A Creative Entertainment Company with a Solid Foundation of Technology

By creating greater value under the corporate direction of “getting closer to people” as a creative entertainment company with a solid foundation of technology, Sony is enhancing its corporate value and contributing to a sustainable society.
Sony’s Purpose & Values

Purpose

Fill the world with emotion, through the power of creativity and technology.

Values

Dreams & Curiosity
Pioneer the future with dreams and curiosity.

Diversity
Pursue the creation of the very best by harnessing diversity and varying viewpoints.

Integrity & Sincerity
Earn the trust for the Sony brand through ethical and responsible conduct.

Sustainability
Fulfill our stakeholder responsibilities through disciplined business practices.
Getting Closer to People and Filling the World with Emotion

Sony is a “creative entertainment company with a solid foundation of technology.”

As COVID-19 substantially changes the state of our society and the way people live, the approximately 110,000 worldwide employees of the Sony Group are committed to driving our businesses forward and our social mission of delivering Kando (emotion) to people, while keeping in mind Sony’s Purpose & Values and the Group’s shared management direction of “getting closer to people.” Going forward, we will continue to manage Sony with a long-term view, and create value through our diverse businesses and operations.

Kenichiro Yoshida
Representative Corporate Executive Officer, Chairman, President and CEO
The Social Meaning of Sony’s Existence

To create new and sustained value over the long-term, it is extremely important for Sony employees worldwide to share the same answer to the question: “for what purpose does Sony exist, and where is it heading?” Sony was born from our founders’ dream of enriching people’s lives through the power of technology, and this goal is the very origin of our Purpose: “to fill the world with emotion, through the power of creativity and technology.”

Business Portfolio Centered on “People”

Sony’s business portfolio, which is run under the management direction of “getting closer to people,” can be divided into three categories centered on people.

- Businesses that move people’s hearts: our content and direct to consumer (DTC) businesses work with creators to bring to life emotionally impactful content and deliver it to users.
- Businesses that connect people to people: our branded hardware businesses provide equipment and solutions that are essential for creators to produce emotionally impactful content for users to enjoy. Our CMOS image sensor business produces key devices for smartphones used by people around the world to capture and share their emotions.
- Businesses that support people: our automotive sensors provide value to people in the form of safety, our medical equipment provides value to people in the form of health, and our financial services provide value to people in the form of assurance. All of these leverage our technology and are long-term growth areas for Sony.

While Sony’s business portfolio is diverse, it has the commonality of being centered on people. We believe our diversity contributes to the stability of the company and, going forward, we will also continue to strengthen our management of the Group to make diversity an even greater advantage. We will also continue to review the composition of our portfolio as a regular management practice with people always remaining at our core.

Sony seeks to create value over the long-term by building on the strength of our technology and the diversity of our employees, which permeate all our Group’s businesses.

Structural Reform to Strengthen Group Management

In May 2020, we announced two initiatives to reinforce management of the Group, both of which aim to promote the evolution of each business and solidify our diverse business portfolio as an advantage.

First, in April 2021, we will change the name of Sony Corporation and create a new group headquarters, Sony Group Corporation. We will clearly separate and redefine the functions of the existing Sony Corporation, which currently has a
Message from the CEO

Value Creation Model

Management Direction

Creators

Getting closer to people

Users

Purpose

Fill the world with emotion, through the power of creativity and technology

Diverse Business Portfolio

Content Business

Branded Hardware CMOS Image Sensor

Direct to Consumer Services

Move People’s Hearts

Connect People to People

Move People’s Hearts

Automotive Sensing

Medical Equipment

Financial Services

Support People

Foundation for Creating Value

Technology

Employees
Because Financial Services, like Electronics and Entertainment, is a core business of Sony, we have increased our ownership ratio of it several times in recent years. We made this decision to acquire the stake not owned by Sony because we believe that, rather than maintaining an independent source of capital in the form of a listed subsidiary, which brings with it certain restrictions, it is better to prioritize swift and nimble decision-making and increase management optionality in order to pursue strategies tailored to each business and synergies across the Sony Group. As the world grapples with the COVID-19 pandemic and geopolitical risks for global companies increase, we believe there is merit in fully owning this business with firm foundations in Japan, because it can contribute to the stability of Group management.

Current Status and Direction of Each Business Segment

In the fiscal year ended March 31, 2019 we began the mixture of Group headquarters and electronics business headquarters functions, and instead Sony Group Corporation will only focus on Group headquarters functions moving forward. The main missions of Sony Group Corporation will be to 1) manage the business portfolio and allocate capital strategically, 2) create value through Group synergies and business incubation, and 3) invest in the talent and technology that form the foundations of innovation. These missions aim to increase the value of the entire Group over the long-term. We also plan to introduce a system for personnel exchange among the businesses and Group headquarters, under the Group management team comprised of leaders from the respective business units. When Sony Group Corporation launches, the Sony Corporation name will be inherited by the electronics business, the original business of the Sony Group.

The second initiative to strengthen Group management is the consolidation of Sony Financial Holdings, the holding company of Sony’s financial services businesses, as a wholly-owned subsidiary. Because Financial Services, like Electronics and Entertainment, is a core business of Sony, we have increased our ownership ratio of it several times in recent years. We made this decision to acquire the stake not owned by Sony because we believe that, rather than maintaining an independent source of capital in the form of a listed subsidiary, which brings with it certain restrictions, it is better to prioritize swift and nimble decision-making and increase management optionality in order to pursue strategies tailored to each business and synergies across the Sony Group. As the world grapples with the COVID-19 pandemic and geopolitical risks for global companies increase, we believe there is merit in fully owning this business with firm foundations in Japan, because it can contribute to the stability of Group management.

In the Game & Network Services segment, demand for digital entertainment has increased globally as people have stayed at home. As of the end of June of this year, the total number of PlayStation®Plus (PS Plus) subscribers reached 45.0 million. It is important for us to maintain and expand this increased engagement going forward. At the same time, we aim to further revolutionize the game experience for users by launching the PlayStation®5 (PS5™), scheduled for the 2020 holiday season, not only with higher resolution but higher data-processing speeds, three-dimensional audio support and a new controller that advances the players’ sensory experience. With the third mid-range plan with the theme of “generating sustainable social value and maintain a high level of profit.” As consumer behavior, people’s values and social norms change due to the pandemic, adjustments will have to be made to the plan, but the basic long-term policy we announced in 2018 will not change.

The current status and direction of each business segment are as follows.

In the Game & Network Services segment, demand for digital entertainment has increased globally as people have stayed at home. As of the end of June of this year, the total number of PlayStation®Plus (PS Plus) subscribers reached 45.0 million. It is important for us to maintain and expand this increased engagement going forward. At the same time, we aim to further revolutionize the game experience for users by launching the PlayStation®5 (PS5™), scheduled for the 2020 holiday season, not only with higher resolution but higher data-processing speeds, three-dimensional audio support and a new controller that advances the players’ sensory experience.
Message from the CEO

PlayStation®Platform, we want to provide users with both an immersive game experience through the console and the benefit offered by cloud gaming of seamless gaming experiences that can be enjoyed anytime and anywhere.

The Music segment is expected to grow steadily due to the strengthening of the music-publishing business through the acquisition of EMI Music Publishing and the growth of the streaming market. At the same time, competition for artists and catalogs is becoming more intense. In the global music business, under the Sony Music Group, which was established in August 2019, the label and publishing teams are working together to support artists in all aspects of their work. In the Japanese music business, which has created hits in diverse areas of IP like music, anime and character merchandising, artist management and support are areas for augmentation.

In the Pictures segment, demand for content is increasing due to the growth of DTC services and we are investing in the development of owned IP and enhanced creative capacity so we can continue to produce superb video entertainment across diverse genres. More specifically, we have been making films using the Sony Pictures Universe of Marvel Characters, a particularly successful endeavor the last few years. In addition, we have been developing movies and television shows based on IP from PlayStation® games, and reactivating IP we already own, such as Jumanji and Bad Boys.

Anime, which spans our Game, Music and Pictures segments, will be an area of increasing focus as the embodiment of One Sony. We aim to deliver Japanese anime to fans all over the world through our proprietary anime DTC services, such as Funimation. Since anime and games share a high affinity among customers, we will enhance collaboration between them. As for digital entertainment in China, where growth is expected, we will strive to strengthen a wide range of relationships with local partners, such as our capital investment in and business alliance with Bilibili Inc.

In the Electronics Products & Solutions segment, we will continue to offer products and services that deliver Reality and Real-time excitement through sound, video and communication technologies while satisfying the increasing need for solutions that connect people to people and people to things remotely. Here we believe we can expand into new areas, such as remote solutions for recording, relaying and editing content, all of which will enable the delivery of live music remotely. In the medical business, we will strive to contribute to people’s health over the long term by leveraging the imaging, display and mechatronics technologies we have cultivated over many years. Since the pandemic has had a major impact on product demand and supply chains, we will work to enhance our competitiveness in response to these changes.

In the Imaging & Sensing Solutions segment, there is no change to our goal of maintaining our global number one position in imaging and gaining the global number one position in sensing. We are responding to the demand for mobile sensing solutions that “connect people to people” with...
technology like ToF sensors that are increasingly being adopted in smartphones, and we are working on automotive sensing solutions that contribute to safety and therefore “support people” and are expected to grow over the long term. We believe that Sony’s image sensors, which take advantage of our world-leading stacked technology, will be key devices in the artificial intelligence (AI) era, and we are working to develop a broad range of AI sensing solutions that leverage our pioneering AI-ready intelligent vision sensor.

In the Financial Services segment, under the new management team at Sony Financial Holdings (SFH), we are undertaking a range of initiatives, including further enhancing the value of the Lifeplanner sales employees who constitute the core value of the life insurance business. We are also pursuing additional inter-Group synergies through the utilization of Sony technology, for example, through the joint data analysis between SFH and the Sony Computer Science Laboratories, and the launch of new auto-insurance products that leverage AI.

As AI can empower many businesses at Sony, we established Sony AI, a subsidiary comprised of world-class AI researchers and engineers. In addition to promoting AI technology in fields where Sony leads, like game and imaging and sensing, we are also exploring entirely new fields as well.

**Contributing to People, Society and the Planet**

Sony’s social mission is to create and deliver Kando. For people to be connected through emotion, it is necessary for people, society and the planet to be healthy. Based on this understanding, we will work with all our stakeholders to continue implementing measures across all our businesses to protect and contribute to the well-being of the natural environment and fundamental human rights. The VISION-S car concept we announced at CES in January 2020 is one such example. We believe we can contribute to the environment by improving vehicle safety through the application of our image sensor technology, which is one of the ways we “support people.” Over the long-term, we think we can further contribute to the environment by promoting megatrends such as the shift to electric vehicles, cars as a service and vehicle-to-power grid connectivity.

In response to the global impact of the COVID-19 pandemic, Sony introduced a 100 million USD Global Relief Fund in April 2020 to help support people in the medical, education and creative communities. In addition to donations to international organizations and NGOs to support frontline healthcare personnel and others working to address the pandemic, Sony has taken action in the healthcare field, through our collaboration with M3 as well as the production and donation of face shields. We are also engaged in and will continue efforts to provide educational programming kits to children while supporting artists and game developers facing difficulties.

As stated before, Sony is committed to respecting human rights and diversity. One of Sony’s most important codes of conduct is to treat all people
with respect and dignity, and we have built a corporate culture which finds strength in the diversity of our businesses and our employees. These common values of the Group led to the June 2020 establishment of a 100 million USD Global Social Justice Fund by Sony Music Group, which was also supported by Sony Pictures Entertainment and other Group companies. Through this fund, we will support initiatives that promote social justice and human rights.

Through all our business operations and social support programs, please count on Sony to continue contributing to people, society and the planet as we create value over the long term.

Representative Corporate Executive Officer, Chairman, President and CEO
Recent Initiatives

VISION-S
At CES 2020 in January, Sony announced the VISION-S car concept as an initiative that pursues safety, entertainment and adaptability within the automotive space, and exhibited a prototype at the Sony booth. Designed to provide a higher level of driver assistance, the VISION-S is equipped with 33 different sensors, including Sony’s automotive CMOS image sensors and ToF sensors. Its entertainment system features an immersive, three-dimensional sound space using 360 Reality Audio from speakers built into each seat.

Sony AI
Sony AI (Sony AI Inc.) was established with the mission to “unleash human imagination and creativity with AI.” Sony AI works to accelerate AI related research and development; and contribute to evolving, as well as giving rise to new businesses by combining Sony’s unique technical assets with AI, especially in the realm of imaging and sensing, robotics and entertainment. Sony AI currently is pursuing three flagship projects in Gaming, Imaging and Sensing, and Gastronomy.

https://ai.sony/
Environmental Contribution

Recognizing that the health of people, society and the global environment is a precondition for the success of all its businesses, Sony has committed to a broad range of initiatives to help preserve the health of the environment. For example, under the long-term “Road to Zero” plan to reduce our environmental footprint to zero, Sony is taking part in a number of initiatives such as addressing ocean plastics pollution and introducing renewable energy. We are also developing new sustainable materials and sensors that reduce energy demand, as well as working on evolving mobility technology.

Global Funds for Social Support

In April 2020, Sony launched the 100 million USD “Sony Global Relief Fund for COVID-19” to assist people impacted by COVID-19 worldwide, particularly in the three areas of medical, education and the creative community. In June 2020, under the leadership of the Sony Music Group, Sony also established the 100 million USD Global Social Justice Fund. Through this fund, Sony Group companies will collaborate to support initiatives promoting social justice and human rights.
A History of Creating Value through Diversity of Businesses

From the Dream of Sony’s Founders

In 1946, Masaru Ibuka, Akio Morita and more than twenty others established the Tokyo Telecommunications Engineering Corporation, the predecessor of Sony, hoping to use their technologies to contribute to society. The company began with radio repair and went on to develop and sell products for the mass market. The company was set up to “establish an ideal factory that stresses a spirit of freedom and open-mindedness that will, through technology, contribute to Japanese culture.” In 1958, the company changed its name to Sony, as it is known today. Masaru Ibuka and Akio Morita chose a name worthy of more than just an electronics manufacturer, reflecting their ambition to take on challenges in new fields beyond electronic products and become a corporate group with a global presence.

Through its strengths in technology and employee diversity, Sony has introduced a broad range of electronics products that generate Kando (emotional) experiences. In 2006, it acquired from Konica-Minolta Holdings, Inc. its operations related to digital single-lens reflex (DSLR) cameras. Building on its own technologies and devices, with the α™ (Alpha™) brand, Sony now leads the full-frame interchangeable-lens camera market. In 2013, it established Sony Olympus Medical Solutions Inc., as a medical business joint venture with Olympus Corp. Combining cutting-edge Sony electronics technologies with Olympus’ manufacturing and R&D expertise, it aims to make major contributions to medical advancement worldwide.

The Imaging & Sensing Solutions business dates back to 1955, when Sony developed Japan’s first transistor. In the 1970s it began developing CCDs, and in 1979 introduced the ICX008, a 120,000-pixel CCD image sensor. It continued development of differentiation technologies, and in 2000 introduced the IMX001 CMOS image sensor. Drawing upon the technologies it has cultivated through developing processors for gaming, as well as its comprehensive technological strength from design and development through production, Sony currently enjoys the leading position in imaging applications for the global CMOS image-sensor market in terms of revenue. Its focus has extended to the realm of sensing applications as well.

Sony entered the content industry in 1968 with the founding of CBS/Sony Records (now Sony Music Entertainment (Japan), or SMEJ), as a joint venture with the American firm CBS. In 1988, Sony took over CBS Records and has since been operating globally in the music market. It went on to expand music production through a joint venture with the Bertelsmann Group and investment in various record labels. In music publishing, Sony made EMI Music Publishing a wholly-owned subsidiary in 2018, and occupies the world’s top position in the industry.
In 1979, Sony established Sony Prudential Life Insurance, now Sony Life Insurance (②), as a joint venture with The Prudential Insurance Company of America. With its Lifeplanner system it established a revolutionary consulting-based life insurance product design. Sony also entered the non-life insurance industry in 1998 and banking in 2001, pursuing a growth path as a financial group catering to each customer with high-value-added products and services.

In 1989, Sony acquired US-based Columbia Pictures Entertainment, Inc., now Sony Pictures Entertainment (SPE), and entered into the film and television industry (⑤). This was followed by the founding of subsidiaries Sony Pictures Imageworks, Sony Pictures Animation, Sony Pictures Worldwide Acquisitions and TriStar Productions, among others, and reviving the Screen Gems brand for film in 1998. SPE has established a unique position as an independent film studio with three core business sectors including film production and distribution, television program production and distribution, and media network operations.

In 1993, Sony established Sony Computer Entertainment (now Sony Interactive Entertainment) as a joint venture with Sony Music Entertainment (Japan) (⑥). The next year it introduced the PlayStation home video game console in Japan, and in 2006 began operating the PlayStation™Network (PSN) (⑨). Today PlayStation is a world-leading entertainment platform, having achieved 112.1 million PlayStation®4 (PS4™) units sold globally and more than 113 million monthly active PSN users.³

2. As of June 30, 2020
3. As of June, 2020. Estimated active users based on SIE research

Note: Sales compositions exclude sales within All Other/Corporate and elimination.
Sony manages diverse businesses with the aim of sustainably creating value with people at the core, thereby serving our Purpose to “fill the world with emotion, through the power of creativity and technology,” under our corporate direction of “getting closer to people.” In pursuing our Purpose, Sony’s value creation through our businesses can be roughly divided into categories based on three perspectives: users, creators, and the society in which people live.

**Value Creation**

**Purpose**

Fill the world with emotion, through the power of creativity and technology.

