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For the Next Generation
Sony’s corporate social responsibility (CSR) activities reflect our ongoing commitment to innovation and sound business practices and to creating products, services and content that excite and inspire audiences worldwide. 

Learn about Sony’s approach to sustainability, CSR material topics, and contributions to the Sustainable Development Goals. 

How does technology impact our lives? Kitano Hiroaki of Sony CSL and Andrew Moore from Carnegie Mellon University discuss how our lives will change as technology progresses.

For the Next Generation

For the Next Generation

For the Next Generation

For the Next Generation

For the Next Generation

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For the Next Generation

For the Next Generation

For the Next Generation
About the Sustainability Report

Sony first issued its environmental report in 1994, then enhanced the information related to corporate social responsibility (CSR) and changed the name of report to “CSR report” in 2003. In 2012 and 2013, Sony issued an Annual Report including its financial and CSR information. In order to update disclosure information accompanying changes in Sony’s scope of business and circumstances, Sony has been disclosing its CSR activities mainly on the web since 2014. You can find details of Sony’s CSR activities in the Sustainability Report here.

Reporting Scope and Composition

- This website summarizes the CSR activities of the Sony Group worldwide during fiscal 2017 (which began on April 1, 2017 and ended on March 31, 2018). It also includes reporting on some material activities, such as major organizational changes, up to the end of July 2018. In this website, the Sony Group refers to Sony Corporation - the parent company that operates in Japan - and all consolidated subsidiaries in which Sony Corporation holds a capital stake of more than 50%. “Sony” and “the Group” refer to the Sony Group. For consolidated subsidiaries, please see below.

  > Affiliated Companies (Japan)
  > Affiliated Companies (Outside Japan)

- Sony discloses its operating and financial results on the “Investor Relations” section of its website and information on its CSR activities on this Sustainability Report.

  > Comparative Table with GRI Standards

- This information in this report refers to the Global Reporting Initiative (GRI) Standards. Furthermore, the Environmental Reporting Guidelines (Fiscal year 2012 version) published by Japan’s Ministry of the Environment were used as references in preparing this report. For comparative tables with the GRI Standards, please see below.

  > Identifying CSR Material Topics

- A third-party report on verification of environmental data is available below.

  > Independent Verification Report
At Sony, we understand that it is our social responsibility to enhance our corporate value through innovation and sound business practices and contribute to developing a sustainable society. We hold ourselves responsible to all stakeholders including our customers, shareholders, employees and business partners. We are also accountable to our society, and to the Earth in which we operate.

Sony’s unwavering commitment to society goes back to our beginnings, more than 70 years ago. Today the world is changing dramatically, and growing ever more complex. At Sony, we will continue to take a long-term view of our business with our strong commitment to generate sustainable social value, in addition to creating more economic values as a global company.

While there are many facets to social value, one area in which only Sony can deliver the value is to create “Communities of Interest” through our products and services. By enabling people with similar interests to connect with one another, we hope to contribute towards building a rich, fulfilling society.

Creators and engineers who create content and products that deliver “kando” play a vital role in creating such a world. For more than half a century, Sony has continued to support science education at elementary and junior high schools in addition to also providing training for teachers. Under the slogan, “For the Next Generation,” Sony conducts science workshops around the world to foster the creativity of students and engage their interest in science. We have also launched products such as KOOV™ and MELH™ that support education in science, technology, engineering, arts and mathematics (STEAM).

We recognize that Sony’s business cannot continue to exist without a sustainable natural environment and a peaceful society. This motivates us to work tirelessly for the environment, human rights, and diversity. In addition we also want to contribute to the medical field and to the safety of mobility in the emerging driverless era. We believe these efforts will help to achieve the Sustainable Development Goals, which is our global society’s common agenda.

Starting this year, we have renamed “CSR Report” to “Sustainability Report.” The information here details our activities over the last fiscal year in the area of corporate social responsibility, while also introducing Sony’s long-term approach to sustainability and the initiatives we are pursuing to create social value through innovation.

At Sony, we remain committed to engaging in ongoing dialogue with our stakeholders as we help build a more sustainable world.

Kenichiro Yoshida
President and Chief Executive Officer
Representative Corporate Executive Officer
Sony Corporation
Approach to Sustainability

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 Group Code of Conduct)

Under its Mid-Term Corporate Strategy announced on May 22, 2018, Sony aims to sustainably generate social value and maintain a high level of profit under the key themes of “kando”—to move people emotionally—and “getting closer to people.” To fulfill its mission of delivering kando, Sony works to create innovation through products, services and content that inspire people, recognizing that sound business practice is essential to its social responsibilities. Sony also gives due consideration to the impacts of its business activities on the interests of its stakeholders—shareholders, customers, employees, suppliers, business partners, local communities, other organizations—and the global environment. Sony also engages in dialogue with stakeholders to build trust and get input. Through these activities, Sony will keep striving to increase corporate value by generating economic and social value and contributing to the development of a sustainable society.

Contribution to developing a Sustainable Society

Creating “Kando” through Business Activities

Innovation and Sound Business Practices

Sony’s Business Operations

Economic Value

Social Value

Enhancement of Corporate Value

> 2018 Corporate Strategy
Identifying CSR Material Topics

Identifying CSR Material Topics

To align and respond effectively to evolving social imperatives and changes in the business environment, Sony has conducted a CSR materiality assessment with BSR, an independent organization with expertise in global CSR trends and international standards, with the aims of validating the focus areas for its CSR activities by incorporating the perspectives of stakeholders and identifying emerging CSR topics relevant to new business areas.

CSR Materiality Assessment Process

The Sony Group is a global organization with a broad business portfolio. Sony is engaged in the development, design, manufacture, and sale of various kinds of electronic equipment and devices for consumer and professional markets as well as game consoles and software. Sony also produces and distributes motion pictures, television programs, music, and digital networks. Sony is also engaged in various financial services businesses through its Japanese insurance subsidiaries and banking operations through a Japanese Internet-based banking subsidiary. Given the diversity of the Group’s operations, the expectations of its stakeholders regarding its CSR initiatives also vary. Sony regards CSR materiality assessment as an important process for facilitating its CSR activities, understanding multi-stakeholder expectations, and validating its focus areas in view of business strategies.

In conducting the CSR materiality analysis, we first identified global CSR topics of particular relevance to Sony. Sony then looked at those topics that are most significant today as well as emerging topics of importance to external stakeholders, which include nongovernmental organizations (NGOs), customers, and socially responsible investors, as well as at stakeholders’ views regarding the changes in roles and responsibilities of corporations. Sony then assessed those topics likely to have impact on its mid- to long-term business strategies and identified topics that are material from both a stakeholder and a business perspective.

