orchestras, and organizes special concerts for children.

URL <http://www.smf.or.jp/>

Local Community Programs

Employee Involvement in Local Communities (USA)

Healthy robust communities create opportunities that allow their residents to live deeper, richer lives. In the United States, Sony Corporation of America and all of its operating companies support a wide variety of programs that enhance the quality of life in local communities.

In 1992, Sony Electronics established the Community Involvement Award (CIA) to recognize contributions made by employees to local community organizations. Each year,

five employees are chosen to receive this award by an independent external panel of judges based on the number of hours they volunteer to an organization, their position in the organization, and the number of years they have worked within that organization. The organizations with which these award recipients are involved also receive a donation from Sony Electronics.

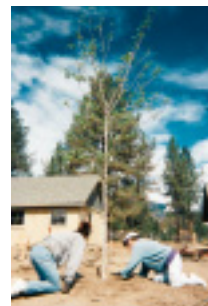
Employees from Sony Music Entertainment regularly donate their time to a non-profit organizations' mentoring program. For the past six years Sony Music employees have participated in this educational, vocational and cultural activity program, which runs during the school year, and



Sony employees take part in volunteer community activities.

creates one-to-one relationships by matching employee volunteers with youth aged 12 through 15 from a local school or community center.

In 1993, in conjunction with a non-profit organization based in Los Angeles, Sony Pictures Entertainment Inc. established the Sony Pictures Urban Green Fund to support tree-planting programs in southern California. Since 1993, company employees have participated in more than 25 major tree plantings in the region.



Sony employees involved in tree-planting activities.

Emergency Humanitarian Assistance

Supporting Measures to Combat SARS

Asia has been especially hard hit by the global outbreak of severe acute respiratory syndrome, or SARS. Sony has provided medicines and other material assistance to China, Hong Kong and Taiwan, the regions most affected by the disease, in addition to monetary donations and other forms of support.

For the Community: The SOMEONE NEEDS YOU Program



The SOMEONE NEEDS YOU program is a global volunteer program for Sony employees and includes a wide variety of voluntary activities designed to enrich the relationships of Sony companies with local communities in many countries. In the year ended March 2003, approximately 11,000 Sony employees participated in activities in 22 countries around the world.

Berlin, Germany

Sony employees visited a clinic for disabled children in northern Berlin. The employees did serious gardening and painting to repair the playground at the clinic. They also organized a workshop for the children that featured digital cameras, AIBO and music.



Visit to clinic for disabled children



Tree planting

Beijing, China

Tree-planting programs have become more prevalent in Beijing in recent years to combat encroaching desertification. A total of 111 Sony employees participated in various related programs. In addition, local clean-up programs were organized in various parts of China.

Bangkok, Thailand

Around 200 employees visited a care institution for the elderly on the outskirts of Bangkok. Besides enjoying singing, dancing and other recreational activities with the residents, the employees donated gifts, including clothes, medicine and stationery.



Visit to care institution for the elderly

URL

For other examples from the SOMEONE NEEDS YOU program, visit the website at <http://www.sony.net/eco/book/>

Sendai, Japan

A group of around 300 people, including Sony employees and their friends and family, helped to clean up beaches and stretches of seashore while also completing a survey about the status of litter found at these sites. This formed part of an international campaign organized by an American environmental protection group to survey the global status of trash left in public areas, while also trying to combat this problem.



International beach clean-up activities



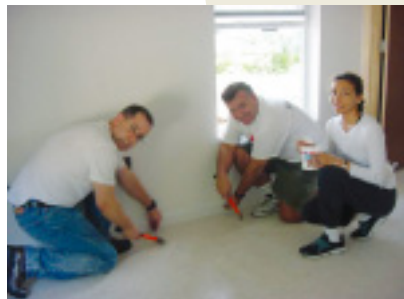
Park facilities maintenance

New York, USA

A total of 130 employees in partnership with a local organization undertook environmental facility maintenance work in Central Park. As well as repainting benches and fences, teams of employees planted flowers and shrubs.

Miami, USA

A total of 21 Sony employees participated in the project organized by a non-profit organization. The aim of the project was to build affordable housing for low-income families. Sony employees took part with other volunteers and the families in the construction process.



Construction of housing for low-income families