1. Enriching people’s hearts through the delivery of emotional experiences
2. Helping creators realize their dreams
3. Contributing to society through the delivery of safety, health and reliability

In addition to generating content that moves people’s hearts, Sony’s content businesses, including the Games, Music and Pictures segments, and our direct to consumer (DTC) businesses, create communities where users can gather together and share creative experiences. Sony’s electronics businesses pursue technologies that offer “Reality,” “Real-time” and “Remote” to develop and provide environments for enjoying high-quality content and communication in order for people to be connected through emotion. The CMOS image-sensor business provides key devices for smartphones used by people around the world to share emotions.
2 Helping creators realize their dreams

Sony crafts environments where creators can fully express their creativity and fulfill their potential by providing platforms, technologies and expertise, in addition to discovering, nurturing, and producing creators, and supporting Sony artists from all directions. Sony delivers the resulting content to move people’s hearts around the world across a variety of domains, including Games, Music and Pictures. Sony continues to contribute to maximizing the value of creators’ time through its electronic products, technologies and services that enable creators to express their vision, as well as providing remote solutions for content production and live events.

3 Contributing to society through the delivery of safety, health and reliability

Sony helps to create a society in which people can enjoy daily lives filled with emotion through its businesses that support people with safety, health and reliability. Sony aims to contribute to automobile safety and a better future for mobility with its CMOS image sensors and automotive-sensor technologies, while Sony’s medical business aims to contribute to public health through applications in the fields of imaging, display and mechatronics technologies that we have cultivated over many years. In the financial services business, Sony focuses on providing customers with a sense of safety and assurance through pertinent advice, products and services that leverage a variety of information sources, while improving access to our services and promoting innovation for greater convenience in daily life.
**Business Profiles**

**Operating Cash Flow (excluding Financial Services)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2018 (left)</th>
<th>FY2019 (right)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game &amp; Network Services</td>
<td>334.5</td>
<td>308.9</td>
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<tr>
<td>Music</td>
<td>180.5</td>
<td>196.1</td>
</tr>
<tr>
<td>Pictures</td>
<td>58.8</td>
<td>123.8</td>
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<tr>
<td>Electronics Products &amp; Solutions</td>
<td>50.1</td>
<td>153.8</td>
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<tr>
<td>Imaging &amp; Sensing Solutions</td>
<td></td>
<td>141.5</td>
</tr>
</tbody>
</table>

**Investing Cash Flow (excluding Financial Services)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2018 (left)</th>
<th>FY2019 (right)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game &amp; Network Services</td>
<td>(37.0)</td>
<td>(108.9)</td>
</tr>
<tr>
<td>Music</td>
<td>(73.2)</td>
<td>(234.1)</td>
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<tr>
<td>Pictures</td>
<td>(18.8)</td>
<td>(234.1)</td>
</tr>
<tr>
<td>Electronics Products &amp; Solutions</td>
<td>(40.5)</td>
<td>(64.3)</td>
</tr>
<tr>
<td>Imaging &amp; Sensing Solutions</td>
<td></td>
<td>(132.5)</td>
</tr>
</tbody>
</table>

Note: These disclosures are non-GAAP financial measures, but Sony believes that they may be useful to investors. For more details, please refer to the “FY2019 Cash Flow (CF) by Segment (Sony without Financial Services)” in the consolidated financial results presentation for the fiscal year ended March 31, 2020.

**Game & Network Services (G&NS)**

**Revenue Sources**

G&NS is distinguished by stable recurring revenue streams, including sales of first-party titles, licensing royalties from third-party game software sales companies, and network revenues derived from PSN, which account for the growing shares of the total G&NS revenue. Additionally, earnings volatility, driven by the console cycle, has been decreasing in response to efforts to reduce the cyclical variability of expenses.

**Investment Policies**

G&NS limits fluctuations in its assets within a certain range by outsourcing most hardware production and expensing many new-console development costs. It invests in M&A, mainly involving game software developers, and in R&D to strengthen content IP.

**Music**

**Revenue Sources**

Recorded music is a relatively capital-efficient business as revenues from digital distribution and sales of physical media are shared with artists and other partners. Sony has a vast music catalog amassed through major music publishing acquisitions. Although the Music segment has a low ROIC (return on invested capital), it is structured with a view toward earning stable revenues in the form of royalties, for example, and generating stable cash flows over the long term.

**Investment Policies**

The Music segment is actively engaged in discovering and developing talent. It also seeks opportunities to expand its catalog through acquisitions. In the fiscal year ended March 31, 2019, its invested capital increased substantially as a result of the acquisition of EMI Music Publishing. Music catalog assets are highly liquid, reflecting how the music catalog is an aggregation of previously fragmented content.

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2. Investments also include non-capital assets.
3. Sales to external customers
Revenue Sources

Motion pictures generate near to long-term revenue from digital distribution and television licensing in addition to box office revenue. Stable revenue can also be expected from the television production and media networks businesses, the former from its many popular television series and the latter from both subscription fees and advertising.

Investment Policies

Because content production and acquisition costs are capitalized as deferred motion picture production expenses and recovered over lengthy timeframes, the Pictures segment has more invested capital than it otherwise would. It invests in mid-sized acquisitions of, for example, movie and television production companies.

Revenue Sources

Electronic Products & Solutions (EP&S)

EP&S pursues a high-value-added strategy that places priority on profitability over sales volume. It focuses on stringently controlling costs through such means as integration of development, production, logistics and sales operations among Group companies, in addition to restructuring initiatives that extend to inventory management as well as cost structure.

Investment Policies

R&D investment is focused on differentiated technologies and high-value-added products in the AV space. Capital expenditures mainly consist of ordinary investments that generally do not exceed depreciation. No major expenditures are planned at present.

Revenue Sources

Imaging & Sensing Solutions (I&SS)

I&SS’s core product is image sensors. I&SS is on a solid growth trajectory underpinned by its technological prowess in CMOS image sensors and large market share. In addition to mobile applications, it plans to branch into new applications, including automotive and factory automation.

Investment Policies

Unlike semiconductor makers that must frequently upgrade production lines, the image sensor business is distinguished by capital expenditure requirements that are usually relatively low. It can differentiate products by improving their performance or adding new functionality without having to retool. It is currently investing heavily in R&D and capital expenditure to meet anticipated strong demand and develop software and new products with AI processing capabilities.

Revenue Sources

Financial Services

Sony Life earns stable revenue from a unique business model of providing life insurance tailored to customers’ individual life plans through in-depth consultations. Sony Assurance earns revenue from direct sales of a variety of insurance products, mainly automobile insurance, to individual consumers. Sony Bank offers mortgage loans and foreign-currency deposits to consumers via online services.

Investment Policies

While focusing on remaining operationally sound as a financial institution, Sony Financial Group is developing products and services that incorporate technology and respond to social or environmental changes across all its businesses. It also seeks to add more value through the Lifeplanner channel in which Sony Life, SFG’s core company, features.
Financial Highlights

Note: Cash flow information (excluding Financial Services) is not a measure in accordance with GAAP and is not a substitute for Sony’s consolidated financial statements measured in accordance with U.S. GAAP. However, Sony believes that these disclosures provide additional useful analytical information to investors regarding the operating performance of Sony.
Impact of the COVID-19 Crisis

The year 2020 will be remembered around the world as the year of the COVID-19 pandemic.

We estimate that COVID-19 had a ¥68.2 billion negative impact on Sony’s operating income in the fiscal year ended March 31, 2020 (FY2019), but the impact of the pandemic goes beyond the short term. It is likely to significantly alter the social and economic environment worldwide and offer an opportunity to rethink current norms.

There will likely be two major types of change.

The first is a change in lifestyles, workstyles and values. There has been a rapid spread of online and remote options for entertainment, education, health care, shopping and work. Consumer behavior and the distribution of products and services will change, perhaps irreversibly.

The other type of change is in globalization itself. Until recently, globalization was the progress toward a single, unified, global economic zone, a trend from which Sony benefitted. Now, each nation is leaning toward protectionism, and geopolitical risk is continuing to increase.

In the same way that the 2003 outbreak of severe acute respiratory syndrome (SARS) led to a surge in online shopping and electronic commerce in China, conventional business models today will struggle to survive in the face of technological innovation and industrial reform. In times of crisis it becomes more important than ever for companies to create value for society. Sony must accelerate our plans to adapt to these changes.

Sony will begin our next mid-range plan in the fiscal year ending March 31, 2022. In the fiscal year ending March 31, 2021 (FY2020), we intend to recover from the current crisis as well as focus on building strategies for the post-pandemic future.

Things That Will Not Change

At the same time, there are things that will not, and must not, change. One example is Sony's Purpose & Values (P&V). The P&V, developed and crystallized in clear and simple language by President Yoshida and the management team, along with employee input, are universal for the entire Sony Group. Going
Progress of the Third Mid-Range Plan

From a strategic perspective in the third mid-range plan (begun in the fiscal year ended March 31, 2019 (FY2018) and ending in FY2020), which embodies our management direction of “getting closer to people,” is progressing smoothly. In terms of financial performance, we achieved record profits for the second consecutive year in FY2018, and, despite the impact of the COVID-19 pandemic, the sum of operating and investing cash flow in all of our business segments in FY2019 was positive. This serves as proof not only that each business has developed a business model that generates sustainable profit but also that the various components of the Sony Group – its businesses and management teams – fit well together.

A notable achievement in terms of business model has been the expansion of network services in the Game & Network Services (G&NS) segment. Previously known for its hardware businesses, Sony has never before achieved this level of growth in its services business. Our strategy to grow recurring revenue from direct to consumer services has been a success. In the Imaging & Sensing Solutions (I&SS) segment, the image sensor business is growing steadily thanks to an exceptional competitive advantage stemming from the strength of its industry-leading technology, and we expect the scope of the business to expand going forward. The image sensor business originally supplied Sony’s game and branded hardware business, but on the strength of its technological capabilities, it has transformed itself into an integral part of a global ecosystem. In entertainment, we have developed a system to generate synergy among the Music, Pictures and G&NS segments, which is a major achievement. The use of Spider-Man IP in multiple business segments is a clear example of our success, as it is steadily contributing to financial performance. Going forward, we plan to show other examples of this synergy.

1. Please refer to note on page 16.
Finance and Capital Policy

The third mid-range plan reflects our commitment to continually deliver returns that exceed our cost of capital and generate multiple years of cash. It also sets forth two financial targets: maintaining ROE of 10% or more and generating cumulative three-year operating cash flow of ¥2.2 trillion or more (excluding the Financial Services segment). As for the allocation of this capital, our policy is to steadily increase dividends while prioritizing the use of this cash for capital expenditures and strategic investments that will contribute to an increase in shareholder value.

During FY2018 and FY2019, we generated approximately ¥1.5 trillion of cumulative operating cash flow and approximately ¥0.2 trillion from the sale of businesses and assets. We prioritized using this cash to make strategic investments such as increasing image sensor manufacturing capacity and acquiring EMI Music Publishing.

In FY2020, operating cash flow is expected (as of August 4, 2020) to be lower than in the past two fiscal years due to the impact of COVID-19, but there is no change to management’s focus on ROE and cash flow.

In terms of capital expenditures for image sensors, we have adopted a flexible approach including postponing some decisions in light of the current uncertain business environment.

As a strategic investment to increase shareholder value, we repurchased during FY2018 and FY2019 a total of ¥300 billion of Sony stock, and have decided to set parameters of repurchase of shares of its own common stocks for further ¥100 billion in FY2020. We will carry this out in a flexible manner, taking into careful consideration factors including future investment opportunities, our financial condition and the stock price.

Regarding our financial position, in order to reliably procure capital even when the financial markets are in turmoil, Sony has managed its balance sheet with a high degree of financial discipline while closely monitoring our credit ratings. As of the end of June 2020, we maintained our strong financial underpinnings with a 45.5% equity ratio and approximately ¥890 billion of cash on hand (both excluding the Financial Services segment). In addition, we have a total of approximately ¥570 billion in committed lines of credit from major banking institutions inside and outside of Japan, an approximately ¥1 trillion commercial paper facility and uncommitted lending facilities from several banks, none of which (as of August 4, 2020) have been used. Thus, we believe we have sufficient liquidity to continue to conduct business in a smooth manner, even if the economic environment deteriorates conspicuously going forward.

Enhancing Group Management

While we will present a strategy for increasing the value of the entire Group in our next mid-range plan, we have already begun to undertake certain organizational reforms in FY2020 to strengthen our management foundation and increase corporate value, such as preparing to establish Sony Group Corporation and making Sony Financial Holdings Inc. (SFH) into a wholly-owned subsidiary.

Now that our diverse businesses have grown, clearly defining and reinforcing the role of Group headquarters should enable us to formulate optimal
In addition, our consolidated Group annual net income can be expected to increase by ¥40 to ¥50 billion\(^2\) and earnings per share will also increase, due to the consolidation of the net income that used to go to the minority shareholders and due to tax reductions. Capturing the stable profit of the Financial Services business should also increase the resilience of the Sony Group and increase shareholder value over the long term.

2. In FY2020, approximately half of this impact is estimated.
Corporate Value

Corporate value increases not only with a business’s profitability, but also as the attractiveness and growth prospects of a business are better understood and appreciated by the capital markets.

To build appreciation for, and inspire confidence in, the growth of our businesses, it is necessary for our management team to earn the trust of the capital markets. That is achieved by building a track record of creating value in a sustainable, not temporary, manner through repetition of a virtuous cycle whereby the goals we dream of achieving are articulated, persuasive strategies to achieve those goals are shared and executed, and cash flow is generated, proving that we have achieved what we said we would.

Based on these principles, Sony engages in dialogue with all of our stakeholders, including shareholders and investors. Through this dialogue we often hear opinions that help us improve our management of the company. Our key financial metrics are ROE and operating cash flow. Going forward, we plan to continue to prioritize these metrics when engaging in dialogue with our stakeholders. In addition, we expect to emphasize growth in earnings per share when assessing shareholder value. Though the future is hard to read, we are putting forward our best effort to speak with our shareholders and investors.

Bringing the views and opinions of the capital markets back into the company is essential. Beyond sharing them with the management team, we convey them to all our employees every quarter. We hope that as our employees work passionately at their jobs, they will also have an open mind to understand the opinions of those outside of Sony whose job it is to compare us with other companies and organizations, and we hope our employees will use those opinions to evaluate their own work.

In today’s environment, it is vital to rebuild businesses quickly and prepare for the future. We are developing new strategies to create value with a view to Sony’s next stage of growth. I encourage you to have high hopes for us.

Sony Financial Holdings to Become Wholly-Owned Subsidiary

Sony Corporation has completed a tender offer to acquire the remaining common shares and related stock acquisition rights of Sony Financial Holdings Inc. (SFH), the holding company of its Financial Services business, 65% of which it owned before the transaction. The tender offer was completed on July 13, 2020, and, as of September 2, 2020, SFH will become a wholly-owned subsidiary.

The purpose of acquisition is to increase the corporate value of the entire Sony Group through enhanced growth and stronger governance of the Financial Services segment. Historically, Sony maintained the listing of the subsidiary primarily so that the subsidiary could easily procure capital to fund its growth, but we decided to transition it into a wholly-owned subsidiary because we believe that, rather than maintaining an independent source of capital in the form of a listed subsidiary which brings with it certain restrictions, it is better to prioritize swift and nimble decision making and increase management optionality so as to further pursue strategies tailored to each segment and synergies across the Sony Group.

To secure independence, fairness and objectivity, SFH set up a special committee to consider and make decisions about this transaction.
Mid-Range Plan

Previous Mid-Range Plans

In the fiscal year ended March 31, 2012, Sony recorded a significant consolidated loss primarily due to the impact of natural disasters and a decline in profitability in the television business. In April 2012, taking to heart the gravity of the situation, management announced the company’s first mid-range plan, with the theme of “Transformation of Sony.” Under the “One Sony” management approach that leveraged the entire Sony Group, the plan aimed to achieve several objectives such as clarifying key investment areas, rebuilding the electronics business, and developing and commercializing innovative products and services. However, the plan did not achieve its financial targets. In February 2015, Sony announced its second mid-range plan, with the theme of “Profit Generation and Investment for Growth.” It designated each business as a “growth driver,” a “stable profit generator,” or an “area focusing on volatility management,” delineated initiatives that prioritized the profitability of each business, and established ROE (return on equity) as the most important key performance indicator. All the plan’s initiatives performed well and the financial targets were achieved.

First Mid-Range Plan (FY2012–FY2014)

Achievements and Issues

• Built a foundation for future profitability improvement through various strategies, including withdrawal from the PC business, splitting off the television business as a separate subsidiary, and reducing headquarters overhead costs by 30%
• Established a foundation for growth through initiatives such as continued investment in image sensors, acquisition of Gaikai Inc. (which had technology essential for streaming cloud-based games), and investment in, and establishment of joint venture with, Olympus Corporation
• Operating income margin and ROE significantly below targets due to inadequate response to changes in the operating environment

Second Mid-Range Plan (FY2015–FY2017)

Achievements and Issues

• Achieved operating income and ROE targets and reached new record highs by realigning the profit structure through restructuring of businesses, and by expanding recurring-revenue businesses
• Split off and reorganized business units as separate subsidiaries to strengthen accountability, sustainability and competitiveness
• Although the scale of these businesses remained limited, made steady progress in the medical equipment, automotive, and AI and robotics areas
• The Pictures and Mobile Communications segments fell short of plans and profit structure improvement remained an issue

Operating Income Trend by Segment

Note: In FY2019, Sony integrated the operations of the Home Entertainment & Sound, Imaging Products & Solutions, and Mobile Communications segments into the Electronics Products & Solutions (EP&S) segment. As a result, operating income by segment for FY2017 and FY2018 have been reclassified for presentation purposes to conform to that of FY2019. The former Semiconductors segment was renamed Imaging & Sensing Solutions (i&SS) in 2019.
### Third Mid-Range Plan (FY2018–FY2020)

#### Theme

Generate Sustainable Social Value and Maintain a High Level of Profit

#### Basic Principles for Executing the Plan

- Emphasize management from a long-term perspective
- Maintain continuity with previous two mid-range plans

#### Overall Strategies

1. Reinforce direct to consumer (DTC) services that get closer to users and content IP that gets closer to creators
2. Generate a sustainably high level of cash flow from our branded hardware business
3. Maintain our number one position in imaging and become the global leader in sensing, both in the CMOS image sensor area

#### Financial Targets

- Cumulative three-year operating cash flow, excluding the Financial Services segment, of ¥2.2 trillion or more
- Maintain 10% or more on equity (ROE)

### Mid-Range Plan Outline

The corporate direction of the third mid-range plan, which began in the fiscal year ended March 31, 2019, is “getting closer to people.” Sony is implementing three overall strategies to sustainably generate social value and high profitability in each business area.