Steps of the CSR Materiality Assessment

Step 1: Identify and classify global CSR topics

Using both internally and externally sourced information, Sony compiled a list of all identified topics it could conceive of as potential items of relevance, categorized related items into groups, and then narrowed the list down to about 40 final items. To identify global CSR topics, Sony referred to relevant sources such as the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI), and the Sustainable Development Goals adopted at the United Nations.

See “Contributing to Sustainable Development Goals” for information about Sony’s contribution to the goals.
Step 2: Assess the topics from the perspective of Sony and its stakeholders

The global CSR topics identified and classified in the Step 1 were assessed from Sony’s perspective by taking into account the following viewpoints:

- Persons at Sony in charge of each topic were interviewed to assess the importance of the topics and their relevance for Sony’s business
- The knowledge of external experts was obtained to assess the relevance of the topics for Sony’s business

The same topics were assessed from the perspective of stakeholders by taking into account the following viewpoints:

- External experts specializing in areas related to Sony’s business, including entertainment, media, ICT, and finance, were interviewed to assess the importance of the topics
- Opinions of external experts were obtained to assess the relevance of the topics for key stakeholders, such as NGOs, civil society and community organizations, consumers, and socially responsible investment rating organizations

In addition, Sony also considered issues and concerns expressed by stakeholders during the course of its business activities.

Step 3: Finalize CSR material topics

A presentation of the results of the Step 2 assessment was created, and then reviewed by relevant departments and approved by management. Topics deemed particularly important were finally specified as CSR material topics.

Key Findings

Based on the results of its CSR materiality assessment, the 25 topics listed below were specified as CSR material topics. In addition to topics Sony has already been addressing, the list includes topics such as human rights that encompass multiple areas, as well as topics such as innovation and data security that have been of great importance for Sony but were newly recognized as material from stakeholders’ perspectives.

In the Sustainability Report 2018, these CSR material topics are reported in nine focus areas: Innovation, Corporate Governance, Ethics and Compliance, Respect for Human Rights, Employees, Responsible Supply Chain, Quality and Services, Environment, and Community Engagement.

The Sony Group recognizes the importance of these CSR material topics and will work hard to address them all.
CSR material topics at Sony Group

- Access to Information/Technology products
- Anti-bribery and Corruption
- Biodiversity
- Board Independence & Diversity
- Climate Change and Energy
- Consumer & Audience Engagement
- Data Security and Privacy
- Design for Emerging Market Needs
- Employee Dialogue
- Employee Health, Wellness, and Safety
- Ethical Business Practices
- Global Diversity and Inclusion
- Human Rights
- Innovation
- Local Community Impact
- Natural Disaster Risks
- Philanthropy and Volunteers
- Product Quality and Safety
- Raw Material Sourcing
- Social Application of Technology
- Supply Chain Management
- Sustainable Product Design
- Talent Recruitment, Retention & Development
- Waste Management, Effluents and Emissions
- Water Use and Management
<table>
<thead>
<tr>
<th>Focus area</th>
<th>Related material topics</th>
<th>Scope</th>
<th>Range of impact/ stakeholder group</th>
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</table>
| Innovation                       | • Innovation  
• Social application of technologies  
• Design for emerging market needs | Sony Group  | Customers  
Business partners                                      |
| Corporate Governance             | • Board independence and diversity                                                      | Sony Group  | Shareholders                                             |
| Ethics and Compliance            | • Ethical business practices  
• Anti-bribery and corruption  
• Data security and privacy          | Sony Group  | Customers  
Shareholders  
Business partners  
Employees  
Other organizations               |
| Respect for Human Rights         | • Human rights                                                                          | Sony Group  | Customers  
Business partners  
Employees  
Local communities               |
| Employees                         | • Diversity and inclusion  
• Talent recruitment, retention and development  
• Employee health, wellness and safety  
• Employee dialogue                   | Sony Group  | Employees                                                 |
| Responsible Supply Chain         | • Supply chain management                                                              | Sony Group  | Business partners  
Local communities               |
| Quality and Services             | • Product quality and safety  
• Customer and audience engagement  
• Accessibility                         | Sony Group  | Customers                                                 |
| Environment                      | • Climate change and energy  
• Biodiversity  
• Water use and management  
• Waste management, effluents and emissions  
• Sustainable product design  
• Raw materials sourcing           | Sony Group  | Customers  
Business partners  
Local communities  
Global environment               |
| Community Engagement             | • Philanthropy and volunteers  
• Local community impact  
• Natural disaster risks           | Sony Group  | Local communities                                         |
Contributing to Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted by the United Nations General Assembly in 2015. They were formulated based on the outcome of the Millennium Development Goals, which, being established in 2000 with the intention of realizing a better international community, had a target year of 2015. The SDGs are comprised of 169 targets organized under 17 goals related to issues such as poverty, inequality, education, and the environment. The initiative is not only intended for developing nations, but applies to all countries, including advanced countries.

Sony has studied the relationship between the SDGs and its business activities, including its supply chain, and related social impacts and, after discussion among top management, has identified the goals that Sony will seek to contribute to through its business activities.

All of the Sony Group’s businesses are united in pursuing sustainable growth under the mission of being “A company that inspires and fulfills your curiosity.” The Sony Group’s “reason for being” lies in its ability to contribute to society through innovation, and this is the mission the world expects Sony to achieve. This is directly related to SDG 9, “Industry, innovation and infrastructure.” Sony also seeks to contribute to SDGs 3, “Good health and well-being,” 5, “Gender equality,” 8, “Decent work and economic growth,” and 17, “Partnerships for the goals,” through its business activities.

It is also important to consider the impact of Sony's business activities on SDGs 5, “Gender equality,” 8, “Decent work and economic growth,” 12, “Responsible consumption and production,” and 13, “Climate action.” In these areas, Sony conducts ongoing assessments of risks and impacts, and ensures proper information disclosure.

Sony is also committed to making the most of its products, services, and applying its technologies to help accomplish SDGs 4, “Quality education,” 5, “Gender equality,” 9, “Industry, innovation and infrastructure,” and 17, “Partnerships for the goals”—together with its business activities.
CSR Organizational Structure

Organizational Structure

Sony’s organizational structure for CSR implementation is spearheaded by the CSR Section at Sony Corporation headquarters, which is overseen by the executive officer in charge of CSR. The CSR Section plans and sets objectives for CSR-related initiatives, makes these initiatives known throughout the Sony Group, monitors the progress of activities, and provides relevant information to the public via various reports including the Sustainability Report. In addition to disclosure, the CSR section promotes dialogue with stakeholders, reports on various external inputs to the executive officer in charge of CSR, and ensures that these inputs are fed back to the management team and relevant headquarters departments (including those in charge of legal affairs and compliance, the environment, product quality, procurement, investor relations, Employees, and marketing). Accordingly, Sony addresses CSR from a Group-wide perspective and incorporates issues into management action as necessary. The CSR Section and other relevant headquarters departments then implement CSR activities throughout the Group by ensuring Sony’s policies and initiatives are conveyed to group companies around the world.

Raising Awareness

Sony recognizes that effective implementation of CSR requires keen employee awareness and offers a variety of educational programs.

e-learning

Sony and some of its group companies offer e-learning training programs for all employees focused on instilling know-how and introducing Sony’s CSR program as well as enhancing general understanding of CSR.
Internal Newsletter

Sony publishes a monthly newsletter to help Sony Group employees better understand social responsibility. It details Sony’s principal CSR initiatives and reports on related awards received from third parties and CSR trends.

Sustainability Forum

The Sustainability Forum provides Sony Group employees in Japan with the opportunity to increase their knowledge of CSR. This event features lectures by invited experts, film screenings, workshops where employees can develop new ideas, and other activities, and addresses a variety of themes, including emergency relief, the environment, human rights, poverty, international understanding, employment opportunities for persons with disabilities, work-life balance, diversity, social innovation and the Sustainable Development Goals (SDGs). Employees of Sony Group companies are able to view the proceedings via streamed video or other media, substantially boosting participation in the event.

> Volunteer systems for employees
Stakeholder Engagement

“We will all give due consideration to the impact of our business activities on the interests of our stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations.”

(Sony Group Code of Conduct)

Communication with Stakeholders

Sony understands that addressing issues of interest to its many stakeholders is intrinsically linked to its ability to ensure a strong operating foundation, which is in turn vital to ensuring the well-being and sustainability of its business activities and to achieving sustainable growth. Sony’s CSR initiatives reflect this understanding. Sony works to earn the trust of its stakeholders through its business activities, as well as through a range of CSR initiatives.

<table>
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<tr>
<th>Stakeholders</th>
<th>Principal Goals</th>
<th>Main Communication Methods</th>
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| Customers          | • Provide products that deliver satisfaction, safety and peace of mind from the customer’s perspective  
                    • Provide customer service that further enhances customer satisfaction  
                    • Enhance usability and accessibility | • Information regarding products and services  
                    • Customer Center (handles enquiries from customers)  
                    • Important notices regarding products and services  
                    • Purchaser's questionnaire  
                    • Participation in trade shows and exhibitions  
                    • Seminars  
                    • Sony & Accessibility website  
                    • First Flight website  
                    • Various social media sites |
| Shareholders       | • Ensure swift and appropriate disclosure  
                    • Achieve continued growth in corporate value | • General meetings of shareholders and presentations on financial results  
                    • IR Day and meetings for individual investors  
                    • Websites disclosing information for investors |
| Business partners   | • Ensure appropriate, transparent and fair procurement practices, in line with the Sony Group Code of Conduct and Sony Supply Chain Code of Conduct  
                    • Ensure that procurement practices are in harmony with the environment and society (including labor issues, human rights and conflict minerals) | • Explanatory meetings concerning the supply chain  
                    • Audits and surveys related to CSR procurement  
                    • Dedicated website for business partners and a department |
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<th>Responsible Supply Chain</th>
<th>Quality and Services</th>
<th>Environment</th>
<th>Community Engagement</th>
</tr>
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### Employees
- Support employees with diverse backgrounds
- Promote diversity in hiring
- Foster global business leaders and engineers who will drive growth in the future
- Support individual career-building efforts
- Promote dialogue through employee surveys and town hall meetings

### Local communities
- Promote initiatives that contribute to communities in fields where Sony is best able to do so
- Provide emergency relief
- Work with NGOs and NPOs to help resolve issues facing society

### Global environment
- Reduce the environmental footprint of Sony’s business activities and products throughout their lifecycle to zero
  - Reduce CO2 emissions of Sony’s business activities and products throughout their lifecycle to zero
  - Reduce the volume of virgin resources used and maximize the use of recycled resources; conserve water resources; and promote the collection and recycling of end-of-life products
  - Prevent pollution by reducing the volume of chemical substances used
  - Promote the conservation and restoration of biodiversity and the sustained use of biodiversity-friendly products

### NGOs, NPOs and other organizations
- Collaborate with NGOs and NPOs to help address social challenges
- Participate in global frameworks
- Participate in CSR-related organizations and projects

*Activities for contributing to the community and reducing the environmental burden at each worksite*
*Activities held in collaboration with NGOs and NPOs*
Partnership and Participation in Multi-stakeholder Frameworks

For Sony, engaging and working together with various stakeholders is vital for pursuing CSR activities. Sony not only promotes engagement with stakeholders in implementing its CSR activities but also encourages the participation of multi-stakeholder groups in the planning of those activities, thereby contributing to the creation of a global framework for social responsibility.

Partnering with an Environmental NGO

In July 2006, Sony joined the Climate Savers Programme, which is a partnership between the World Wide Fund for Nature (WWF), a leading environmental protection NGO, and various companies in the drive to reduce greenhouse gas emissions. Through the Climate Savers Programme, leading corporations partner with the WWF to establish targets for reducing absolute emissions of CO2 and other greenhouse gases. Progress toward these targets is monitored by an independent body. As of April 2018, 18 corporations worldwide had signed on as Climate Savers Programme partners.

As a member of the programme, Sony is expanding the scope of substances subject to greenhouse gas emission reduction requirements in a step-by-step manner and has incorporated them into its environmental targets. In June 2015, Sony introduced the Green Management 2020 environmental mid-term targets for fiscal 2016-2020. In addition to the targets for absolute greenhouse gas emissions from Sony Group sites and energy consumption of products, Sony has set new reduction targets for business partners, suppliers and logistics. These targets were reviewed and approved by the WWF as revised targets for Sony under the Climate Savers Programme.