The first strategy is to reinforce DTC services that are close to users and content IP that is close to creators, and create communities of people who share the same moving experiences or interests (known as “Communities of Interest”). The second strategy is to make electronics (branded hardware) a business that can generate a sustainably high level of cash flow. The third strategy is to maintain Sony’s global number one position in imaging and become the global leader in sensing, both in the CMOS image sensor area.

Over the three years from the fiscal year ended March 31, 2019 to that ending March 31, 2021, Sony has increased, and will aim to continue to increase, the quality of its earnings through such initiatives as continuing to invest in content IP, DTC services and semiconductor IP, investing with a long-term view in the AI and robotics area and the medical area, and increasing the proportion of recurring revenue.

As for the key performance indicators of ROE and cumulative three-year operating cash flow, Sony is aiming to maintain ROE at 10% or more for the three years and to generate cumulative three-year operating

### FY2019 Consolidated Financial Results (Billion yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>Year-on-year change (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and operating revenue</td>
<td>8,665.7</td>
<td>8,259.9</td>
<td>-405.8 (-5%)</td>
</tr>
<tr>
<td>Operating income</td>
<td>894.2</td>
<td>845.5</td>
<td>-48.8 (-5%)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>1,011.6</td>
<td>799.5</td>
<td>-212.2 (-21%)</td>
</tr>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
<td>916.3</td>
<td>582.2</td>
<td>-334.1 (-36%)</td>
</tr>
<tr>
<td>Operating Cash Flow (excluding Financial Services)²</td>
<td>753.4</td>
<td>762.9</td>
<td>+9.4</td>
</tr>
<tr>
<td>Investing Cash Flow (excluding Financial Services)²</td>
<td>(520.4)</td>
<td>(363.1)</td>
<td>+157.3</td>
</tr>
<tr>
<td>Operating CF + Investing CF (both excluding Financial Services)³</td>
<td>233.1</td>
<td>399.8</td>
<td>+166.7</td>
</tr>
</tbody>
</table>

1. The average exchange rate for the fiscal year ended March 31, 2019 was 1 USD = 110.9 JPY and 1 EUR = 128.5 JPY; that for the fiscal year ended March 31, 2020 was 1 USD = 108.7 JPY and 1 EUR = 120.8 JPY.
2. Operating and investing cash flow (both excluding the Financial Services segment) are non-GAAP financial measures, but Sony believes that they may be useful to investors.
Mid-Range Plan

FY2019 Results
For the fiscal year ended March 31, 2020, consolidated sales and operating revenue was ¥8,259.9 billion and operating income was ¥845.5 billion, both down 5% year-on-year. There was a substantial increase in income in the Imaging and Sensing Solutions (I&S&S) segment, but due to recording a revaluation gain of 116.9 billion yen from making EMI Music Publishing a consolidated subsidiary in the previous year in the Music segment, and a significant decrease in income in the Game and Network Services (G&NS) segment, overall operating income was down in FY2019 compared to FY2018 when it had reached an all-time high.

Operating cash flow for FY2019, excluding the Financial Services segment, totaled ¥762.9 billion and the net of operating cash flow and investing cash flow was positive in all segments.

In FY2019 the COVID-19 pandemic had a significant impact on earnings. The Music segment had fewer opportunities to license music and was impacted by the postponement and cancellation of live events. Delayed production and delivery of television shows reduced sales in the Pictures segment. The EP&S segment suffered from supply shortages due to the suspension of plant operations in China and Malaysia, as well as a drop in demand worldwide due to lockdowns. The I&S&S segment also saw demand fall as clients suspended operations. In the Financial Services segment, Sony Bank and Sony Life Insurance were affected by stock market and interest rate declines. At the same time, there were some instances where profit increased, such as in the G&NS segment where sales of downloadable game software and network services increased, as well as in Pictures where digital sales increased.

FY2019 Sales / Financial Services Revenue and Operating Income by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales / Financial Services revenue (Billion yen)</th>
<th>Operating income (Billion yen)</th>
<th>Main factors for operating-income change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2018</td>
<td>FY2019</td>
<td>FY2018</td>
</tr>
</tbody>
</table>
| Game & Network Services        | 2,310.9           | 1,977.6           | 311.1      | 238.4      | (-) Decrease in game software sales; negative impact of foreign exchange rates  
(+ ) Increase in sales of PS Plus; cost reduction |
| Music                          | 807.5             | 849.9             | 232.5      | 142.3      | (-) Recording of remeasurement gain (116.9 bln yen) resulting from consolidation of EMI in FY2018  
(+ ) Recording of equity in net loss resulting from Sony’s acquisition of the remaining approximately 60% interest in EMI in FY2018 (11.6 bln yen); effect of sales growth |
| Pictures                       | 986.9             | 1,011.9           | 54.6       | 68.2       | (+) Effect of channel portfolio review in Media Networks; higher profit margins on Pictures catalog titles  
(-) Increase in television program production cost; increase in channel portfolio review costs |
| Electronics Products & Solutions| 2,320.6           | 1,991.3           | 76.5       | 87.3       | (+) Within Mobile Communications, lower operating costs and lower impairment cost against long-lived assets  
(-) Impact of sales decrease; negative impact of foreign exchange rates |
| Imaging & Sensing Solutions    | 879.3             | 1,070.6           | 143.9      | 235.6      | (+) Significant increase in sales of image sensors for mobile products  
(-) Increase in depreciation and amortization expenses as well as R&D expenses; negative impact of foreign exchange rates |
| Financial Services             | 1,282.5           | 1,307.7           | 161.5      | 129.6      | (-) Reduced operating income at Sony Life (by 22.1 bln yen, to 123.5 bln yen); deterioration of valuation gains and losses on securities at Sony Bank |
To reinforce our user-oriented direct to consumer (DTC) services and creative-oriented content intellectual property (IP) is one of Sony’s three strategic focuses, and is an extremely important theme in our ongoing efforts to create value.

At Sony, content IP varies by division in both its characteristics and in its means of acquisition and reinforcement. In financial statements it appears in various forms, including business rights, subsidiary stakes, and goodwill, but in short it refers to assets that can generate profit. Since the environment is constantly changing, Sony works to reinforce and enhance content IP in all segments through focused investment and mergers and acquisitions (see chart below). Based on this common foundation for the Group, each segment undertakes its own specific initiatives to strengthen content IP, as illustrated below.

### Music Segment
The primary kinds of content IP in the Music business are original produced music and contracts with artists. To provide artists with all-encompassing support, Sony works to acquire record labels as well as discover and nurture artists. As methods of music distribution change and competition to acquire creators intensifies, it is becoming more important than ever to discover artists and support independent artists. Recently Sony has invested particular effort into picking up artists who have found popularity through distributing work via social networks. Among Sony Music’s major artists, Khalid, for

<table>
<thead>
<tr>
<th>Content IP Timeline</th>
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</thead>
<tbody>
<tr>
<td>1968</td>
</tr>
<tr>
<td>1988</td>
</tr>
<tr>
<td>1995</td>
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<tr>
<td>1989</td>
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<td>1993</td>
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<td>1998</td>
</tr>
<tr>
<td>1999</td>
</tr>
</tbody>
</table>

### Pictures

- **1968**: CBS/Sony Pictures established in Japan as joint venture with CBS.
- **1997**: The studio breaks both worldwide and North America box office records for a motion picture distributor with 2.3 billion USD and 1.2 billion USD respectively.
- **2002**: Spider-Man is released and takes in a record-breaking 114.8 million USD on opening weekend.
- **2010**: Media Molecule acquired.
- **2011**: Sucker Punch Productions acquired.
- **2014**: PixelOpus established.
- **2015**: Indie label The Orchard becomes wholly-owned subsidiary.
- **2018**: EMi Music Publishing becomes wholly-owned subsidiary.
- **2019**: Spider-Man: Far from Home breaks record as highest grossing film in the studio’s 95 year history with 1.1 billion USD in worldwide box office.

### Games

- **1995**: Sony Computer Entertainment founded, game business begins, Japan Studio established.
- **2000**: XDEV External Development Studio Europe established, Bend Studio acquired.
- **2001**: Naughty Dog acquired, San Diego Studio established.
- **2002**: London Studio established.
- **2005**: World Wide Studio established to integrate Japanese, US and European software-production divisions; Guerrilla Games acquired.
- **2010**: Media Molecule acquired.
- **2011**: Sucker Punch Productions acquired.
- **2014**: PixelOpus established.
- **2019**: Insomniac Games acquired.
- **2020**: The Last of Us Part II ©2020 Sony Interactive Entertainment LLC. Created and developed by Naughty Dog, LLC.
example, experienced his first major breakthrough on SoundCloud, and Lil Nas X on TikTok, before contracting with us. Through The Orchard, Sony helps an ever-increasing number of indie artists and labels distribute their music worldwide. A new ecosystem is in the making, bringing artists who have used The Orchard into the Sony label for greater support and more hit songs.

The music-publishing catalog is also an important example of content IP because of its high liquidity and ability to continuously create value over the long term. To make the most of the world’s largest music catalog, one of Sony’s core business components, in 2019 the firm began accelerating collaboration between its music-production and music-publishing operations under the direction of the Sony Music Group. For example, the company now handles the music copyrights of indie artists through The Orchard’s music-publishing service, and is expanding the use of the rights-synchronization system in the music-production business, allowing use of copyrighted music for visual media like TV programs and commercials, for wider application of music IP.

In the Music segment’s Visual Media & Platform operation, anime is a kind of business unique to Sony, which has produced many hit titles and is increasing its use of this content in various other fields, including games, music and theatre. Well aware of this unique strength, Sony puts special effort into building relationships with creators and publishers. The Fate series that has produced numerous hits, including record-breaking games like Fate/Grand Order, continues to evolve through long-term collaboration with creators, while the anime Demon Slayer: Kimetsu no Yaiba, born of a collaboration with the publisher and production studio, has become a true social phenomenon.

In Japan, the anime division is also focusing on character IP. In addition to expanding the market for the rights to Peanuts (well-known for Snoopy), for which Sony holds exclusive agent rights in Japan, Sony is working to maximize the value of licenses in Japan for the IP of long-beloved characters like Thomas the Tank Engine, Pingu and Peter Rabbit.

**Pictures Segment**

In the Pictures segment, movies and TV programs by themselves are major content IP. In particular, titles with appealing characters and positive viewer response are often expanded to other formats to further increase their IP value. Since it acquired the film-distribution rights for

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### Content IP Sales in Music Publishing

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Sony BMG Music Entertainment established as joint venture with Bertelsmann group (wholly-owned in 2008)</td>
</tr>
<tr>
<td>2008</td>
<td>TV-production business grows significantly, nominated in 29 Emmy-award categories</td>
</tr>
<tr>
<td>2011</td>
<td>EMI Music Publishing acquired jointly with an investment consortium</td>
</tr>
<tr>
<td>2015</td>
<td>Indie label The Orchard becomes wholly-owned subsidiary</td>
</tr>
<tr>
<td>2018</td>
<td>EMI Music Publishing becomes wholly-owned subsidiary</td>
</tr>
</tbody>
</table>

**Movies**

- **Over 3,500 titles**
- **TV series**
  - **Over 275 titles**

**Hits**

- **Spider-Man: Far from Home**
- **Over $1.1 billion in worldwide box office**

**Worldwide Box Office**

- **95 year history with $1.1 billion USD**
  - **as highest grossing film in studio’s 95 year history with 1.1 billion USD in worldwide box office**

**Best-selling videogame home console brand ever**

- **4 home console brand ever**
- **Over 275 titles**
- **Over 275 titles**

### Game-Production Studios

- **14 locations**
- **1,000 titles**
- **250 titles**
- **200 titles**
- **150 titles**
- **100 titles**
- **50 titles**
- **25 titles**
- **10 titles**
- **5 titles**
- **1 title**

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Once Upon a Time...in Hollywood © 2019 Visiona Romantica, Inc. All Rights Reserved.

Uncharted 4: A Thief’s End ©2016 Sony Interactive Entertainment America LLC. Created and developed by Naughty Dog LLC.

Horizon Zero Dawn ©2017 Sony Interactive Entertainment Europe. Published by Sony Interactive Entertainment Inc. Developed by Guerrilla.
Spider-Man from Marvel in 1999, Sony has produced eight movies in the series, including animation, all of which became major hits. Sony successfully produced many other franchises as well, including Jumanji and Bad Boys, and holds rights to over 900 characters, many of which belong to the Sony Pictures Universe of Marvel Characters. To maximize content IP value, Sony not only enhances the film franchises but also pursues new avenues for multiple applications of the media, through links with film studios and uses of film IP in animation and television series. For TV production, to enhance content for children, in December 2019 Sony acquired Silvergate Media, which produces series like Octonauts and Peter Rabbit. It is also investing in the British production company Eleven, which produces Sex Education, another popular series.

To produce excellent content, building relationships with talented creators is essential. Sony is working to expand opportunities for creator success, whether by winning Oscars, Emmys and other prestigious awards, or by increasing their recognition and reputation. A case in point is Little Women (2019), in which director Greta Gerwig contempnorized Sony’s old IP. Its success led to Oscar nominations in six categories including Best Picture and Best Adapted Screenplay for Gerwig’s tremendous work on the film. Given the intense competition for creators, one effective strategy is to cultivate long-term relationships with them based on successful products. Following its success with Spider-Man, in 2019 Sony signed a comprehensive television production agreement with Phil Lord and Chris Miller, producers of the successful production Spider-Man: Into the Spider-Verse (2018), and in 2018 extended its 11-year contract with Vince Gilligan, creator of Breaking Bad and co-creator of its prequel Better Call Saul, by another three years, illustrating Sony’s strong relationships with top creators.

Games & Network Services Segment

Game titles are the primary content IP for Game & Network Services. First-party titles, developed and sold by the platform owner, are particularly important as content IP for future value-creation and earnings. In addition to improving the personnel and work environment in its own studios, Sony Interactive Entertainment (SIE) continues to invest in, or acquire, firms with abundant creativity and cutting-edge technologies to build up Worldwide Studios (WWS), an association of first-party title production studios. Most recently, in August 2019 it acquired Insomniac Games, a longtime Sony partner that has developed many hit titles. As of May 31, 2020, WWS owns 14 studios and has become one of the world’s leading game-developer networks. With hit series like The Last of Us, God of War, and Uncharted, it is a strong engine for content IP production.

Third-party titles, meaning IP developed by game software developers outside the Sony Group, also play an important role in indirectly enhancing the appeal of the PlayStation Platform and its user community. Sony offers various forms of assistance, such as sharing its libraries and providing technical support to creators, including independent studios, to facilitate the best game-development environment possible.

**Spider-Man: An Example of IP Synergy Maximizing a Character’s Appeal**

**Spider-Man: Far from Home**

After Spider-Man: Homecoming (2017), made in partnership with Marvel Studios, Spider-Man: Far from Home was released in 2019 as the seventh live-action film in the Spider-Man series. It became the biggest hit in Sony’s history.

**Spider-Man: Into the Spider-Verse**

This epoch-making film combining computer graphics and hand-drawn animation resulted from collaboration among the creators at Sony Pictures Animation and Sony Pictures Imageworks. It won the Academy Award for Best Animated Feature in 2018.

**Marvel’s Spider-Man**

A game title for the PS4, developed jointly in collaboration with Marvel Games and Insomniac Games, an outside developer at the time. Both Spider-Man: Into the Spider-Verse and Marvel’s Spider-Man were released in 2018, and a joint marketing effort resulted in a positive synergistic effect.
Reinforcing Content IP through Synergy among Diverse Businesses

With the reinforcement of the assets of each business, and with various ways to utilize content IP for maximum value, Sony puts particular emphasis on collaboration among its segments. Sony considers it particularly important to support creators’ self-actualization. The firm understands that it is counterproductive to demand the use of existing IP in a bid to create synergy for its own sake rather than as a means to a specific end. At the same time, using the infrastructure and content IP of Sony’s many businesses synergistically is a particularly effective way to expand creative possibilities and offer creators a wider range of choices. Some excellent content IP has resulted from inter-segment synergies. The movie *Cinderella* (for 2021) incorporates a Music-Pictures synergy where musical artist Camila Cabello is producing music for the movie while also making her debut as an actress. There have also been a number of Game-Pictures synergies. SIE’s first-party title *Uncharted* is becoming a live-action film for 2021, and *The Last of Us* is being made into a television drama. SIE, which holds the rights to over 100 game titles, set up PlayStation Productions in Culver City, California, where the Pictures head offices are concentrated, to advance such collaboration and accelerate the filmization of game titles. *Demon Slayer: Kimetsu no Yaiba*, an anime series that became a record-breaking hit, is an Anime-Music synergy, where Sony music artist LiSA sings the theme song. Sony provides multi-creatives like Pharrell Williams with many varied opportunities, including production of music, videos and events using content IP, and this type of collaborative enterprise will likely increase.

### Synergies among Content IP

- **Pictures** × **Music**
  - Sony music artist debuts as actress
  - Film music production and campaign

- **Pictures** × **Games**
  - SIE titles made into films and TV dramas
  - Development of game titles for popular film series

- **Music** × **Anime**
  - Anime theme song sung by Sony music artist

- **Music** × **Games**
  - Sony artist produces virtual-reality content
  - Game music production

- **Multiple Applications**
  - Multi-creatives given opportunities for multiple content IP use by producing songs, videos and events
Foundation for Creating Value

Approach to Creating Value and to Stakeholders

Sony’s social mission is to create and deliver emotion. For people to be connected through emotion, it is necessary for people, society and the global environment to be healthy. As the Sony Group Code of Conduct states: “It is the core corporate responsibility of Sony to society to pursue its corporate value enhancement through innovation and sound business practices and contribute to developing a sustainable society.”