Learn more about the Green Management 2020 mid-term environmental targets

Participation in CSR-Related Organizations and Projects

Sony is a member of numerous global CSR organizations, including BSR and the Council for Better Corporate Citizenship (CBCC). The CBCC was originally established in 1989*1 under an initiative of Nippon Keidanren (Japan Business Federation), with the purpose of promoting good relations between Japan-affiliated companies and various stakeholders, including local communities and employees, by encouraging good corporate citizenship. Sony’s founder, Akio Morita, served as the organization’s first chairman. Sony intends to continue its active involvement in the CBCC going forward.

*1 The organization was founded as the Council for Better Investment in 1989, and its name was changed to CBCC in June 2010.

Sony is a member of the Responsible Business Alliance,*2 which is dedicated to supply chain responsibility encompassing human rights, labor conditions, safety and health, and the environment.

*2 In October 2017, the Electronic Industry Citizenship Coalition (EICC) changed its name to the Responsible Business Alliance (RBA).

Supply Chain Management
Technological innovation and social value

How does technology affect our lives? Will artificial intelligence take over humans? Can business help change the world into a sustainable society? Andrew W. Moore, Dean of the School of Computer Science at Carnegie Mellon University, and Hiroaki Kitano, Director of Sony Computer Science Laboratories, held a discussion on technology and social values, and the role of business in shaping the future by changing technology.

Hiroaki Kitano
Ph.D., computer science
President & Chief Executive Officer, Sony Computer Science Laboratories, Inc.
Senior Vice President, Sony Corporation
Founding President of RoboCup Federation

Andrew W. Moore
Leading scientist in artificial intelligence, machine learning, and computer science
Ph.D., computer science
Vice President of Engineering, Google Commerce Ltd from 2011 to 2014
Dean, Carnegie Mellon University School of Computer Science since 2014

Technology should improve our lives

Kitano: Technology changes our lives for better or for worse, and people expect a lot from technology while at the same time they fear how it may actually shape their lives and society. What is your view on the future of technology and how it will shape society?

Moore: I am an optimist about this. The human condition has been improving over the last century due to technology. We have fewer wars, less starvation, and poverty rates are decreasing. I want to see technology used to genuinely keep people safe, to protect people from criminal threats and natural disasters. Artificial intelligence should be used to see that there is less injustice and threats to people. The former Dean of Carnegie Mellon Raj Reddy once said that, in the future, he wanted to see machines be like “guardian angels,” where we all have a computer that is looking out for us and trying to make sure we are safe. Another more fun and interesting aspect is having technology help us enjoy meaningful life experiences. We may be able to use AI technology in consumer products so that eventually every person will feel like a celebrity where an entourage of smart assistants will clear the way for us and make sure we can concentrate on getting the things that we want done.

Kitano: Some companies have already started to deploy smart speakers, and eventually those systems can all become wearable and more proactively assist individuals. The AI system would need to understand the individuals’ differences and preferences, and be able to understand their intentions.
Moore: One point to note, though, is that while these personal assistant tools make us all productive, that alone should not define the future course of technological development. In fact, I hope to see the next generation of personal assistance work as a team with its human owners, helping people actually let go at times and not get us tied up to optimize every second.

Artificial intelligence will not threaten humankind

Kitano: Another thing I worry about is the public perception of singularity. Whenever I give a talk about AI, I have at least one person in the audience who asks whether the future is going to be like the world of science fiction, most them scientifically unrealistic. Why are people so obsessed with this kind of view and how can we change this perception, since that is obviously not what we engineers and scholars envision in the future?

Moore: It is partly because of the use of the phrase “artificial intelligence” in science fiction. To us, it is an engineering approach that helps people remove the boring parts of their jobs, and get all the information in the right place to help people make good decisions. But I don’t blame the public for being concerned. It’s our job in the industry to be clearer about what AI really is, and what it’s not. But there are also real dangers where if someone with bad intention starts to weaponize artificial intelligence, it will be a real threat to the civilian population.

Kitano: Indeed. To address such concerns and get insights of wide range of stakeholders how to protect ourselves against the potential misuse of technology, Sony has been engaging various parties in discussions around the ethical use of AI technology. Last year we joined the Partnership on AI to Benefit People and Society, a non-profit organization created to contribute to solutions for some of humanity’s challenging problems, including advancing the understanding of AI and addressing ethics surrounding AI technology. We also continuously have many rigorous internal discussions on this topic. I believe that it is an obligation for a modern corporation to see to it that AI and related technology be used properly with transparency and accountability.

Moore: Yes, a corporation needs internal guidelines and restrictions in place, but I also believe we have to make sure all employees are accountable to their own code of ethics. If you don’t feel comfortable with something that your manager or your business unit is asking you to do, you should speak up and take action. Does the corporate culture in Sony see to it that every individual takes responsibility for his or her ethical decisions?

Kitano: Yes, Sony obviously has all the compliance policy and programs in place, with a fully independent compliance hotline where all information provided is handled confidentially. We also want to make sure that such culture of ethics will be applicable to the discussions on how we use AI technology responsibly. I also believe that corporate codes should be reasonable and enforceable, because if you start making unrealistic demands, it will stop the business right away and people will just ignore them.

Moore: I completely agree. I think it’s important for corporations to pay more than lip service and show that they truly care by putting in place the necessary processes. So I’m really encouraged to hear that Sony is doing this.

Businesses will use technology to help build a sustainable earth

Kitano: Moving on to a different subject, how do you think technology like AI can be used to solve global issues and address Sustainable Development Goals?

Moore: In the short term, I see technology protecting people from the effects of climate change, where AI and robotics can help predict and respond to disasters. But that is mostly about disaster mitigation, and doesn’t really help with the deeper question of how we can actually help the world get into balance again. But in the long term, as robotics progresses, I expect
within my lifetime to see technologies for large robots starting major works in civil engineering, like producing barriers against the ocean, or inexpensively green our cities by adding vegetation and vertical farming.

Kitano: We’ve been talking about all the large agenda, which would shape the future of humankind, but what are your expectations for the business sector in the big picture? We see some businesses very explicitly targeting to solve global issues. Do you think this is becoming a trend among other major corporations, and if so, will they be successful?

Moore: Yes, it’s more likely that we’re going to see established companies—which are more mission-critical and have no room for trial and error, like heavy engineering or health care—begin adopting the technologies and know-how that have been pioneered by big Internet and consumer electronics companies for the purpose of solving social issues. But they’re still going to be using development and product design methods that are suitable for their own industries. I do not expect to see tech giants just taking over one industry after another.

Kitano: Sony, like companies in many other industries, is deeply rooted in real world assets. We want to contribute to society while producing exciting products and services, and have an unusually broad portfolio of business to do so. It might be more appropriate to call us a technology-driven entertainment company.

Moore: I’ve always admired Sony and have great affection for the company. In 2010, people would go to places like Google or other search engines to find information. But demand for pure information is shrinking, and people’s interactions with computers will involve more “verbs,” where they ask questions seeking help or suggestions. For example, we may want advice about planning social experiences like where to dine for an anniversary, or a suggestion for souvenirs before heading to the airport. Sony is well-positioned in that it already has assets which are ready and able to help with these kinds of questions.

Open innovation through partnerships

Kitano: Yes, Sony has good assets to entertain people, although we don’t have a restaurant chain yet! But we are working on cooking robotics, so we may eventually see a Sony restaurant with three-star Michelin quality food. In fact, we’re pretty excited about this gastronomy project we’re working on with you.

Moore: If this project pans out, it’s going to be quite impactful on how we experience food in the future. There are attractive individual technology components, such as those involving transportation, like the movements of pieces of food or ingredients, and those involving perception, such as being able to tell if the food is ready or not. Meanwhile, the ability to use silverware or being able to safely chop, mix and make subtle movements is going to require us to solve some currently unsolved research problems. That is a challenge, but if anyone can do it, that would be the roboticists from our two institutions.

Kitano: We have this great experience with the RoboCup competition. Technology that emerged from this challenge has been applied outside the contest’s domain, and we actually expect the same to happen in this cooking challenge. Sony alone could not achieve the entire vision that we set out, so this partnership with Carnegie Mellon is core to our challenge, but at the same time we want to be very open and involve many good partners.

Moore: I am a very strong believer that the best basic research is inspired by meaningful use cases. That is why I like the design of this kind of project with Sony. It will definitely be a challenge for us to solve frighteningly difficult technical problems. But we have a clear vision of what we want to see, so I am confident that we will come up with something that is impactful and useful, not something that will only live on paper and gather dust on a bookshelf.

Kitano: Our discussion today reconfirmed my view that using technology to change the world and contribute to society is the key factor for achieving sustainability and growth to a corporation. We will continue to collaborate and communicate with outside partners as we think over what Sony can do for society. Thank you for your time and precious input.
Management Approach

Materiality Rationale

New ideas and technological innovation that defy convention are essential to creating products and services that inspire and fulfill users’ curiosity. Sony’s groundbreaking spirit of continued innovation remains central to the identity of the Sony Group.

Basic Approach

It is the core corporate responsibility of Sony to society to improve its corporate value through innovation and sound business practices and contribute to developing a sustainable society. To this end, Sony generates innovation in many different ways, always striving to create products and services that inspire and fulfill users’ curiosity while leveraging co-creation both within the Sony Group and externally to drive social progress.

Structure

To create kando with users, the R&D Center works to promote R&D by integrating devices and systems. Sony has engaged in the separation of business units into distinct subsidiaries across the Sony Group, in order to reinforce the competitiveness of each business and ensure clearly attributable accountability and responsibility. Each of these subsidiaries conducts R&D related to its business field.

In addition, Sony established the research subsidiary, Sony Computer Science Laboratories, Inc., to conduct R&D that contributes to humanity and society by pioneering new research areas and new businesses. Sony also has specific mechanisms in place for generating innovation, including the Seed Acceleration Program (SAP), which creates startup projects and support their business operations, and the Sony Innovation Fund, which serves as a corporate venture capital fund.

Main Achievements in Fiscal 2017

Here are the main results of fiscal 2017 initiatives:

- Total R&D costs for corporate R&D and each business were 458.5 billion yen
- Thirteen business projects created since the Seed Acceleration Program (SAP) was established in 2014 to create startup projects and support their businesses operations
- Expanded the First Flight crowdfunding and e-commerce website (which was created to accelerate startup projects resulting from SAP) to also include companies outside the Sony Group
- Invested in over 20 projects since the Sony Innovation Fund was established in 2016
- Pursued AI × Robotics initiatives
- Made available core libraries (Neural Network Libraries) for developing deep-learning programs as open source software and supplied integrated development environment
- Achieved new developments in Sony’s automotive image sensors
- Developed surgical microscope with 4K 3D imaging
- Business development of MESH™ and KOOV™ tools for science, technology, arts and mathematics (STEAM) education
Looking to the Future

Sony will continue to make suitable business investments and support innovation by its diverse workforce of talented people, leveraging communication and open innovation to create inspiring new businesses that help to build a sustainable world.

Activity Report

- Research & Development
- Programs for Generating Innovation
- Developing the Environmental Technologies of the Future (Environment)
- Social Value through Innovation
Research & Development

Through the key themes of kando—to move people emotionally—and "getting closer to people," Sony plans to continue to conduct R&D based on the spirit of innovation and challenge detailed in its Founding Prospectus. Sony has a social responsibility to contribute to the realization of a sustainable society through innovation, and is determined to foster new technologies and business in order to create social value.

R&D Framework

To create kando with users, the R&D Center works to promote R&D by integrating devices and systems. While continuing its R&D efforts to enhance product strength in its Branded Hardware Business—comprising Home Entertainment & Sound, Imaging Products & Solutions and Mobile Communications segments—as well as in its Semiconductors Business, Sony will also strive to expand applications of its technologies in the B-to-B, entertainment and financial services fields.

Sony has engaged in the separation of business units into distinct subsidiaries across the Sony Group, in order to reinforce the competitiveness of each business and ensure clearly attributable accountability and responsibility. Each of these subsidiaries conducts R&D related to its business field.

Sony Computer Science Laboratories, Inc. was established in 1988 to conduct R&D that contributes to humanity and society by pioneering new research areas and research paradigms and developing new technologies and businesses. The company is developing new research fields by giving researchers the freedom to pursue highly creative and fundamental research that is truly innovative in nature.

Those R&D activities are carried out at its locations around the world, including in Tokyo, San Jose, Beijing, Stuttgart, and Paris.

> Corporate Info>R&D

R&D Costs

R&D costs for fiscal 2017 increased by 11.0 billion yen to 458.5 billion yen. The ratio of R&D expense to total revenue excluding Financial Services was 6.3%, compared to 6.9% in the previous fiscal year. For details on the R&D costs, refer to Form 20-F.