Sony acts with due consideration of the impact of its business activities on stakeholders, including shareholders, customers, employees, suppliers, business partners, local communities and other organizations, as well as the global environment, and focuses on building trust with stakeholders through dialogue.

Sony’s Material Topics

In 2019, Sony conducted a materiality assessment that incorporated stakeholders’ perspectives. The assessment identified “Technology” and “Employees,” two key elements common to every business in Sony’s diverse portfolio, as Sony’s most important material topics that form the foundation of its long-term value-creation. For information on Sony’s priorities and main initiatives related to sustainability, including in the realms of “Technology” and “Employees,” see Sony’s Sustainability Report 2020 in addition to the figure at right.

Sustainability Report > Sony’s Material Topics
https://www.sony.net/SonyInfo/csr_report/

Materiality Assessment Steps

<table>
<thead>
<tr>
<th>Step1</th>
<th>Identify and classify candidate topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step2</td>
<td>Assess topics from the perspective of Sony and its stakeholders</td>
</tr>
<tr>
<td>Step3</td>
<td>Specify material topics: “Technology” and “Employees”</td>
</tr>
</tbody>
</table>

Value Creation Efforts and Specific Actions

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Value Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>• Empower diverse businesses through technology</td>
</tr>
<tr>
<td></td>
<td>• Strengthen technological advantages and create value through new technologies</td>
</tr>
<tr>
<td></td>
<td>• Accelerate external partnerships</td>
</tr>
<tr>
<td>Employees</td>
<td>• Respect and support each employee’s ambition to grow and take on new challenges, and provide a range of experiences and opportunities for each employee to make the most of their diverse individual strengths, skills and abilities</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>• Establish and enhance corporate governance system that best suits the Sony Group</td>
</tr>
<tr>
<td></td>
<td>• Enhance information security management system and activities</td>
</tr>
<tr>
<td></td>
<td>• Comply with all applicable tax laws and regulations of each country and region where Sony conducts business as well as the common rules and guidance regarding international taxation</td>
</tr>
<tr>
<td>Ethics and Compliance</td>
<td>• Foster an ethical culture based on Sony’s Values and the Sony Group Code of Conduct</td>
</tr>
<tr>
<td></td>
<td>• Continuously assess compliance risks in relation to Sony’s business activities and review the compliance program based on the results of the assessment</td>
</tr>
<tr>
<td></td>
<td>• Continuously respond to environmental changes and technological progress related to privacy</td>
</tr>
<tr>
<td>Respect for Human Rights</td>
<td>• Continue reasonable efforts to avoid causing or contributing to adverse human rights impacts that may arise from our operations, products, services and/or business relationships</td>
</tr>
<tr>
<td>Responsible Supply Chain</td>
<td>• Address risks to human rights, labor conditions, health and safety, and the environment throughout the electronics product supply chain</td>
</tr>
<tr>
<td>Quality and Services</td>
<td>• Exceed customer expectations of product quality and service, pursue product safety, and improve usability and accessibility, thereby remaining a highly trusted partner to all customers</td>
</tr>
<tr>
<td>Environment</td>
<td>• Strive to achieve a zero environmental footprint throughout the lifecycle of Sony’s products and business activities in order to realize a sustainable society</td>
</tr>
<tr>
<td>Community Engagement</td>
<td>• Under the slogan “For the Next Generation,” contribute to the resolution of a wide range of global social issues everywhere Sony does business around the world by making the most of Sony products, content, and technologies</td>
</tr>
</tbody>
</table>
### Specific Actions

<table>
<thead>
<tr>
<th>Music, Pictures, EP&amp;S</th>
<th>Develop 3D imaging technology to unleash creators’ creativity</th>
</tr>
</thead>
<tbody>
<tr>
<td>I&amp;SS</td>
<td>Continue to leverage advantages in imaging and sensing technologies for new value creation</td>
</tr>
<tr>
<td>G&amp;NS</td>
<td>Ensure next-generation console offers game experiences of the future</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Continue to develop new AI-enabled insurance to offer safety and reliability for a mobile society</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All businesses</th>
<th>Promote three strategic HR components: Attract, Develop, and Engage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All businesses</td>
<td>Accelerate diversity and inclusion</td>
</tr>
<tr>
<td>All businesses</td>
<td>Aim for zero injury and zero illness, create safe and healthy workplaces</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All businesses</th>
<th>Conduct evaluation of the effectiveness of the Board and take actions in response to the results of the evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>Implement measures to ensure high transparency of financial services as well as sound and appropriate management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All businesses</th>
<th>Ensure the compliance and privacy programs are implemented with training for, and communication to, employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>All businesses</td>
<td>Operate the Sony Group Ethics &amp; Compliance Hotline</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Comply with laws and regulations by ensuring sincere and ethical business conduct as well as enhance the compliance system</td>
</tr>
</tbody>
</table>

| All businesses, especially Music and Pictures | Establish the Global Social Justice Fund to support social justice and human rights initiatives |

| G&NS EP&S I&SS | Rigorously apply the Sony Supply Chain Code of Conduct to all Sony manufacturing sites and suppliers; avoid contributing to conflicts or serious human rights abuse through conducting due diligence for conflict minerals and cobalt used in products |

<table>
<thead>
<tr>
<th>G&amp;NS EP&amp;S I&amp;SS</th>
<th>To enable a wide spectrum of users to enjoy game content and services, improve accessibility quality and enhance parental controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>I&amp;SS</td>
<td>Enhance the quality-management system and promote human-centered design</td>
</tr>
<tr>
<td></td>
<td>Maintain high quality and reliability of its semiconductors, and comply with industry standards pertaining to the application of image-sensors such as for automotive use</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Provide information, consulting and follow-up to customers in an appropriate manner</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All businesses</th>
<th>Have all Sony Group operations using 100% renewable electricity by 2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>G&amp;NS EP&amp;S I&amp;SS</td>
<td>Raise the energy-efficiency of all hardware and network services, and educate users through gaming</td>
</tr>
<tr>
<td>I&amp;SS</td>
<td>Reduce environmental footprint for the entire product life cycle, from reduced use of natural resources to takeback and recycling of end-of-life products</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All businesses</th>
<th>Establish the Sony Global Relief Fund to support those affected by COVID-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>All businesses</td>
<td>Promote education support activities like the Sony Science Program and KANDO Experience Programs</td>
</tr>
<tr>
<td>All businesses</td>
<td>Have each Sony Group company undertake social contribution initiatives to meet the needs of local communities</td>
</tr>
</tbody>
</table>

### Related Materials

- Corporate Report 2020, p. 34
- Sustainability Report > Technology
- Sony Group Portal Website - Technology
- Investor Relations > Sony Technology Day - Brand > CES 2020

- Corporate Report 2020, p. 38
- Sustainability Report > Employees
- Sony Group Portal Website - Diversity & Inclusion
- Investor Relations > Sony ESG Briefing

- Corporate Report 2020, p. 54
- Sustainability Report > Corporate Governance
- Sony Group Portal Website - Investor Relations > Sony ESG Briefing

- Sustainability Report > Ethics and Compliance

- Sustainability Report > Respect for Human Rights

- Sustainability Report > Responsible Supply Chain

- Sustainability Report > Quality and Services
- Sony Group Portal Website - Accessibility

- Sustainability Report > Environment
- Sony Group Portal Website - Environment
- Investor Relations > Sony ESG Briefing

- Sustainability Report > Community Engagement
- Sony Group Portal Website - Community Engagement
- Investor Relations > Sony ESG Briefing
Sony conducts research and development based on its Purpose, which is to “fill the world with emotion, through the power of creativity and technology” and management direction, “getting closer to people,” incorporating the viewpoint of getting closer to the motivations that drive people, including both users and creators. For Sony to continue creating new value as products, content and services are becoming increasingly digital, it is essential to empower diverse businesses through technology.

As shown on the left, Sony’s R&D can be broadly defined according to three stages: input and understanding of many forms of 3D analog information over time using sensors, and conversion of that information into digital data; signal and information processing, in which the collected data is transmitted and recorded; and finally, output and expression of that data in the proper time sequence and in 3D analog form.

Supporting Sony’s diverse business portfolio throughout these three stages is our delivery of customer value through 3R technologies, centering on the concepts of Reality, Real-time and Remote.

To deliver Reality, Sony is conducting research and development on the expression of images and music in three dimensions, thereby offering an expanded palette for creators and more immersive experiences for users. This, combined with Real-time technologies, has led to new value in many fields, such as innovations in the medical care field and automated driving systems in the mobility field. In the new normal society resulting from the pandemic, Remote technologies to connect people with other people and devices at a distance are gaining importance. Mobilizing, refining and making the most of all the Remote technologies it has developed, Sony continues despite restricted mobility to create new value for shared experiences.

Such value creation necessitates getting closer to the
motivations that drive users and creators, recognizing the issues they face and thoroughly understanding their workflows. Sony values these points in research and development as well.

**Focused Strategies**

Based on this approach, Sony’s present focus is on three strategies: “Empowering diverse businesses through technology,” “Strengthening technological advantages and creating value through new technologies,” and “Accelerating external partnerships.” In addition, believing that it is important to actively communicate our technology policy and progress to accelerate external partnerships and attract outstanding people, we held Sony Technology Day for shareholders, investors and media in fiscal year 2019.

1. **Empowering Diverse Businesses through Technology**

   Business diversity allows a company to bring together the wide range of motivations that drive users and creators and strengthen its competitiveness, thus playing an important role in future value creation. Sony lets each business promote research and development on its own to best fit its regionally unique strengths, and deploys the resulting technologies across the Group. As a result, all the diverse businesses of Sony are empowered through technology.

   Sony has been applying technologies across business borders, for example in developing medical equipment such as endoscopes and surgical microscopes using technologies developed for image sensors and cameras. In recent years it has actively promoted the application of electronic technologies to entertainment and financial services. New research and development initiatives are going forward that contribute to entertainment and financial services, and the technologies developed in those segments are expected to be used throughout the Group, in the electronics segment, for example.

2. **Strengthening Technological Advantages and Creating Value through New Technologies**

   In its research and development, Sony focuses on preparing for the future by further leveraging its technological assets which have competitive advantages, and by developing new technologies to create greater customer value.

   Sony enjoys technical advantages in many fields—audio-visual, telecommunication, imaging and sensing, interaction, AI and robotics, hardware and devices, new functional materials and materials analysis. All of these technologies are essential in our pursuit of value represented by the 3Rs: Reality, Real-time and Remote.

   In addition, delineating technological development outcomes in the form of intellectual property rights is useful for linking results to value creation. Sony conducts research and development with an eye to keeping track of technology-related intellectual property held inside and outside the Group and identifying the areas it needs to focus on or supplement.

3. **Accelerating External Partnerships**

   Amid advances in digitalization and networking, external partnerships—such as with other companies, education and research institutes at universities, and non-profit organizations—are increasingly important for two purposes: bringing together the wide range of motivations that drive users and creators to develop new businesses and/or engage in research and development, and expanding the scope of the creation of new products and businesses to increase customer value.

   Sony has created a number of new businesses through collaborative projects and joint research with external partners, and intends to continue these efforts.

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**Creation of New Research Areas and Paradigms**

Sony Computer Science Laboratories (Sony CSL) is a leading-edge organization that works to create new research areas and paradigms, as well as new technologies and businesses. Its research areas have expanded from the initial theme of next-generation computer systems to encompass systems biology, econophysics and interaction. Current research topics include ecosystems, urban planning, energy and other social issues, as well as human augmentation/creativity, AI and data analysis. In 2019 it began a Synecoculture™ farming experiment at Roppongi Hills in Tokyo, as well as an in-orbit demonstration of a long-distance laser-communication system for the International Space Station.

**Investment in the Future through Venture Capital**

Sony invests its corporate venture capital, Sony Innovation Fund (SIF), in seed and early stage startups in business domains like robotics, AI, entertainment including music and e-sports, mobility, fintech, medical technology, industrial IoT and other growth industries. As of March 31, 2020, it has invested in 56 firms. Another venture capital operation, the Innovation Growth Fund (IGF), which Sony jointly established with Daiwa Capital Holdings, has invested in 10 middle and later stage startups as of March 31, 2020.
3D Imaging Technology to Unleash Creators’ Creativity

In entertainment, Sony helps creators unleash their creativity through technologies that expand creative expression from two-dimensional to three-dimensional space and fuse physical and virtual space to eliminate conventional filmmaking constraints. Prominent among them is Volumetric Capture technology, which captures images of real persons and places and converts them into three-dimensional digital data to reproduce in high image quality. To make the images look real from any angle or viewpoint, Sony takes advantage of its strength in image capturing systems that integrate information from multiple cameras and sensors, image-production technology that combines high-level 2D image processing and machine learning technologies, and real-time systems from shooting to distribution. To explore new possibilities in entertainment, Sony is pursuing research and development with creators and artists using content IP owned by the Group. In January 2020 Sony opened the Volumetric Capture studio, where an array of collaborations with various partners both within and outside the Group are in progress.

Advantages in Imaging and Sensing Technologies Bring New Value Creation

For three-dimensional image expression, Sony is also proceeding with research and development on the Eye-sensing Light Field Display, which uses high-speed vision sensors and face-recognition algorithms to enable ultra-high-precision spatial reality experiences not found in conventional naked-eye 3D displays. It was exhibited at CES 2020 in January. On the display, changes in distance and angle from the viewer do not impair three-dimensional recognition, and bird’s-eye views are possible. This technology broadens the scope of image expression.

Value Created
1. Enriching people’s hearts through the delivery of emotional experiences
2. Helping creators realize their dreams
3. Contributing to society through the delivery of safety, health and reliability

Focus Strategies
1. Empowering diverse businesses through technology
2. Strengthening technological advantages and creating value through new technologies
3. Accelerating external partnerships

Sony has many imaging and sensing technologies. For CMOS image sensors, specific examples include back-illuminated structures; stacking technology, which puts a layer of pixels on top of a layer of circuitry, often with a third DRAM layer in-between; and Cu-Cu connection technology, which makes multifunctionality, smaller size and greater productivity possible all at once. The world’s first intelligent vision sensor with AI processing functionality allows for high-speed AI processing on the edges, extracting only necessary data, which reduces data transmission latency, addresses privacy concerns, and reduces power consumption and communication costs.

Sony is working to combine these technologies, its strong point, with solutions to further increase customer value. In May 2020 we announced a partnership with Microsoft in smart camera solutions. Combining Sony imaging and sensing technology that enables edge AI processing with Microsoft’s Azure cloud platform, we are working to offer new added value to enterprise customers across a variety of industries.

Moreover, Sony can serve many industries and purposes with other applications of its imaging and sensing technologies. Machine vision applications for quick recognition of moving objects in unusual environments and under special circumstances is a case in point. Sensor Fusion technology for automated driving, allowing combined use of various sensors, makes highly precise object recognition possible even in situations of poor visibility. The same technology applied to enhance video judging systems and tracking for balls and athletes can make sports viewing more attractive.

The J-TRAP professional double dutch team assisted with the photo shoot.
Next-Generation Console Offers Future Game Experiences

| Value Created | 1 | Enriching people’s hearts through the delivery of emotional experiences |
| Focus Strategies | 2 | Strengthening technological advantages and creating value through new technologies |

In the Game & Network Services segment, Sony is working to realize future game experiences through the next-generation game console, PS5, maximizing the creativity of game creators and offering users entirely new interactive experiences. We are exploring a range of frontiers in technological development, including hardware, to bring future game experiences into the present.

Custom I/O systems with integrated ultra-high-speed custom SSDs, for instance, can substantially reduce game load times, dramatically changing game experiences for users. The PS5 supports ray tracing technology to simplify the rendering process, a major burden for game creators. For ray tracing to be effective it must be fast, requiring not only superb hardware performance, but excellent software to make the most of the hardware. To draw the best from hardware performance, we are building data structures essential to faster ray tracing and developing libraries to offer game creators, whose voices we will be considering throughout the process.

We apply Tempest 3D audio technology to make players feel presence and locality without high-end audio systems. With priority on dialogue between the player and the world the game creates, on controllers we are adding haptic feedback technology that expressively communicates physical sensations to the player. We believe these technologies will offer game experiences that appeal to multiple senses and give players an unprecedented feeling of immersion.

New AI-enabled Insurance Offers Safety and Reliability for Mobile Society

| Value Created | 1 | Contributing to society through the delivery of safety, health and reliability |
| Focus Strategies | 2 | Empowering diverse businesses through technology |

GOOD DRIVE1, a new type of pay-how-you-drive (PHYD) automobile insurance product jointly developed by Sony, Sony Assurance and Sony Network Communications and launched in March 2020, is an example of Sony technology empowering its financial services business.

With this insurance, a smartphone and a dedicated app using Sony’s original AI algorithm obtain data on driving behavior2 to assess accident risk (driving score). Based on the score, policyholders can receive cash back on their insurance premiums as well as advice on how to reduce accident risk. The driving score assessment of risk and ways to reduce it come together with the cash-back incentive in a two-pronged approach that naturally promotes safe driving. In verification tests conducted before the service launch, accident risk fell by 15.3%.3

This service is a product of combined resources—Sony R&D Center’s knowledge of AI algorithms and sensors, Sony Network Communications’ knowledge and expertise regarding software development, and Sony Assurance’s expertise and data on insurance services. It was only through Sony’s diversity and technological resources that this was made possible.

We think GOOD DRIVE, which encourages drivers to adjust their behavior, delivers safety and reliability to drivers and to our mobile society as a whole.

1. GOOD DRIVE is a set of products, combining Sony Assurance’s automobile insurance with the Gentle Driving Plan rider.
2. Here, driving behavior refers to acceleration, braking, steering and smartphone use.
3. Accident risk reduction effect estimated as a result of presenting driving score and advice on smartphone screens.
Employees

Sony considers employees to be among its most important stakeholders and views them not as a group, but as individuals. Sony values employee engagement as the key to unleashing the full potential of individual employees with their own strong motivation, autonomy and desire to grow. Sony’s Founding Prospectus, written in 1946 by co-founder Masaru Ibuka, states that Sony should “establish an ideal factory that stresses a spirit of freedom and open-mindedness, where engineers with sincere motivation can exercise their technological skills to the highest level,” and it should “place emphasis on a person’s ability, performance and character,” so that “each individual can fully exercise their abilities and skills.” This approach has been passed down unchanged to the present day. The partnership of choice between Sony and each individual employee is defined as one where each party is accountable for being responsive to the needs of the other. Sony believes that the growth of the individual will lead to growth of the organization and,

**What We Offer Our People**

- Environment that respects and supports each individual’s challenging spirit and willingness to grow to realize our dream and aspiration to fill the world with emotion
- Accumulation and evolution of a wide range of technologies that fully utilize individual creativity and serve as the foundation for creating new value
- Wide variety of global career opportunities and possibilities unique to the Sony Group’s diverse business portfolio
- Inclusive culture harnessing the diversity of teams, viewpoints and cultures

**People We Look For**

- Pioneer the future with dreams and curiosity
- Pursue the creation of the very best by harnessing diversity and varying viewpoints
- Earn the trust for the Sony brand through ethical and responsible conduct
- Fulfill our stakeholder responsibilities through disciplined business practices

**Basic Sony Employee Data (As of March 31, 2020)**

- Total 111,700 employees
  - Electronics: 65
  - Music: 9
  - Pictures: 8
  - Financial Services: 3
  - Personnel by business segment (%)
  - Personnel by geographic area (%)
  - Group companies in Japan: 11
  - Mainland China and Hong Kong Region: 7
  - Europe: 10
  - U.S.: 13
  - Other Areas (Asia-Pacific, Middle East, Africa, Latin America and Canada): 13

**Employees at Sony**

Sony considers employees to be among its most important stakeholders and views them not as a group, but as individuals. Sony values employee engagement as the key to unleashing the full potential of individual employees with their own strong motivation, autonomy and desire to grow. Sony’s Founding Prospectus, written in 1946 by co-founder Masaru Ibuka, states that Sony should “establish an ideal factory that stresses a spirit of freedom and open-mindedness, where engineers with sincere motivation can exercise their technological skills to the highest level,” and it should “place emphasis on a person’s ability, performance and character,” so that “each individual can fully exercise their abilities and skills.” This approach has been passed down unchanged to the present day. The partnership of choice between Sony and each individual employee is defined as one where each party is accountable for being responsive to the needs of the other. Sony believes that the growth of the individual will lead to growth of the organization and,
in turn, the growth of Sony. Its sustainable growth brings opportunities for employees to take on new challenges and grow. With this in mind, Sony has consistently implemented personnel-management systems and measures that respect and support the ambition and spirit of employees. A case in point is the internal job-posting program that Sony pioneered over 50 years ago. This program is well established as a practice that inspires an ambitious mindset in every employee and supports proactive career change.

The diversity of Sony’s businesses and people is one of its strengths and a driver for creating value. Sony’s history is one of value creation and business growth through joint ventures with companies and M&A from different industries, in which people with diverse personalities and abilities can learn from and inspire one another. Business diversity attracts and nurtures diverse personalities and human resources, adding momentum to this virtuous cycle.

For Sony to sustainably create value by striving for diverse businesses and taking on unique employees, it is essential that employees are fully aware of and resonate with Sony’s Purpose & Values. Sony has defined “What we offer our people” and “People we look for” to be shared across the Group to illustrate the kinds of people Sony wants.

**HR Strategy**

Sony’s groupwide strategic HR framework consists of three components: “Attract,” “Develop,” and “Engage.”

First, “Attract” (talent acquisition) means drawing talented people to Sony who exemplify the challenger spirit and ambition to grow by energizing their passion for Sony’s Purpose & Values. For strategic hiring of people to make its businesses more competitive, Sony offers appropriate, market-competitive compensation, fully merit-based evaluations and a career-grading system, as well as plenty of growth opportunities. Sony differentiates itself in the job market by emphasizing the distinctive features unique to Sony’s organizational culture, such as

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**Initiatives to Impart Sony’s Purpose & Values**

Sony has undertaken various initiatives so that each of its diverse and unique employees fully understands and internalizes the purpose of Sony’s existence and the values it cherishes. For example, the company defines the standards of conduct expected of its employees from the standpoint of its Purpose & Values, applies them as a behavioral index in employee evaluations, and promotes such conduct at work. Sony regularly conducts employee surveys to monitor how deeply the Purpose & Values are absorbed. Results from the first survey in November 2019 are illustrated in the graphs below, in which about 80% of survey takers responded positively (red) to the questions (when those giving neutral responses are included).

**Purpose & Values Absorption Survey Results**

<table>
<thead>
<tr>
<th>Question</th>
<th>Agree (%)</th>
<th>Neither Agree nor Disagree (%)</th>
<th>Disagree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I understand the P&amp;V</td>
<td>61%</td>
<td>25%</td>
<td>14%</td>
</tr>
<tr>
<td>2. I support the P&amp;V</td>
<td>61%</td>
<td>30%</td>
<td>9%</td>
</tr>
<tr>
<td>3. I use the P&amp;V as guidance in my daily work</td>
<td>44%</td>
<td>34%</td>
<td>22%</td>
</tr>
</tbody>
</table>

**Engagement Index and Management of Survey Results**

The results of the employee surveys (excluding some businesses) are factored into the engagement index. The index consists of engagement factors, which influence the sustained improvement of individual or organizational performance, and engagement drivers, which are key motivators for continually increasing engagement.

**Engagement Index Trend**

Index Trend: The engagement trend is derived from an analysis accounting for multiple factors, including the nature of the business, country, culture and environment. Overall, the index has remained high and stable over the past several years.

Survey Results: It is vital to understand the degree of employee engagement through the surveys, and utilize the results to promote continuous dialogue and action in each organization. Analysis of the results and the measures undertaken in response may vary by organization. Details concerning measures to increase employee engagement are disclosed for sharing via the Sony Group and the intranets of each sector.

*Percentages of employees who did not answer the questions negatively*
members in which both parties grow and help one another, Sony has been regularly conducting employee surveys and measuring engagement indices for years. Based on the responses, Sony identifies priority areas for further enhancing engagement, and implements appropriate measures for each organization based on dialogue with employees. Because employee engagement is one of the most important factors in the sustainable growth of the Sony Group, it is now included in Sony’s indices for evaluating management team members.

**Groupwide HR Strategies to Build Value from Employee Diversity**

Sony operates a wide range of businesses, but maintains a common strategic framework for HR. Each business is responsible for the independent development and implementation of its own specific strategies. The underlying idea is that enhancing the competitive advantages of each business requires an HR strategy that is best suited to that business, with its particular human resources, expertise and management methods for creating value. The HR department at the head office supports the HR programs of each business with a focus on measures shared across the Group.

Sony holds regular meetings between the officer in charge of HR and business-specific HR managers worldwide, as well as quarterly HR meetings among group companies, in order to both deepen understanding of business-specific HR strategies and strengthen links among group companies in different business segments. Every year, the HR efforts that lead to the most outstanding results for each segment receive awards. These awards not only celebrate commendable achievements selected from among entrants groupwide and worldwide, but also share the best HR practices among all.

Another groupwide HR effort is the training of future leaders. Sony defines “key positions” for implementing business strategy and achieving goals over the mid- and long-terms, and identifies “key candidates” for training and promotion to be named as future directors. In Japan, the talent pools for the next two generations of leaders are in the making across the Group. Training programs for leadership candidates are discussed in Group talent-management meetings involving management-team members, and growth opportunities are given to those candidates systematically, with consideration for their individual experiences and backgrounds. Job rotations among businesses is a specific example of initiatives designed to broaden experiences across multiple businesses. Sony University was established in 2000 with the mission of fostering the people who will shape Sony’s management vision and strategy, perpetuating the Sony spirit, and building strong personal networks that facilitate Group management. Under this mission, Sony University offers a range of programs designed to cultivate top management candidates and global leaders who will play key roles in driving the business forward.

In November 2018, Sony opened PORT, a new training facility at its head offices to make the most of the diversity and independence of employees. It brings together diverse human resources involved in a wide range of businesses and facilitates them inspiring and learning from one another for personal and professional growth. As a result, employee-initiated training programs and events are multiplying, and co-learning among employees has become part of ordinary life at Sony across the Group. In addition to these opportunities for employees to be physically involved in person, virtual forums are being developed to connect Sony Group employees outside ordinary space-time constraints, stimulating each person’s ambitions for the future and building a system for positive reinforcement between the growth of employees and Sony.

In 2020, efforts to strategically accelerate value creation through inter-business collaborations as “One Sony” were included in the evaluation factors for the performance-linked remuneration system for senior executives. An evaluation factor related to sustainability initiatives was also introduced to achieve Sony’s Values and create new value over the long term. It identifies focus items for monitoring from the environmental, social and governance (ESG) standpoints, and reviews are conducted accordingly.

**Fostering Technology Personnel**

Personnel in charge of technology are vitally important for Sony in creating value. Various internal resources help cultivate these important employees, such as the technology-strategy committee for technological innovation and inter-organizational technological alliances, Sony Technology Exchange Fairs for employees to exchange technologies, and the groupwide Corporate Distinguished Engineer (DE) system to recognize employees with outstanding technical expertise and specialized knowledge. We hold regular technical-training programs across intergroup borders, with the numbers of participants growing every year, to over 15,000 in FY2019. The Sony job-ranking system recognizes people with advanced technical specialties, giving them senior grades separate from those for administrative personnel and treating them accordingly. Counting the Corporate Distinguished Engineers, over 700 people have received such recognition. The latest addition, in FY2020, is the Exceptional Researcher (XR) system, designed to attract world-class people in the field of digital technology to Sony. This system offers people with highly specialized knowledge the working conditions and compensation they need according to their specialties and market value, giving free rein to their talents in helping Sony deploy the power of technology to create new value.
### HR Measures by Business

<table>
<thead>
<tr>
<th>Business</th>
<th>HR Policy</th>
<th>Attract/Develop/Engage Initiatives</th>
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</thead>
<tbody>
<tr>
<td><strong>Game &amp; Network Services (G&amp;NS)</strong></td>
<td>• Sony Interactive Entertainment (SIE) is globally headquartered in Silicon Valley, where it competes in a high-velocity talent market to attract, retain and develop the best and brightest. SIE provides employees with market-competitive compensation, best-in-class benefits, and PlayStation-branded engagement activities, all of which fuel the company’s growth.</td>
<td>• SIE is proud of its focus on diversity, inclusion, corporate social responsibility and career development, which contribute to making SIE &quot;the best place to play and work,” as seen in its turnover rate, which at 8% is half the Silicon Valley average. The company firmly supports employee personal growth by offering opportunities for self-development through various training programs, active learning experiences and stretch assignments.</td>
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</tbody>
</table>
| **Music**                      | • Sony Music Entertainment (SME)’s strategy focuses on differentiating SME as the most attractive place for artists and employees to work.  
• Sony/ATV Music Publishing, as a destination for the world’s best songwriters, values employees with varied backgrounds and talents. We foster a high-performance culture in which our teams are encouraged to think creatively, share ideas, take risks and inspire one another to succeed.  
• Sony Music Entertainment (Japan), which handles the domestic music business, considers each employee a driver for its various entertainment businesses and the source of new content IP. Valuing free-spirited, vigorous work environments and the independence of employees, it assists with employee self-actualization, which we believe leads to growth for the company. | • SME identifies the capabilities needed for future business expansion and develops hiring programs to recruit talented people around the world. It focuses on learning experiences at all levels and on nurturing a culture of respect, diversity and inclusivity.  
• Sony/ATV is committed to an inclusive, equitable and safe culture where all employees can thrive. To meet the evolving needs of our business and support professional development, we provide learning opportunities, wellness programs, competitive benefits, employee resource groups and a host of amazing perks to all employees.  
• SME values culture that challenges employees to venture into new businesses to meet the needs of the times in the fields of music, anime, and smartphone apps and focuses on hiring talented people. It actively promotes exchange among employees to keep the organization fresh and attractive, and to maintain human-resource vitality. |
| **Pictures**                   | • Sony Pictures Entertainment (SPE) strives to inspire and guide talent to achieve success together. In 2020, SPE launched a leadership development campaign which leverages the power of its IP content, along with images of employees in offices around the world, to capture and communicate SPE’s values, resources and programs and engage employees worldwide. | • SPE’s employer brand provided inspiration for its new Career Portal, launched in seven languages to attract exceptional talent worldwide; its new Benefits Guides, designed to support employees and their families at every stage of life; and to enhance its employee development programs, which give participants the opportunity to grow professionally, gain business insights and share diverse perspectives. |
| **Electronics Products & Solutions (EP&S)** | • EP&S conducts HR strategies to enhance differentiated technology assets and platforms for images, sound and communications, as well as achieve efficiency and optimization of the entire value chain, encompassing development, design, production, procurement, distribution, and sales. | • EP&S acquires and develops a highly skilled workforce in each field at the most suitable locations around the world. It actively employs an internal job-posting program along with measures such as transferring personnel across regions and businesses to not only meet strategic needs with resources distributed for optimum deployment, but also to support the independence and growth of each employee. In recent years it has increased investment in career-development programs and personnel training to help employees grow into career success.* |
| **Imaging & Sensing Solutions (I&SS)** | • The HR strategy of the I&SS segment is designed to enhance its excellent customer base with its strong technological capabilities, as represented by CMOS image sensors, and each of their applications. To expand earnings, it quickly responds to changes in the business environment and closely links personnel strategies with business growth. | • In its pursuit of world-class technologies, the I&SS sector strongly promotes efforts to attract people who can lead technological reforms. It adopts a long-term view in developing a highly skilled workforce as a source of differentiation across development, design, production and sales, and enhances investment in personnel development. |
| **Financial Services**         | • Sony Financial Group (SFG) has grown by differentiating itself with a business model unconstrained by conventional wisdom and unlike other companies, designed to meet the needs and earn the trust of individual customers. SFG values HR programs including recruiting, training and compensation with a belief that growth of employees contributes to customers and the sustainable growth of society. | • To create new value in response to diverse customer values and environmental changes, SFG develops its personnel through a broad range of education programs and training systems, valuing diversity and implementing measures to help employees in different work environments excel in their jobs. As SFG accelerates its Fintech initiatives, developing employees with mastery of AI, data analysis and other advanced technologies has become a priority. |

*Per capita HR development investment increased from ¥270,000 to ¥290,000 per year between 2018 and 2019 – EP&S, I&SS, Head Office, R&D
Creating Value in Each Business

Game & Network Services

Business Vision
To Be “The Best Place to Play”

Value Created

1. Enriching people’s hearts through the delivery of emotional experiences
   Providing “The Best Place to Play,” where new, fulfilling experiences and diverse forms of communication become possible. Creating fields where users and creators can connect and interact.

2. Helping creators realize their dreams
   Platforms that provide creators with an environment that enables them to fully share their creative vision and innovation with the world.

Business Strengths
• 25 years of steady investment and company acquisitions has led to a portfolio of leading global game development studios and flagship franchises that consistently delivers original content IP to users around the world
• Brand power of PlayStation cultivated through the accumulation of user trust and the sharing of technology and know-how with creators
• Establishment of loyal game communities that connect users and creators
• End-to-end planning and development capabilities that bring together devices, technologies and business models, and global sales capabilities

Notable Social and Technological Changes
• Increasing demand for content and innovation in how people connect through networks
• Diversification in how games are enjoyed and content is accessed
• Enhancement of software accessibility functions
• Evolution of hardware, cloud computing, etc., and spread of open innovation
• Competition with players from other industries in building ecosystems and establishing platforms
• Growing amount of data and evolution of data analytics
• Importance of new engagement style that fits users in new normal world

Material Topics in the Foundation for Creating Value
• Information security: Reliable management and operation of one of the world’s leading game ecosystems and network platforms
• Responsible supply chain: Addressing environmental and human rights risks in the context of global supply chains
• Product quality and customer service: Enhancing customer experience for a wide range of users, as well as ease of use and accessibility
• Environment: Improving energy efficiency in hardware and across all network services; expectations for public awareness activities that utilize user touchpoints

Note: Regarding “Technology” and “Employees,” please refer to pages 34 and 38, respectively.

Main Operating Companies
Sony Interactive Entertainment LLC, Sony Interactive Entertainment Inc., Sony Interactive Entertainment Europe Limited

Key Performance Indicators of Business

- PS4 Hardware units sold globally 1
  112.1 million units
- PSN Monthly Active Users
  113 million users
- PS Plus paid subscribers
  45.0 million subscribers
- PS Now
  2.2 million subscribers

1. As of June 30, 2020
2. As of June, 2020. Estimated active users based on SIE research
3. As of April 30, 2020
Background to Strategies

The Game & Network Services segment is representative of Sony’s corporate direction of “getting closer to people,” specifically users and creators. The PlayStation Platform provides a development library and know-how that enable creators to achieve the speedy and cutting-edge expression of their creative vision. In addition to enhancing direct to consumer (DTC) services, Sony Interactive Entertainment (SIE) harnesses game play data and network service usage trends to get closer to what motivates users.

The PS4 has sold 112.1 million cumulative units, while the PSN has over 113 million monthly active users. PS Plus, a paid subscription service, has steadily acquired users since the release of the PS4, surpassing 45.0 million paid subscribers. These numbers reflect that PlayStation is one of the world’s leading game ecosystems and network platforms. To further revolutionize the game experience for users, SIE will launch the PS5, which is scheduled for the winter holiday season of this calendar year.

Competition from online PC games and players from other industries is expected to continue to intensify. The fundamental growth strategy will be to innovate and evolve the PlayStation Platform. To this end, SIE intends to make proactive investments to reinforce content IP, and work to raise brand value, foster communities and user engagement, while enhancing DTC services that get closer to users.