> Form 20-F
Programs for Generating Innovation

Seed Acceleration Program Creates Startup Projects and Supports Related Business Operations

Sony’s Seed Acceleration Program (SAP) was launched in April 2014 to collect ideas that are beyond existing business categories and develop them for commercialization. The Sony Group has a broad array of human and management resources in electronics, entertainment, financial services, and other fields. Sony seeks to launch new businesses and achieve innovative breakthroughs by leveraging collaboration involving technologies and talents that cut across the boundaries of existing specialties, and by accelerating the establishment of tie-ups with joint venture companies that are active in complementary fields.

Sony’s SAP: Searching for New Ways to Create Products

SAP is an approach used to quickly launch startup projects and commercialize new ideas by tapping into the design and production know-how Sony already possesses. One initiative that Sony has undertaken under SAP is “First Flight,” a crowdfunding and e-commerce website set up in 2015 to provide a platform where Sony’s startup projects can make connections with customers who are ahead of the curve and want to use new products and services, and with customers who are interested in helping to turn new ideas into vibrant businesses.

Under the First Flight crowdfunding model, a project undergoing evaluation for possible launch as a new business is announced to the public as quickly as possible to get more people involved in considering whether it meets real market needs and exploring whether it can be turned into a marketable product. In addition, business proposals and progress in the development process are reported on the website to elicit customer feedback that can then be incorporated into the development process.

In January 2018, First Flight and other solutions for accelerating the commercialization of new ideas were expanded to encompass companies outside the Sony Group. The service will leverage the experience gained from commercializing 13 business projects to increase opportunities for launching startups in Japan, helping to expand and energize the startup market.
In addition, Sony has set up a Creative Lounge on the first floor of its headquarters in Tokyo with 3D printers and other machinery that people can use to test out new ideas. The Creative Lounge is also open to outside users, who can interact there with Sony employees, use the equipment to make and test prototypes, and try out prototypes. Working in direct contact with customers facilitates joint efforts to develop and improve products, and makes it possible to launch totally new types of business more quickly and with much greater assurance of success.

Expanding SAP Worldwide

In April 2016, Sony expanded SAP by establishing SAP Europe in Lund, Sweden. SAP Europe utilizes the same basic processes as SAP in Japan in activities tailored for the European region. The team in Europe regularly exchanges ideas with the team in Japan while implementing workshops for all European employees to assist them in generating new ideas and building networks. SAP Europe has already held three auditions with the involvement of employees from multiple countries, including Belgium, Germany, the Netherlands, Sweden, and United Kingdom.
Making the Most of Employee Talent

Two of the things Sony envisions SAP accomplishing are the cultivation of a new generation of entrepreneurial talent and the training of teams of professionals who can accelerate the creation of new businesses. The startup projects that have emerged from SAP have been led by small teams of elite employees, to be sure, but these teams have also received a lot of in-house support from knowledgeable people and professionals specializing in many different fields. It is also possible for people from outside Sony to take part in projects. Utilizing Sony’s wide range of talent pool, combined with a system of communication and open innovation, affords opportunities to make the most of the abilities of Sony employees.

Incubation of Startup Projects

“Sony – Startup Switch” for Budding Entrepreneurs

Launched in 2016, “Sony – Startup Switch” is an annual business plan competition for startup projects that originate outside of Sony. Entries are auditioned and screened, similarly to SAP, before choosing a winning entry. Sony awards a monetary prize and helps the winning startup to accelerate business creation by providing technical mentoring and assisting with events and promotional activities, drawing on broad expertise gained through SAP. The startup is also given access to First Flight to market its products, providing a crucial foothold for a startup project.

Supporting Startup Projects through Sony Innovation Fund

The Sony Innovation Fund is a corporate venture capital fund. It aims to further strengthen collaboration with leading external researchers and startup companies around the world, accelerate business creation in the areas where Sony will focus on in the future such as AI and robotics, and support the growth of investee businesses using Sony Group resources, all to create a more open ecosystem. To date, it has resulted in investment in over 20 firms from Japan, the United States, Europe, and elsewhere.
Social Value through Innovation

Sony's Initiatives in AI and Robotics

Sony is combining its existing strengths in areas such as video and audio technologies, image sensors and mechatronics, with artificial intelligence (AI), robotics, communications and other technologies to offer new proposals that will expand the field of electronics. aibo, the autonomous entertainment robot re-released in January 2018, is the result of an effort to leverage Sony’s AI, robotics, and sensing technologies to create a robot that autonomously and actively bonds with humans. aibo, with its lovable appearance and ability to change over time as it interacts with the owner, is being considered for use in various environments in addition to the home. A nursing care home operated by Sony Lifecare Inc. is trialing the adoption of aibo to increase the quality of its resident services. Two aibo have been loaned to the Mars Desert Research Station in Utah, USA that is conducting research into living on Mars. The research project is monitoring the effect on interpersonal relations and benefits from having a robot present in the enclosed research station.

![aibo autonomous entertainment robot](image)

Open Innovation for the Advancement of AI

Sony has developed core libraries (Neural Network Libraries) that provide a framework for developing deep-learning programs, making the libraries open source. Program engineers and designers can use the core libraries, available free of charge, to develop deep-learning programs for AI creation and incorporate the programs into their products and services. The open sourcing of the core libraries is expected to spur the developer community to develop more programs. Sony has also developed Neural Network Console software, which provides an integrated development environment with a GUI to operate the core libraries, making it available free of charge.

Since May 2018, Sony has been offering a cloud-based, high-speed deep-learning service that utilizes Neural Network Console and supports multiple GPUs. These initiatives are part of Sony's strategy to promote AI. In a world where more goods and services are expected to make use of AI to provide higher levels of convenience, Sony will support further deployment of AI to benefit society, by developing tools that increase the efficiency of advanced programming for a wider range of developers and researchers.
Sony’s Initiatives in Automotive Image Sensors

In October 2014, Sony announced that it would commercialize image sensors for automotive use. Having positioned the automobile industry as a focus for its image sensor business, Sony has worked on R&D to contributing to the popularization of self-driving cars.

To promote safety in self-driving vehicles, Sony has established the Safety Cocoon, a safe-zone concept in which vehicle safety is secured in various daily driving situations by 360-degree monitoring around the vehicle, enabling early preparation to evade risk. Sony’s automotive image sensors offer a number of advantages including high sensitivity, wide dynamic range, and an LED flicker mitigation function that reduces flickering when imaging LED signs and traffic signals.

Sony aims to help speed the arrival of the age of self-driving cars by sharing this vision with its partners.

Development of Surgical Microscope with 4K 3D Imaging

Sony Olympus Medical Solutions Inc., a joint venture between Olympus Corporation and Sony Imaging Products & Solutions Inc., developed a surgical microscope with 4K 3D imaging capabilities to facilitate precision surgery with the aid of high-resolution, 3D digital imagery. The system was developed through the collaboration of all three companies and is being marketed by Olympus. With a conventional surgical microscope, the surgeon must peer through an eyepiece to view the magnified area, which is only visible to the surgeon. The solution utilizes a 55-inch 4K 3D monitor to enable everyone in the operating room to view the procedure. The large monitor is expected to reduce surgeon fatigue and facilitate team surgery, while also supporting the education of young surgeons.
Sony Global Education

Sony Global Education, Inc. is on a mission to create a new educational infrastructure for the connected society of the future. The company seeks to foster people who will take the initiative to address the issues that the world is facing and take action to find solutions for a brighter future. In 2017, Sony Global Education released KOOV™, the connected robotics kit for tomorrow’s innovators. The kit teaches children coding by assembling blocks into any shape to create robots that are programmed to make them come alive. The colorful blocks have universal appeal, and the kit is being adopted by more and more schools as programming education rises in importance. KOOV was released on the U.S. market in April 2018, setting the stage for Sony to bring KOOV to classrooms around the world.

Sony Global Education organizes the Global Math Challenge, an online math contest that tests logical thinking, creativity, and intuition. Some 280,000 people from more than 85 countries and regions have participated in the challenge through its five editions. Sony Global Education is also using advanced AI and blockchain technologies in the field of education. The company is using blockchain to develop a new infrastructure system for storing and sharing academic data from multiple educational institutions securely over the network.

KOOV connected robotics kit
Build STEAM Skills through Invention and Making with MESH™

MESH is a project that came to fruition through Sony’s Seed Acceleration Program (SAP), which takes ideas and supports their commercialization and related business operations. MESH comprises two main parts: wireless block-shaped electronic MESH tags with different functions such as lights, buttons or illuminance sensors, and a MESH app that is installed on a tablet or other device. MESH can be used to put together IoT solutions without having advanced electronics knowledge or programming skills.

MESH supports If This Then That (IFTTT) service, which enables different smart devices and Web services including social media sites to talk to each other. IFTTT makes it easy to implement ideas such as having a motion detector automatically detect and register the presence of a person at regular intervals, or having a temperature/humidity sensor detect when the humidity exceeds a certain value to trigger an alert. MESH is increasingly being adopted as an educational tool by both public and private educational institutions in Japan and the United States, as programming education and STEAM (science, technology, engineering, arts and mathematics) education becomes more important.

![Block-shaped MESH tags for IoT solutions](image)

harmo Electronic Medication Notebook Service for Sharing Medical and Health Information

In July 2016, Sony launched a platform for the sharing of medical and health information that leverages FeliCa contactless IC card technology and utilizes secure cloud systems, placing the highest priority on the protection of users’ personal information. Sony has established this platform in a relatively short period of time, and with it, participating facilities are benefiting from easy sharing of users’ health data.

This platform is the home of harmo, an electronic medication notebook accessed through a harmo card, one of which is provided to every user. A card can be created for anyone, from toddlers to the elderly, with no smartphone required. The user can share his or her prescription information with doctors or pharmacists simply by tapping the card against a reader. By opting for a card-based system, Sony hopes to increase the number of harmo users. Because reliable data is recorded to harmo, it makes it easier for patients to obtain the most appropriate medication guidance from pharmacists.

A dedicated harmo smartphone app offers additional benefits to users. With the app, they can set alarms to remind themselves to take their medicine, manage their prescription history, declare their preference for generic medications, and record known allergies. The harmo app also makes it easier to provide support to those closest and dearest to users. Guardians can manage the prescription information of their children, and families can check up on their elderly relatives from whom they live apart. In these ways, harmo is expected to contribute to improved “medication adherence.”*1

The future proliferation of harmo will help to reduce incidents where patients forget to take their medication, as well as increase the effectiveness of pharmacists’ medication guidance. These are likely to contribute to fewer leftover drugs and duplicate prescriptions, thereby reducing unnecessary health care costs.

*1 “Medication adherence” refers to patients actively participating in decisions about their health care and taking their medications as prescribed.

> harmo (Only in Japanese)
Sony continuously strives to strengthen its corporate governance system, recognizing that sound corporate governance is extremely important in operating Sony effectively, efficiently, and in a way that increases corporate value over the mid- to long-term. Sony approaches its corporate governance through two basic precepts:

(a) The Board of Directors, a majority of which is comprised of independent outside Directors, focuses on effective oversight of management’s operation of the business, including through the activities of the Nominating, Audit and Compensation Committees, and maintaining a sound and transparent governance framework.

(b) The Board determines the fundamental management policies of the Sony Group and other material matters and delegates to each of the Corporate Executive Officers decision-making authority to conduct the business operations of the Sony Group broadly in line with their respective responsibilities, as defined by the Board, with a view to promoting timely and efficient decision-making within the Sony Group.

In furtherance of these efforts, Sony has adopted the "Company with Three Committees" corporate governance system under the Companies Act of Japan. Under such system, in addition to the requirements of applicable corporate governance laws and regulations, Sony has introduced its own requirements to help improve and maintain the soundness and transparency of its governance by strengthening the separation of the Directors’ function from that of management; maintaining what the company believes is an appropriate Board size, which enables the members of the Board to actively contribute to discussion; and advancing the proper functioning of the statutory committees.
## Corporate Strategy, Business Strategy and other policies

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Corporate Strategy, Business Strategy and Other Policies

The Board sets and determines the fundamental management policy, including the mid-term plan and annual business plan pursuant to the Charter of the Board by fully examining various the thinking of management led by the CEO, from multiple perspectives. Please refer to the pages below for Sony’s mission, the Mid-Term Corporate Strategy for the Sony Group, the business strategy for each business segment, and the vision of Sony’s founder:

- About Sony
- Corporate Strategy
- Sony IR Day
- Vision of Sony’s Founder and Sony’s basic policy for CSR
- The Founding Prospectus

For details on sustainability or diversity, please refer to the pages below.

- Sustainability
- Diversity
Governance Framework

Sony Corporation is governed by its Board of Directors, which is elected at the annual shareholders’ meeting. The Board has three committees (the Nominating Committee, Audit Committee and Compensation Committee), each consisting of Directors named by the Board. Corporate Executive Officers are appointed by resolution of the Board. Sony has appointed its Chief Executive Officer ("CEO"), who is responsible for Sony’s overall management, and other officers that directly report to the CEO and who are responsible for important and extensive headquarters functions as Corporate Executive Officers. In addition to these statutory bodies and positions, Sony grants titles, such as Senior Executive Vice President, Executive Vice President and Senior Vice President, to management team members in accordance with their respective roles and responsibilities.