Strategic Key Points

1. As of June 30, 2020
2. As of June, 2020. Estimated active users based on SIE research

Strategic Direction

To reinforce content IP, SIE will accelerate the enhancement and rollout of its portfolio of exclusive PlayStation titles. As a result of cooperation with in-house development and partner companies, self-through of PS4 software titles continues to grow, and the intention is to further enhance the lineup with compelling content. Along with that, further growth in recurring income will be achieved through various network service enhancements.

Through introducing new technologies in speed, haptics and sound, we can further improve on the exclusive experience available on the PS4, and aim to make the PS5 a truly next-generation console by providing game experiences that were not possible before. Games for the PS5 that deliver this new gaming experience are being made by 1st, 2nd and 3rd party developers, and we plan to introduce a compelling line-up of titles to our users.

In executing these strategies, greater emphasis will be placed on user engagement. SIE plans to provide content for a variety of game genres and formats, and make advances in unique and immersive interactive experiences such as VR. At the same time, SIE aims to create a better user experience, improve usability, and strengthen its use of data analysis. Making the best use of new and existing partnerships while driving growth will be important for achieving further expansions in scale. Through maintaining the momentum and ecosystem that PS4 built up until now, we will promote a smooth transition to the PS5.

SIE aims to achieve robust revenue growth by accelerating the virtuous cycle that has been established for the PlayStation Platform. This entails increasing active users and play time, enhancing network services and reinforcing content IP so that consumers select PlayStation as their platform of choice. Targeted outcomes include growth in active users, stronger retention and a shorter cash conversion cycle, from which expanded cash flow can be expected. We will explore expanding our 1st party titles to the PC platform, in order to promote further growth in our profitability.
Music

Business Vision

- Be the most artist-friendly, employee-friendly company, committed to three core values: artistic integrity, transparency, and entrepreneurship
- Work at the intersection of music, entertainment, and technology to drive creative career development and optimize artist and songwriter revenue
- Expand Sony Music’s value proposition by investing in areas that diversify revenue streams and offer artists and creators at any level access to a comprehensive array of capabilities that can help them grow their career
- Provide competitive advantages for artists through multiplatform One Sony collaborations that create high-quality, technology-driven entertainment opportunities unique to Sony

Value Created

1. Enriching people’s hearts through the delivery of emotional experiences
   Music is a fundamental part of the human experience and Sony Music is focused on moving people emotionally through its creative endeavors and technological innovation. Sony Music works with its artists and songwriters to create highly compelling music entertainment that fans form powerful emotional and cultural connections with throughout their lives.

2. Helping creators realize their dreams
   Sony Music is firmly committed to being a well-rounded global partner to artists and songwriters that can drive development in every aspect of their careers while working to protect their rights and ensuring that they can earn the recognition they deserve. Through synergies within the Sony Group, Sony Music provides creators with transformative opportunities across diverse fields, media and platforms.

Business Strengths

- Global leadership in music entertainment with unparalleled expertise in A&R, marketing, commercial licensing, scalable copyright administration and royalties infrastructure
- Extensive content IP covering every genre and decade of music from a great number of creators
- Futuristic capabilities in finding, developing, marketing, and promoting artists and songwriters combined with best-in-class relationships and partnerships to drive growth of music consumption
- Ongoing investment in the community to expand creative content, including investment in proprietary data, and in analytics platforms and solutions, to provide support for creators’ activities

Material Topics in the Foundation for Creating Value

- Ethics and compliance: Risk management, creating a fair playing field for artists, and protecting the value of streams
- Respect for human rights: Responsibility for continuing to build a culture that respects human rights and makes business and employee diversity a strength, so that the entire Sony Group can make a positive difference in the world through its businesses

Note: Regarding “Technology” and “Employees,” please refer to pages 34 and 38, respectively.

Main Operating Companies

Sony Music Entertainment (Japan) Inc., Sony Music Entertainment, Sony/ATV Music Publishing LLC

Key Performance Indicators of Business

- Total streaming sales growth of recorded music/music publishing: +21%* (Compared with previous year)
  * Including EMI, year-round basis
Background to Strategies
Music is a core human expression that reflects and informs world trends, societal conditions, and personal identities. Sony music artists have shaped culture, lifted communities, and made history. Amid the global pandemic, there have been many inspiring examples of how artists and music helped to provide relief for people in trying times.

While methods of accessing and enjoying music content are continually changing and evolving, the value of the content remains unchanged, and music content is set to become increasingly important as the importance of content IP is increasing across all forms of media. From the viewpoint of creators, more sophisticated content management and protection of rights are urgent issues.

Under these circumstances, Sony Music intends to leverage Group synergy and technologies to get closer to artists and users, strengthen content IP and accelerate growth.

Strategic Direction
In order to drive shared growth and expanded opportunities across all aspects of the music business, Sony formed the Sony Music Group in 2019 to maximize the collective power of Sony’s world-class recorded music and music publishing companies while maintaining the unique identity of each company.

In recorded music, Sony Music’s creative strategy is focused on building on its increased investment in artist signings and creative staff to continue expanding the discovery and development of local talent around the world in the most popular genres. It also plans to continue to grow its operations in key emerging markets and accelerate its release flow to further grow its market share and maximize its opportunities in streaming music. Sony Music will further grow revenue, market share and repertoire through services The Orchard offers to independent labels and artists, and through continued investment in areas that expand its value proposition and capabilities as an indispensable partner to artists at any level.

In music publishing, Sony/ATV’s mission is to remain the destination for the world’s best songwriters. By continuing to offer an unrivaled level of service across the company’s creative, licensing and administration operations, Sony/ATV is reinforcing its position as the #1 global music publisher. Through its SCORE app, Sony/ATV launched a new process for royalty distribution. Sony/ATV is now offering real-time foreign royalty payments, which eliminates the nearly year-long lag for songwriters waiting to receive their income from around the world. Also, the new ‘Cash Out’ service enables songwriters to collect their earnings ‘on demand.’ To further support the careers of songwriters, Sony/ATV is maximizing licensing revenue through its international Synch licensing network, which represents both legacy and modern song catalogs. With the goal of continuing to attract and retain top talent, Sony/ATV is diversifying its investments in songwriter discovery and development through innovative partnerships, as well as extending its global reach with a broader presence within the U.S., Africa, Colombia, India and Indonesia.

In visual media and platform, Sony Music plans to accelerate the multifaceted rollout of content IP while enhancing music and animation content IP to create and maximize the success of hits. It will aim to build its content portfolio by strengthening diverse strategies across user touchpoints such as mobile games, animated TV broadcasts, movies, video packages, and live events.
Pictures

Business Vision
Produce and distribute world-class movie, television, video and mobile game entertainment to consumers globally around Sony IP and/or serve specific communities of interest

Value Created

1. Enriching people’s hearts through the delivery of emotional experiences
   By getting closer to creators and people, Sony Pictures values global audiences, delivering relevant and high-quality content to elevate entertainment and help spark shared emotional experiences through movies, television production, network businesses and an anime OTT service.

2. Helping creators realize their dreams
   Sony Pictures is uniquely positioned to be the best place for creators to create. The studio’s independence as a producer of scale enables it to make quality content with top talent for any audience around the world, and showcase that content on any platform to create the greatest impact.

Business Strengths
• Ecosystem for creators to develop visual content and reach viewers: access to talent, music, data analytics, studio facilities, marketing, distribution and existing IP to build upon
• Strong IP: Marvel characters to which Sony Pictures Entertainment holds the rights, extensive library of proprietary IP, increased focus on materials and franchises based on familiar IP
• Independence as a producer of scale

Notable Social and Technological Changes
• Large-scale vertical consolidation in industry
• Combination of high-speed connectivity, machine learning and hardware advances popularizing immersive reality experiences
• AI, connectivity and ubiquity of screens creating easier access and better personalization of content to meet increasingly diverse tastes
• Methods to view, access and experience content will continue to multiply, thereby increasing importance of story, IP ownership (characters) and relationships with creators

Material Topics in the Foundation for Creating Value
• Ethics and compliance: Protecting both our own IP and partner IP throughout the entirety of the creative process from content creation to distribution
• Respect for human rights: Responsibility for continuing to build a culture that respects human rights and makes business and employee diversity a strength, so that the entire Sony Group can make a positive difference in the world through its businesses

Note: Regarding “Technology” and “Employees,” please refer to pages 34 and 38, respectively.

Key Performance Indicators of Business
• U.S. box office revenue share* 11.8%
  *2019 figure, Sony

Main Operating Companies
Sony Pictures Entertainment Inc.
Background to Strategies
The entertainment industry has undergone a rapid and fundamental transformation in recent years. Unprecedented consolidation has occurred, with vast companies acquiring content creation companies to further strengthen their proprietary ecosystems. The battle for the consumer, empowered by technology and choice, is the new focus of these newly-created companies. Providing entertainment to the consumer, for these companies, is in service of their respective strategic product or service priorities – from devices, to commerce to connectivity. These companies continue to invest in their content offerings by leveraging their vast capital and technical resources on a global scale.

The strategy of remaining independent, talent-friendly and a seller of product to all large players allows Sony Pictures to maximize the creative freedom that leading industry creators seek, as well as to capture the value derived from unique content and IP. SPE supplies general entertainment content to the large companies competing for consumers. In addition, SPE is focused on serving communities of interest – such as anime fans – by creating and aggregating content to address their passions.

To better position Sony Pictures to take advantage of new opportunities in an evolving marketplace, significant changes have been made to the organization’s overall business structure to make it stronger and more agile. Strong financial discipline is maintained by controlling costs and managing creative and financial risks.

Strategic Direction
Sony Pictures’ growth strategy is based on four pillars:
1. Strong IP
2. Strength as an independent studio
3. A rich library of content
4. One Sony collaboration

The first strategic pillar is SPE’s strong and valuable IP that lends itself to 360-degree monetization across all platforms. In addition to key film franchises and key television IP, assets include more than 900 Spider-Man-related Marvel characters to which Sony Pictures Entertainment holds the rights, that can be exploited and expanded across various platforms.

Second, independence as a producer of scale enables Sony Pictures to produce quality content with top talent for audiences around the world, and showcase that content on any platform to create the greatest impact, because it is not locked into an owned subscription video-on-demand service or network platform.

Third, the newly-created large-scale companies, as they seek to establish their own streaming services in the ongoing competition for consumers, are generating increased demand for premium content, presenting an attractive opportunity to monetize Sony Pictures’ extensive content library of movies and television shows.

Fourth, Sony Pictures has a unique advantage by virtue of its place within the broader Sony Group alongside music, games, electronics and technology. There is renewed emphasis and momentum devoted to cross-segment collaboration.

The emergence of COVID-19, with the resulting global pandemic, will create new risks and opportunities for SPE. As audiences sheltered at home, SPE’s home entertainment business met the increased demand for premium content. The emergence of OTT consumption has driven further demand for premium film and television content, while the OTT and casual gaming platforms experienced significant sampling and sign-ups.

However, the realities of social distancing have impacted both the demand side of our theatrical business, with governments globally mandating cinema houses to be shuttered and, in reopening, implementing new rules for social gatherings. Content production will now have to be conscious of new safety rules and guidelines to help protect crews from the virus.
Electronics Products & Solutions

Business Vision
Continue to deliver Kando and Anshin to people and society across the world through the pursuit of technology and new challenges

*Anshin is a Japanese word with various meanings such as peace of mind, reassurance, reliability and trust.

Value Created

1. Enriching people’s hearts through the delivery of emotional experiences
   Evolving toward a world of “Remote” production and low-latency delivery of high-definition video and high-fidelity sound in pursuit of the Sony hallmarks of “Reality” and “Real-time.” Creating a 3R (Reality, Real-time, Remote) environment in which users can enjoy prime content and immersively experience and share diverse new worlds, unconstrained by any geographic distance.

2. Helping creators realize their dreams
   Supporting creators in finding their creative voice and fulfilling their potential by providing the products, services, and spaces they need to express their vision and maximize the value of their time.

3. Contributing to society through the delivery of safety, health and reliability
   Providing infrastructure and industry in the fields of medical care and security, and by extension, to a society in which people can enjoy healthy lives filled with Kando and Anshin.

Business Strengths
• Differentiated technology assets and platforms for images, sound and communications (including core “Light to Display” technology that covers all stages from light source to display)
• Creator-oriented product design and development infrastructure operated in cooperation with Group’s entertainment businesses
• Organizational robustness and flexibility to seamlessly manage development, production, distribution and sales among Group companies

Notable Social and Technological Changes
• More sophisticated and diversified value expected from video and sound (High-end, Real-time, Reality)
• Accelerated adoption of remote connectivity across many facets of society, including lifestyles, jobs, education and consumer behavior
• Democratization of content creation and growing need for sharing of content and emotional experiences
• Changes in added value of products and user value as a result of advances in IoT and communication technologies
• Increasing speed of obsolescence and commoditization of technologies and products

Material Topics in the Foundation for Creating Value
• Responsible supply chain: Addressing environmental and human rights risks in the context of global supply chains
• Product quality and customer service: Broadly improving customer experience, user-friendliness and accessibility
• Environment: Environmental mitigation throughout product lifecycles from raw material sourcing through collection and recycling of used products

Key Performance Indicators of Business
• Operating CF + Investing CF*: ¥14.9 billion

*Please refer to note on page 16.

Main Operating Companies
Creating Value in Each Business

Background to Strategies
In electronics, Sony has been concentrating in recent years on its strength—video and sound capable of delivering Kando (emotional) experiences—while developing operations in communications, a field where it can leverage that strength. Under the previous two mid-range plans, profitability was enhanced and high-added-value achieved by splitting out each business unit and conducting other structural reforms, and then positioning the units as a stable revenue base for Sony.

People’s lifestyles, consumer behavior and values are changing dramatically in response to the COVID-19 pandemic. Such changes are occurring in an environment where the fundamental human drive to enjoy sounds and images is becoming increasingly diverse and sophisticated. Against such a backdrop, Sony plans to pursue stable growth by building businesses focused on “Remote” connectivity in addition to its existing focus on “Reality” and “Real-time” as emotionally evocative features backed by differentiated technological assets related to video and audio.

Additionally, Sony added to its electronics businesses’ vision that it will continue to deliver Anshin. Sony aims to create new value based on varied interpretations of Anshin, including confidence in the medical business, trust in product quality, and the sense of security people derive from connecting with each other via communication technologies.

Strategic Direction
In April 2019, Sony integrated its operations in Imaging Products & Solutions (IP&S), Home Entertainment & Sound (HE&S), and Mobile Communications (MC) into Electronics Products & Solutions (EP&S), establishing a unified management structure. In April 2020, Sony newly established Sony Electronics Corporation as an intermediate holding company for the EP&S segment. Though the businesses are integrated, each is expected to maintain independent financial discipline and accountability. They will aim to leverage technology to create new customer value that transcends the confines of each business, and work to eliminate failures and maximize potential through their operations. Strategies by business are as follows.

IP&S will offer customers Real-time benefits through product differentiation based on the Light to Display technology platforms. For example, the camera business will aim to maintain the top position in the full-frame interchangeable lens camera market, and enhance its strong products and solutions for broadcast stations and other customers in the B2B business. The medical business plans to proceed to expand into the surgical imaging and life science fields over the mid- to long-term.

In HE&S, the television business will continue to develop products oriented toward the highest levels of image and sound quality, design and ease of use as it achieves an average inch size that outpaces industry trends and drives the premium 4K market. The video and sound business focuses on enhancing product capabilities and increase sales in growth areas such as headphones and home speakers, and create new musical experiences with the release of the 360 Reality Audio format.

MC plans to continue to steadily carry out structural reforms in the smartphone business while leveraging leading technology from the Sony Group to strengthen product competitiveness. The telecommunications business, which enjoys a stable customer base and revenue, will concentrate on enhancing its service platform for 5G and evolve into IoT services.

EP&S aims to realize stable profitability by expanding growth businesses and managing its portfolio to maximize its businesses’ growth and value in accord with its medium-term target in Sony’s third mid-range plan.
Imaging & Sensing Solutions

Business Vision
Spark imaginations and enrich society by bringing inspiring, intelligent, and reassuring solutions that push the boundaries of image quality and cognition with transcendent imaging and sensing technologies

Value Created

1. Enriching people’s hearts through the delivery of emotional experiences
   Cutting-edge imaging and sensing technology enables “Reality” and “Real-time” communication, and generates comfort and excitement in life. Users gain opportunities to experience emotion and share joy.

2. Helping creators realize their dreams
   The provision of imaging and sensing data supports and drives the creation of new use cases and ecosystems in various industries.

3. Contributing to society through the delivery of safety, health and reliability
   Functionality that surpasses human visual and cognitive ability enhances danger prediction, risk measurement and efficiency, contributing to a safer, more secure society that can serve as the basis for people’s fulfillment.

Business Strengths
• Strong technological capabilities for CMOS image sensors that help realize high-precision, high-sensitivity, multi-pixel and high-speed imaging (number one share on a revenue basis in fiscal year ended March 31, 2020*1)
• Excellent customer base in each application
• Opportunities for collaboration and synergy with Sony Group businesses that have strengths in high-end products
*Source: Sony

Material Topics in the Foundation for Creating Value
• Responsible supply chain: Addressing environmental and human rights risks in the context of global supply chains
• Product quality and customer service: Meeting or exceeding application-specific industry standards for automotive image sensors and in other fields, in addition to maintaining high quality and reliability
• Environment: Addressing reduction in environmental impact through such means as lowering greenhouse gas emissions produced by semiconductor processes, and recycling resources
Note: Regarding “Technology” and “Employees,” please refer to pages 34 and 38, respectively.

Notable Social and Technological Changes
• Need for greater amenity, comfort and efficiency
• Increasing importance of advanced recognition technology backed by evolution of AI and IoT
• Industry advancements in smart and real-time operations due to shifts toward automation and autonomous devices
• Intensifying competition, reorganization of major players, and diversification and expansion of use cases in semiconductor industry
• Changes in business environment due to escalating geopolitical risks and COVID-19

Key Performance Indicators of Business
• Image sensors global market share by revenue: 53%1
• Sensing solutions’ share of sales: 4%2
• ROIC: 20.3%2
1. Fiscal 2019 figure, Sony
2. As of March 31, 2020

Main Operating Companies
Sony Semiconductor Solutions Corporation, Sony Semiconductor Manufacturing Corporation, Sony LSI Design Inc.
Strategic Key Points

Background to Strategies
Imaging and sensing technologies embody “getting closer to people” as an essential tool for capturing emotions in images and video, and for understanding and analyzing user motivations.

The image sensor market remains in a mid- to long-term growth trend despite an expected slowdown in the short term as a result of the currently uncertain business environment due largely to the COVID-19 pandemic and escalating geopolitical risk. It has promising growth prospects in the mobile domain, its chief driver. Meanwhile, advancements in AI and IoT technologies will continue to drive market growth in new domains such as automotive, factory automation and security. The importance of image sensors to industry and society is expected to continue to increase.

Strategic Direction
Under these circumstances, Sony’s Imaging & Sensing Solutions segment will remain focused on image sensors. The basic strategy is to further advance Sony’s superior imaging and sensing technologies, achieve growth in each area and create new use cases through collaboration with players in various industries and through M&A.

In specific terms, the aim is to achieve growth in both hardware and software.

For hardware, the I&SS segment seeks to make proactive investments over the mid-term to meet strong demand for CMOS image sensors. While maintaining the world’s leading position in imaging applications for CMOS image sensors, it also aims to capture the world’s number one position in sensing applications.

For software, it will work towards Edge AI implementations that can be combined with sensor hardware to build a recurring revenue business model. To do so, it shall first pursue a partner strategy in the software space in the immediate future.

Sony has pioneered a suite of technologies for incorporating Edge AI in CMOS image-sensor hardware, securing the lead position in the development of increasingly intelligent, real-time sensors. Its leadership is exemplified by the IMX500 and IMX501 intelligent vision sensors, the world’s first image sensors endowed with AI processing power. Using a proprietary stacked technology with Cu-Cu (copper-to-copper) connections, Sony added AI-enabled image analysis and processing capabilities to the image sensor’s logic chip to realize high-speed AI processing. It has also partnered with Microsoft to provide smart camera solutions to corporate customers by embedding Microsoft Azure AI into its intelligent vision sensors.

The I&SS segment aims to maximize profits by launching high-value-added products backed by differentiated technologies in the mobile domain, which remains its core revenue driver. At the same time, it will pursue new earnings sources by allocating management resources to develop new products and technologies in new domains, including the sensing and automotive areas. It will continue to invest in R&D and capital expenditure to maintain and strengthen the image sensor business’ technological edge over the medium to long term. The near-term outlook, however, warrants a cautious investment posture given recent changes in the business environment due to COVID-19 and escalating geopolitical risks.
Financial Services

Business Vision
Become the most trusted financial services group by invoking emotion through the power of technology and high-value-added products and services that meet every customer’s needs

Value Created

Contributing to society through the delivery of safety, health and reliability
Utilizing a wide variety of information, Sony Financial Group (SFG) provides advice tailored to each customer’s life plan. SFG offers safety and reliability through contributing to economic security, facilitating wealth-building, and providing products and services suited to a longevity society. It aims to contribute to safe and reliable next-generation mobility by providing new technology-enabled insurance products and services. Additionally, it aims to make life more convenient by improving access to financial services and promoting innovation.

Business Strengths
• Direct communication with customers to offer individually tailored advice, products and services
• Business infrastructure that can provide high-quality products and services at reasonable prices
• Utilization of technology through coordination with other Sony Group companies

Notable Social and Technological Changes
• Demographic changes, including low birth rate, aging population and changes in household composition
• Globally low interest rates
• Rapid technological innovation, including advent of a data economy, widespread adoption of AI and advancement of autonomous driving technologies
• Financial regulatory changes
• Lifestyle changes in response to manifestation of infectious disease risk

Material Topics in the Foundation for Creating Value
• Corporate governance: Ensure that operations are managed soundly and appropriately in recognition of financial businesses’ highly public nature
• Corporate ethics and compliance: Act ethically and with integrity; comply with laws and regulations as a financial institution
• Information security: Adequately safeguard customers’ private information
• Product quality and customer service: Institutionalize appropriate information provision and post-sale follow-up

Key Performance Indicators of Business
• Sony Life policy amount in force: ¥51.4 trillion\(^1\) (+3.8% year on year)
• Sony Assurance direct premiums written: ¥119.1 billion\(^2\) (+6.2% year on year)
• Sony Bank retail balances: ¥4.5 trillion\(^3\) (+8.6% year on year)

Note: Regarding “Technology” and “Employees,” please refer to pages 34 and 38, respectively.

Main Operating Companies
Background to Strategies
Over the mid-to-long term, market contraction, smaller profit margins and intensifying competition are forecast for Japan’s financial services market due to factors including low birth rate, aging population, and persistently low interest rates. Moreover, with technological innovations such as rapid advances in Fintech and the spread of AI, players from other industries are entering the financial industry. In addition, greater emphasis is being placed on the proper execution of fiduciary duty* in the management of financial institutions.

Since its inception, Sony Financial Group (SFG) has pursued a business model unlike traditional financial institutions, with the goal of providing high-value-added products and services from differentiated businesses that meet individual customers’ needs. To build a safe and reliable society, SFG recognizes the importance of collaborating more closely with other Sony Group companies and individualizing its product and service recommendations more thoroughly. The COVID-19 pandemic has had a major impact on not only the economy but also individuals’ lifestyles. In response, consumers have changed their behavior by increasingly avoiding face-to-face interactions and physical contact. Public consciousness has also changed, with consumers placing more priority on financial security, wealth-building, healthy living and disease prevention. SFG expects the direct business models of Sony Assurance and Sony Bank to increase in importance, together with the expert and authoritative consultations that have long been a strength of Sony Life.

*The obligation of one party to act in the best interest of another

Strategic Direction
Under the theme of taking on the challenge of new growth, the term covered by SFG’s current medium-term business plan will be a time for making strategic moves from a long-term perspective. In addition to targeting organic growth from existing business models, the plan will lay the groundwork for further growth that takes full advantage of changes set to occur 10 years or more in the future.

Key strategies for organic growth based on “customer-first” business operations are: 1) Further enhance consulting-based sales and follow-up by Lifeplanner sales employees, and raise customer satisfaction; 2) Achieve sustainable growth in automobile insurance and diversify non-life insurance portfolio; 3) Strengthen foreign currency deposits and mortgage loans; and 4) Ensure steady post-startup progress of the nursing care business.

Additionally, SFG is stepping up collaboration with other Sony Group companies. Sony Assurance has begun selling automobile insurance that uses Sony Group technologies, including AI, to link premiums to driving habits. By offering cash-back incentives to low-risk drivers, Sony Assurance aims to reduce its customers’ accident risk and, in turn, help bring about a society with a low incidence of traffic accidents.

New growth will require strengthening SFG’s core competency of providing products and services tailored to each customer. SFG plans to speed up the generation of synergies with other Sony Group companies through strategies that concentrate on a customer-first approach and responsiveness to change. SFG aims to support its customers’ total financial needs with appealing, high-value-added products and services that conventional financial institutions cannot provide.
Corporate Governance

Message from the Chairman of the Board of Directors

I have been an outside Director of Sony since June 2017 and have chaired its Board of Directors since June 2019. Sony is distinguished by having a Board comprised mainly of outside Directors as well as chaired by an outside Director. That said, based in my experience as a senior executive and outside Director at other companies, I do not believe there has been a fundamental difference between any companies in terms of either the Board’s role or its approach to executing that role.

Specifically, the Board’s role is to oversee the management team in the aim of mid- to long-term corporate value accretion. I believe constructive, lively discussion at Board meetings is essential to fulfilling this role.

From such a perspective, I have placed priority on two things as Sony’s Chairman of the Board.

The first is maintaining close communication between outside Directors and management. We have arranged many opportunities for dialogue with management, including on-site visits, two-day workshops and meetings with individual management team members, such as the CEO and CFO. When we hold workshops, the management team shares information and ideas beforehand, including the identification of management challenges, enabling outside Directors to engage in meaningful discussion from a broad perspective.

The second is running the Board in a manner that fully leverages the diverse range of experience and expertise of our outside Directors. As Chairman of the Board, I encourage candid discussion at Board meetings, and strive to create an atmosphere in which everyone is comfortable speaking their minds. I generally also convene a meeting of outside Directors after every Board meeting. At such meetings, we frankly discuss any matters that require further deliberation from the standpoint of our respective expertise. I then provide feedback to management as necessary.

In my opinion, the Board discussed effectively with management important matters, including future growth strategies, capital allocation and Sony’s business portfolio. The Board thoroughly reviewed and discussed a series of changes to the Sony Group’s organizational structure announced at Sony’s Corporate Strategy Meeting this May.

With more Directors residing overseas and Board meetings often being held remotely, maintaining more opportunities for high-quality dialogue both among outside Directors and between outside Directors and management will be a key theme going forward. It will also be essential to further streamline Board discussions through such means as revising meeting agendas and protocols.

Never before has there been an era in which stakeholder constituencies were so diverse, and adopting a long-term perspective recognized as so vital. As Chairman of the Board, I am committed to ensuring that Sony continues to provide value to customers over the medium to long term, to help realize a sustainable society together with its employees and to meet its shareholders’ expectations.

Shuzo Sumi
Chairman of the Board
Chair of the Nominating Committee
Senior Executive Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Former Chairman of the Board, Tokio Marine Holdings, Inc.

Committed to Being an Effective, Open Board that Drives Sustainable Corporate Value Accretion

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Historically, Sony has consistently focused on effective Group management by evolving its governance while diversifying its businesses, the regions it serves and its capital procurement methods. Sony therefore sees corporate governance as the basis for management that improves corporate value over the mid and long term as highly important, not simply as a response to legal requirements or social trends.

To realize Sony’s Purpose and achieve sustainable corporate growth, Sony continuously strives to operate the Sony Group effectively by maintaining objective, transparent and sound management and realizing timely and efficient decision-making.

Sony clearly separates its management and oversight functions, and enhances the independence of the Board of Directors (“the Board”) and its functions as an oversight organization to ensure objective, transparent and sound management. In addition, Sony enables timely and efficient decision-making by largely delegating authority for conducting Sony’s business operations from the Board to the management team.

An outstanding governance system is becoming more important than ever for earning greater trust from stakeholders. Sony will therefore work to further enhance its governance system.

**Healthy Tension is Key to Governance**

Sony emphasizes healthy tension between the Board and the management team to ensure highly effective governance, and accordingly, it clearly separates the oversight function of the Board and the management function of the management team.

The Board is responsible for oversight. While utilizing each Committee, the Board primarily reviews and approves Sony’s basic management policies, confirms their progress, and encourages the management team to take corrective action as necessary, including through the exercise of its authority over personnel matters. At the same time, the management team is responsible for outcomes of business operations and assumes accountability to the Board. To ensure that these systems operate effectively, Sony believes that a majority of the Board should be comprised of independent outside Directors, including the chair of the Board.

**Evolution of Governance along with Diversification of Businesses**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>Founded</td>
</tr>
<tr>
<td>1950</td>
<td>Music business in Japan</td>
</tr>
<tr>
<td>1955</td>
<td>Life insurance business</td>
</tr>
<tr>
<td>1960</td>
<td>Game business</td>
</tr>
<tr>
<td>1965</td>
<td>Motion pictures business</td>
</tr>
<tr>
<td>1970</td>
<td>Music business outside Japan</td>
</tr>
<tr>
<td>1975</td>
<td>Non-life insurance business</td>
</tr>
<tr>
<td>1980</td>
<td>Banking business</td>
</tr>
<tr>
<td>1985</td>
<td>Established financial services holding company (Listed on TSE in 2007)</td>
</tr>
<tr>
<td>1990</td>
<td>Network services business (as wholly-owned subsidiary’s business), medical business</td>
</tr>
<tr>
<td>1995</td>
<td>9 out of 12 members of the Board are outside Directors</td>
</tr>
<tr>
<td>2000</td>
<td>Board of Directors: 75%</td>
</tr>
<tr>
<td>2005</td>
<td>Nominating Committee: 75%</td>
</tr>
<tr>
<td>2010</td>
<td>Audit Committee: 100%</td>
</tr>
<tr>
<td>2015</td>
<td>Compensation Committee: 100%</td>
</tr>
<tr>
<td>2020</td>
<td>2015 Reorganization of business divisions into separate companies</td>
</tr>
</tbody>
</table>

1. First among all Japanese companies
2. The amended Companies Act of Japan enforced in 2015 changed the nomenclature to “Company with Three Committees”
3. 1961 American Depositary Receipts (ADDS) issued; US-GAAP accounting began
4. 1960 Sony Corporation of America established in the U.S.
5. 1958 Listed on the Tokyo Stock Exchange
6. 1971 Independent directors began being appointed
7. 1970 Listed on New York Stock Exchange
8. Quarterly earnings releases began being disclosed
9. 1998 Compensation Committee and Nominating Committee voluntarily established
10. 1997 Executive officer system introduced
11. 2000 Executive officer system voluntarily established
12. 2003 Transition to Company with Committees System
13. 2005 Outside Directors became majority on Board of Directors
14. In principle, re-election is limited to five times. Thereafter, re-election requires a resolution of the Nominating Committee and the consent of all of the Directors. Even with the consent of all of the Directors, in no event may any outside Director be re-elected more than eight times.

**Sony’s Governance System (Monitoring Model): Separation of Management and Oversight**

**Enhancing the Independence and Oversight Functions of the Board**

- Adopted the “Company with Three Committees” system in 2003
- 9 out of 12 members of the Board are outside Directors
- Appointed outside Directors as the chair of the Board and of each Committee
- Require additional independence requirements and limit re-election for outside Directors* 

*In principle, re-election is limited to five times. Thereafter, re-election requires a resolution of the Nominating Committee and the consent of all of the Directors. Even with the consent of all of the Directors, in no event may any outside Director be re-elected more than eight times.

**Delegation of Authority**

The Board has the authority to determine basic management policy, and ensures timely decision-making by largely delegating its authority for business operations to the management team.
### Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position / Principal Activities Outside Sony</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenichiro Yoshida</td>
<td>Representative Corporate Executive Officer, Chairman, President and Chief Executive Officer</td>
</tr>
<tr>
<td>Hiroki Totoki</td>
<td>Representative Corporate Executive Officer, Executive Deputy President and Chief Financial Officer</td>
</tr>
<tr>
<td>Shuzo Sumi* (Chairman of the Board)</td>
<td>Senior Executive Advisor, Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. Former Chairman of the Board, Tokio Marine Holdings, Inc.</td>
</tr>
<tr>
<td>Kazuo Matsunaga* (Vice Chairman of the Board)</td>
<td>Chairman of the Board, Mitsubishi Fuso Truck and Bus Corporation Former Vice-Minister of Economy, Trade and Industry</td>
</tr>
<tr>
<td>Tim Schaaff (Non-Executive Director)</td>
<td>Chief Product Officer, Intertrust Technologies Corporation Former President, Sony Network Entertainment International LLC</td>
</tr>
<tr>
<td>Toshiko Oka*</td>
<td>CEO, Oka &amp; Company Ltd.</td>
</tr>
<tr>
<td>Sakie Akiyama*</td>
<td>Founder, Saki Corporation</td>
</tr>
<tr>
<td>Wendy Becker*</td>
<td>Chairperson of the Board, Logitech International S.A. Non-Executive Director, Great Portland Estates plc</td>
</tr>
<tr>
<td>Yoshihiko Hatanaka*</td>
<td>Representative Director, Chairman of the Board, Astellas Pharma Inc.</td>
</tr>
<tr>
<td>Adam Crozier*</td>
<td>Former CEO, ITV plc Former CEO, Royal Mail Group Ltd.</td>
</tr>
<tr>
<td>Keiko Kishigami*</td>
<td>Certified Public Accountant in Japan Board Member, WWF Japan Former Partner, Ernst &amp; Young ShinNihon LLC</td>
</tr>
<tr>
<td>Joseph A. Kraft Jr.*</td>
<td>CEO, Rorschach Advisory Inc. Former Deputy Branch Manager &amp; Managing Director, Bank of America Merrill Lynch Japan Former Managing Director, Morgan Stanley Inc.</td>
</tr>
</tbody>
</table>

* An outside Director who satisfies the requirements under Item 15, Article 2 of the Company Act of Japan.
<table>
<thead>
<tr>
<th>Name</th>
<th>Position / Principal Activities Outside Sony</th>
<th>Years as Director</th>
<th>Committee Membership/Assignment</th>
<th>Experience and Expertise (Outside and Non-Executive Directors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenichiro Yoshida</td>
<td>Representative Corporate Executive Officer, Chairman, President and Chief Executive Officer</td>
<td>6</td>
<td></td>
<td><img src="image" alt="Committee Membership/Assignment" /> <img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
<td>Hiroki Totoki</td>
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<td>1</td>
<td></td>
<td><img src="image" alt="Committee Membership/Assignment" /> <img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
<td>Shuzo Sumi*</td>
<td>Senior Executive Advisor, Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</td>
<td>3</td>
<td>Chair</td>
<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
<td>Kazuo Matsunaga*</td>
<td>Vice Chairman of the Board, Chairman of the Board, Mitsubishi Fuso Truck and Bus Corporation</td>
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<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
<td>Tim Schaaff</td>
<td>Non-Executive Director, Chief Product Officer, Intertrust Technologies Corporation</td>
<td>7</td>
<td></td>
<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
<td>Toshiko Oka*</td>
<td>CEO, Oka &amp; Company Ltd.</td>
<td>2</td>
<td>Chair</td>
<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
<td>Sakie Akiyama*</td>
<td>Founder, Saki Corporation</td>
<td>1</td>
<td>Chair</td>
<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
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<td>Chairperson of the Board, Logitech International S.A.</td>
<td>1</td>
<td></td>
<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
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<td>Representative Director, Chairman of the Board, Astellas Pharma Inc.</td>
<td>1</td>
<td></td>
<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
<td>Adam Crozier*</td>
<td>Former CEO, ITV plc, Former CEO, Royal Mail Group Ltd.</td>
<td>Newly appointed</td>
<td></td>
<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
<tr>
<td>Keiko Kishigami*</td>
<td>Certified Public Accountant in Japan</td>
<td>Newly appointed</td>
<td></td>
<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
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<td>Newly appointed</td>
<td></td>
<td><img src="image" alt="Experience and Expertise" /></td>
</tr>
</tbody>
</table>

Note: Blue shading indicates outside Directors and non-executive Directors
As of July 31, 2020
Roles and Annual Schedule of the Board and Committees

The Board determines Sony’s fundamental management policies, and oversees the management of Sony’s business operations. As part of this role, the Board has the authority to (i) appoint and dismiss statutory committee members, (ii) appoint and dismiss Corporate Executive Officers, and (iii) oversee the status of appointment/dismissal of Senior Executives except for Corporate Executive Officers. In addition, in order to improve Directors’ understanding of Sony businesses so that the Board, a majority of which is comprised of independent outside Directors, can effectively perform its oversight role, the Board has conducted events such as site visits by outside Directors on a regular basis, as well as two-day workshops.

The Nominating Committee determines the content of proposals regarding the appointment/dismissal of Directors to be submitted for approval at the General Meeting of Shareholders, and evaluates management succession plans for the CEO and other executives. The Compensation Committee sets policy on the content of individual compensation for Directors, Corporate Executive Officers and other officers, determines the amount and content of individual compensation for Directors and Corporate Executive Officers, and oversees the status of decisions regarding individual compensation of Senior Executives except for Corporate Executive Officers. The Audit Committee monitors the performance of duties by Directors and Corporate Executive Officers, and oversees the independent auditor.

<table>
<thead>
<tr>
<th>June</th>
<th>October</th>
<th>January</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Performance review (mainly business results)</td>
<td>Review of mid-range plan</td>
<td>Review of annual business plan</td>
</tr>
<tr>
<td>Visits to business sites</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nominating Committee</td>
<td>Review of selection policy for Director candidates</td>
<td>Consideration and selection of Director candidates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CEO succession plan review</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>Determination of important factors based on remuneration policy (including KPIs)</td>
<td>Determination of stock options</td>
<td>Discussion/determination of remuneration policy</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>Determination of audit plan</td>
<td>Review of financial results</td>
<td>Review of financial results</td>
</tr>
<tr>
<td></td>
<td>Review of business sites</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Audit of business execution (management interviews)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Image of Annual Schedule of the Board and Committees for FY2019
Continuously Improving Governance

Sony’s governance is a continuously evolving management system. Sony has conducted evaluations of the effectiveness of the Board and each Committee (“Evaluation”) annually since 2015. An outside counsel conducted the Evaluation in respect of the Board and Committee activities in the fiscal year ended March 31, 2020, and reported that the Board is established and operated in a manner sufficient to be highly appreciated, based on various points, including the self-evaluation results of the Directors and comparison with benchmarked companies in Japan, the United States and Europe. Following discussion and analysis based on the Evaluation, the Board affirmed that the Board and each Committee were functioning effectively.

Sony will take appropriate actions to further enhance functions of the Board and the Committees in response to the results of the Evaluation, as well as various comments and opinions given by Directors and the outside counsel during the Evaluation process.

Major Efforts to Improve Effectiveness of Sony’s Board of Directors

<table>
<thead>
<tr>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Enhanced diversity in the boardroom (by newly appointing one non-Japanese Director and one female Director as outside Directors)</td>
<td>• Further enhanced diversity in the boardroom (by newly appointing one non-Japanese and two female Directors as outside Directors)</td>
<td>• Further enhanced diversity in the boardroom (by newly appointing two non-Japanese Directors and one female Director as outside Directors)</td>
</tr>
<tr>
<td>• Began restricted stock compensation for Directors, including outside Directors</td>
<td>• Made periodic reports to Board on ESG-related matters</td>
<td>• Continued periodic reports to Board on ESG-related matters</td>
</tr>
<tr>
<td>• Monitored cybersecurity risk management by Board</td>
<td>• Focused on information security continuously through Director in charge of Information Security</td>
<td>• Focused on information security continuously through Director in charge of Information Security</td>
</tr>
<tr>
<td>• Considered and discussed medium- and long-term business strategies in Director workshop</td>
<td>• Held additional executive sessions</td>
<td>• Held additional executive sessions</td>
</tr>
<tr>
<td>• Board continuously evaluated effect and return of large-scale investment and M&amp;A</td>
<td>• Expanded disclosure of Sony’s appointment/dismissal policy for Senior Executives, including CEO, and Sony’s policy on succession planning</td>
<td>• Expanded disclosure regarding compensation of Directors and Senior Executives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Conducted visiting audits by Audit Committee members at Sony’s business sites</td>
</tr>
</tbody>
</table>

Risk Management

Each business unit, subsidiary, affiliated company and corporate division of the Sony Group periodically reviews and evaluates risks in its respective area of responsibility and works to find, report, evaluate and respond to risks that may cause losses.

Senior Executives, including the Corporate Executive Officers, have the authority and responsibility to establish and maintain a system to identify and control risks that may cause losses to the Sony Group in their respective areas of responsibility, and set up and operate such risk management systems. The Corporate Executive Officer in charge of group risk control comprehensively promotes and manages the establishment and enhancement of the system through the activities with related departments.

Examples of risks that may significantly impact investor judgments include reduced market relevance and profitability due to intensifying competition from competitors; newly incurred costs to comply with laws and regulations in countries and regions where Sony operates; impairment of long-lived assets; and changes in consumption behavior caused by the increasing prevalence of new technologies and distribution platforms.

Ensuring Transparent Compensation That Incentivizes Sound Management

Sony’s Compensation Committee sets the policy on the content of individual compensation for Directors, Senior Executives and other officers, and determines the amount and content of individual compensation of Directors and Corporate Executive Officers in accordance with the policy. It is also responsible for overseeing the determination of the amount and content of individual compensation for Senior Executives other than Corporate Executive Officers. The Compensation Committee currently consists of three outside Directors.
Basic Policy regarding Director Remuneration
The basic policy for Director remuneration is to improve the supervisory function for business operations based on research regarding remuneration of directors of other companies. Director remuneration consists of fixed remuneration, remuneration linked to stock price, and the Phantom Restricted Stock Plan, with no compensation linked to short-term performance.

Regarding remuneration linked to stock price, restricted stock is used to promote shared values between shareholders and Directors, and incentivize Directors to develop and maintain a sound and transparent management system. Appropriate conditions are set to enhance the effectiveness of incentives.

Regarding the Phantom Restricted Stock Plan, points determined by the Compensation Committee are granted to Directors every year until their retirement, whereupon the remuneration amount is calculated by multiplying the common stock price by the individual’s accumulated points. No points pursuant to the Phantom Restricted Stock Plan are granted to a Director for a fiscal year in which Sony granted that Director restricted stock as Director remuneration.

Basic Policy regarding Senior Executive Remuneration
Senior Executives are key members of management responsible for executing operations of Sony or its business, and Senior Executive remuneration provides effective incentives to improve business results on a short/mid/long-term basis in order to further improve corporate performance as a whole. Based on this policy, Senior Executive remuneration consists of fixed remuneration, remuneration linked to business results, remuneration linked to stock price, and the Phantom Restricted Stock Plan. The amount of each component and its percentage of total compensation are determined in accordance with the individual’s level of responsibility and based upon benchmark research, emphasizing linking the remuneration to business results and shareholder value. In principle, remuneration for a Senior Executive who has a greater management responsibility and influence on Sony as a whole has a higher proportion of remuneration linked to stock price. (Please refer to “Executive Compensation Package Designed to Focus on Long-Term Management” graph below.)

Remuneration linked to business results is based upon appropriate indicators to ensure that such remuneration effectively incentivizes Senior Executives to achieve corporate targets for the mid/long-term and subject fiscal year.

Specifically, the amount is determined based on the level of achievement of the targets of 1) certain key performance indicators linked to consolidated or individual business results of the corresponding fiscal year, such as return on equity, net income attributable to stockholders and operating cash flow, which indicators are selected based on the areas of responsibility of the relevant Senior Executive; and 2) the individual performance of the area(s) for which the relevant Senior Executive is responsible. The amount paid to Senior Executives fluctuates within the range of 0-200% of the standard payment amount (“Business Results Linked Standard Payment Amount”) based on the achievement of the above targets. Efforts to accelerate collaborations among Sony businesses in terms of value creation as “One Sony,” as well as sustainability initiatives related to social value creation and ESG, are included in the evaluation indicators for individual performance. The Business Results Linked Standard Payment Amount is determined so that such amount is within a certain percentage of the cash compensation (total of fixed remuneration and remuneration linked to business results), which percentage is determined in accordance with each individual’s level of responsibility.

Remuneration linked to stock price, such as stock options and restricted stock, is used to incentivize Senior Executives to increase mid- to long-term shareholder value. Appropriate conditions are in place to enhance the effectiveness of such remuneration programs. The amount of remuneration linked to share price is determined, so that the amount is within a certain percentage of the total cash remuneration and remuneration linked to stock price.

Regarding the Phantom Restricted Stock Plan, in order to link remuneration to mid/long-term creation of corporate value, points determined by the Compensation Committee are granted to Directors every year until their retirement, whereupon the remuneration amount is calculated by multiplying the common stock price by the individual’s accumulated points.

Executive Compensation Package Designed to Focus on Long-Term Management

<table>
<thead>
<tr>
<th>Role</th>
<th>Fixed compensation</th>
<th>Remuneration linked to business results</th>
<th>Remuneration linked to stock price</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Executive (R&amp;D/HQ)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Executive (Business)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Graph shows composition of remuneration for FY2019. The proportions of “Remuneration linked to business results” are based on the Business Results Linked Standard Payment Amount.
New Sony Group Organizational Structure

Sony will carry out a series of changes to the Sony Group’s organizational structure, intended to lead the evolution of each individual business and further leverage the diversity of its business portfolio.

Effective April 1, 2021, the current Sony Corporation will change its company name and relaunch as “Sony Group Corporation” (this change was approved by shareholders at the June 26, 2020 General Meeting of Shareholders). Sony Corporation currently has two functions, one being to serve as the headquarters of the Sony Group, and the other being to provide overall management support for its electronics businesses. These functions will be separated and redefined, with Sony Group Corporation focusing on its role as the headquarters of the Sony Group. Sony Group Corporation will principally fulfill the following three key missions with the objective of increasing the overall value of the Sony Group from a long-term perspective.

1. Business portfolio management and strategic capital allocation
2. Value creation through Group synergies and business incubation
3. Investment in the talent and technology that form the foundation of its innovation

In conjunction with the launch of Sony Group Corporation on April 1, 2021, Sony Electronics Corporation, which currently operates the electronics business that is the origin of Sony’s business (the Electronics Products & Solutions segment in Sony’s current financial disclosure), will inherit the company name “Sony Corporation.”

Sony completed a tender offer for all publicly owned common shares and the related stock acquisition rights issued by Sony Financial Holdings Inc. (SFH), the holding company of its financial services business. SFH has maintained its position as a listed subsidiary in light of, among other reasons, its ability to flexibly procure capital for growth. However, Sony has now decided to make SFH a wholly-owned subsidiary in order to achieve further growth and strengthen governance within its financial services business, thereby enhancing the corporate value of the overall Sony Group.

In conjunction with these organizational changes, the Sony Group’s executive structure will also be optimized to align with the new Group-wide management structure. Current executives of Sony Corporation in leadership positions at core Sony Group companies will be positioned as executives within their respective businesses from April 2021, and continue their focus on value creation initiatives in those businesses. At the same time, Sony Group Corporation’s executive team will be formed from the heads of key Group headquarters functions and core Sony Group business companies, and will be structured so that it can effectively formulate and execute corporate strategies to drive the Group’s ongoing growth and evolution. In view of this transition, Sony Corporation’s executive structure was partially reformed from June 1st, 2020. The positions of executives with responsibility for business management and those with responsibility for headquarters functions were separated, and chief executives in charge of core Sony Group companies were appointed “Senior Executive Vice Presidents.” In addition, the positions of Corporate Executive Officers were reviewed in order to clarify their responsibility to stakeholders.
Group Information

**Corporate Data (As of March 31, 2020)**

- **Company name**: Sony Corporation
- **Founded**: May 7, 1946
- **Headquarters**: 1-7-1 Konan, Minato-ku, Tokyo 108-0075, Japan
- **Common stock**: ¥880.2 billion
- **Subsidiaries**: 1,529
  - Consolidated subsidiaries: 1,490 (including variable interest entities)
  - Equity-method affiliates: 140
  - Affiliated companies: 155
- **Headcount**: 111,700
  - (consolidated)
- **Listed stock exchanges**: Tokyo Stock Exchange (Japan) and New York Stock Exchange (outside Japan)
- **Shares per unit**: 100
- **Fiscal year-end**: March
- **Ordinary general meeting of shareholders**: June
- **Number of shares issued**: 1,261,058,781
- **Number of shareholders**: 423,556
- **Distribution by Shareholder Type**
  - Foreign institutions and individuals: 56.7%
  - Japanese financial institutions: 24.4%
  - Japanese individuals and others: 12.8%
  - Other Japanese corporations: 1.3%
  - Japanese securities firms: 1.6%
  - Treasury stock: 3.2%

**Selection for ESG Indices**

- FTSE4Good
- FTSE Blossom Japan
- MSCI ESG Ratings: AAA

**Disclosure of Financial and Non-Financial Information**

**Corporate Report 2020**

- Integrated report covering financial and non-financial information, such as business strategy and management policies for mid- to long-term value creation
  - Message from the CEO
  - Value Creation at Sony
  - Businesses and Foundation for Creating Value
  - Corporate Governance

**Investor Relations” Website**

- A business overview, with financial and non-financial information, particularly relevant to investors and shareholders
  - Briefings for Investors
    - Corporate Strategy Meeting
    - Earnings Announcement
    - ESG Briefing
  - Financial Reports
    - Securities Report (Japanese only)
    - SEC Filings
  - Corporate Governance and Internal Controls
    - Corporate Governance Report

**Sustainability Report 2020**

- Covers non-financial information, such as activities related to sustainability and CSR, relevant to a wide range of stakeholders
  - Approach to Sustainability
  - Corporate Governance
  - Ethics and Compliance
  - Respect for Human Rights
  - Technology
  - Employees
  - Responsible Supply Chain
  - Quality and Services
  - Environment
  - Community Engagement
Cautionary Statement

Statements made in this report with respect to Sony’s current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as “believe,” “expect,” “plans,” “strategy,” “prospects,” “forecast,” “estimate,” “project,” “anticipate,” “aim,” “intend,” “seek,” “may,” “might,” “could” or “should,” and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management’s assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation.

Risks and uncertainties that might affect Sony include, but are not limited to:

(i) Sony’s ability to maintain product quality and customer satisfaction with its products and services;

(ii) Sony’s ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;

(iii) Sony’s ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;

(iv) the effectiveness of Sony’s strategies and their execution, including but not limited to the success of Sony’s acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;

(v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;

(vi) Sony’s continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;

(vii) Sony’s reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;

(viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony’s markets, particularly levels of consumer spending;

(ix) Sony’s ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;

(x) Sony’s ability to forecast demands, manage timely procurement and control inventories;

(xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony’s assets, liabilities and operating results are denominated;

(xii) Sony’s ability to recruit, retain and maintain productive relations with highly skilled personnel;

(xiii) Sony’s ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;

(xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;

(xv) shifts in customer demand for financial services such as life insurance and Sony’s ability to conduct successful asset liability management in the Financial Services segment;

(xvi) risks related to catastrophic disasters, pandemic disease or similar events;

(xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony’s business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and

(xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. The continued impact of COVID-19 could heighten many of the risks and uncertainties noted above. Important information regarding risks and uncertainties is also set forth in Sony’s most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.

Note to the Financial Information without Financial Services

Financial information without Financial Services presented in this report is not in accordance with accounting principles generally accepted in the United States of America, which is used by Sony to prepare its consolidated financial statements. However, because the Financial Services segment is different in nature from Sony’s other segments, Sony utilizes this information to analyze its results without the Financial Services segment and believes that a comparative presentation may be useful in understanding and analyzing Sony’s consolidated financial statements.

Editorial Policy

Sony’s Corporate Report 2020 is an integrated report that covers the worldwide business activities of Sony Group on a consolidated basis. The report’s purpose is to comprehensively communicate financial information, including business results, policies for mid- to long-term value creation and business strategies, and non-financial information to Sony’s stakeholders.

Reporting Scope

Scope: Sony Corporation, consolidated subsidiaries and other companies within the scope of consolidation

Period: FY2019 (April 1, 2019—March 31, 2020)

Certain subsequent information presented at the FY2020 Q1 Earnings Announcement on August 4, 2020 is also included.

Note: In this report, “Sony Group,” “Sony” and “the Group,” refer to Sony Corporation (the parent company operating in Japan) and all consolidated subsidiaries in which Sony Corporation holds a capital stake of more than 50%.

For a list of consolidated subsidiaries please see Affiliated Companies (Consolidated Subsidiaries) on Sony’s website.

Affiliated Companies (Consolidated Subsidiaries)

Japan https://www.sony.net/CorporateInfo/Subsidiaries/
Outside Japan https://www.sony.net/CorporateInfo/Subsidiaries/outside.html

Links to Websites of Sony Group Companies

https://www.sony.co.jp/group/link/ (Japanese only)

Guidelines Referenced

Environmental Reporting Guidelines 2018, Ministry of the Environment, Government of Japan
GRI Standards (2016), Global Reporting Initiative

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