Directors and Senior Executives who were elected in June, 2018

Supervision

Board of Directors

- **Chairman of the Board:** Osamu Nagayama*¹
  Representative Director, Chairman, Chugai Pharmaceutical Co., Ltd.

- **Vice Chairman of the Board:** Shuzo Sumi*¹
  Chairman of the Board, Tokio Sumi Holdings, Inc

- **Kenichiro Yoshida**
  Representative Corporate Executive Officer, President and CEO, Sony Corporation

- **Kazuo Hirai**
  Chairman, Sony Corporation

- **Eikoh Harada*¹**
  Former Chairman, President and CEO, Representative Director, McDonald's Holdings Company (Japan), Ltd
• **Tim Schaaff**  
  Chief Product Officer, Intertrust Technologies Corporation  
  Independent Startup Advisor  
  Former President, Sony Network Entertainment International LLC

• **Kazuo Matsunaga*1**  
  Chairman of the Board, Mitsubishi Fuso Truck & Bus Corporation  
  Former Vice-Minister of Economy, Trade and Industry

• **Koichi Miyata*1**  
  Chairman of the Board, Sumitomo Mitsui Financial Group, Inc.  
  Chairman of the Board, Sumitomo Mitsui Banking Corporation

• **John V. Roos*1**  
  Former United States Ambassador to Japan  
  Founding Partner, Geodesic Capital

• **Eriko Sakurai*1**  
  Chairman and CEO, Representative Director, Dow Coming Toray Co., Ltd.

• **Kunihiro Minakawa*1**  
  Former Audit and Supervisory Board Member, Ricoh Company, Ltd.

• **Toshiko Oka*1**  
  CEO, Oka & Company Ltd.

**Nominating Committee**  
Osamu Nagayama*1(Chair)  
Shuzo Sumi*1  
Koichi Miyata*1  
John V. Roos*1  
Kenichiro Yoshida

**Audit Committee**  
Kazuo Matsunaga*1(Chair)  
Kunihiro Minakawa*1  
Toshiko Oka*1

**Compensation Committee**  
Eikoh Harada*1(Chair)  
John V. Roos *1  
Eriko Sakurai *1

*1 An Outside Director who satisfies the requirements under item 15, Article 2 of the Companies Act of Japan

**Management**

• **Kenichiro Yoshida*1**  
  President and Chief Executive Officer

• **Hiroki Totoki*1**  
  Senior Executive Vice President, Chief Financial Officer

• **Shigeaki Ishizuka**  
  Senior Executive Vice President  
  Officer in charge of Imaging Products & Solutions Business, Mobile Communications Business, Storage Media Business  
  Representative Director and President, Sony Imaging Products & Solutions Inc.

• **Ichiro Takagi**  
  Senior Executive Vice President  
  Officer in charge of Home Entertainment & Sound Business, Consumer AV Sales & Marketing, Manufacturing, Logistics, Procurement and Engineering Platform  
  Representative Director and President, Sony Visual Products Inc.  
  Representative Director and President, Sony Video & Sound Products Inc.
- **Shiro Kambe**
  Executive Vice President
  Officer in charge of Legal, Compliance, Corporate Communications, CSR, External Relations, Quality, Environment, Information Security & Privacy,

- **Kazushi Ambe**
  Executive Vice President
  Officer in charge of Employees and General Affairs

- **Toru Katsumoto**
  Executive Vice President
  Officer in charge of R&D and Medical business
  Representative Director and Deputy President,
  Sony Imaging Products & Solutions Inc.

- **Martin Bandier**
  Executive Vice President
  Officer in charge of Music Publishing Business
  Chairman & CEO, Sony / ATV Music Publishing LLC

- **Terushi Shimizu**
  Executive Vice President
  Officer in charge of Semiconductor Business
  Representative Director and President,
  Sony Semiconductor Solutions Corporation
  Representative Director, President,
  Sony Semiconductor Manufacturing Corporation

- **Michinori Mizuno**
  Executive Vice President
  Officer in charge of Music Business (Japan)
  Representative Director and CEO,
  Sony Music Entertainment (Japan) Inc.

- **Shigeru Ishii**
  Executive Vice President
  President, Representative Director, Sony Financial Holdings Inc.

- **Tsuyoshi Kodera**
  Executive Vice President
  Officer in charge of Game & Network Service Business
  President and CEO, Sony Interactive Entertainment LLC

- **Rob Stringer**
  Executive Vice President
  Officer in charge of Music Business (Global)
  CEO, Sony Music Entertainment

- **Anthony Vinciquerra**
  Executive Vice President
  Officer in charge of Pictures Business
  Chairman and CEO, Sony Pictures Entertainment Inc.

*Representative Corporate Executive Officer

**Corporate Executive Officer
Meeting record

During the fiscal year ended March 31, 2018, the Board convened eight times. The Nominating Committee met five times, the Audit Committee met six times and the Compensation Committee met six times. All ten outside Directors, including Joichi Ito who retired in June 2017, participated in all meetings of the Board held during their tenure period in the fiscal year ended March 31, 2018. Also, all nine outside Directors who are members of Committees participated in all of the meetings of each Committee held during the fiscal year ended March 31, 2018.

The Board conducted outside Directors’ meetings, Directors’ corporate strategic workshops with management, site visits by outside Directors and meetings of the Chairman of the Board and the CEO. These activities were aimed at enhancing the oversight function of the Board, securing better understanding by outside Directors of Sony’s business and management’s initiatives and encouraging corporate strategic discussions among Directors.
The Board of Directors

Primary roles of the Board of Directors

- Determine Sony’s fundamental management policies
- Oversee the management of Sony’s business operations as an entity independent from Sony’s management
- Appoint and dismiss the statutory committee members
- Appoint and dismiss Corporate Executive Officers and certain other senior officers that assume important roles for management of Sony (such Corporate Executive Officers and other senior officers together, the “Senior Executives”).

Please refer to the page below for Sony’s Board Charter, which details the processes and policies for reporting by the Corporate Executive Officers to the Board and matters requiring Board approval.

> The Board Charter [PDF:176KB]

Policy and procedure for the selection of Director candidates

With a view toward securing effective input and oversight by the Board, the Nominating Committee reviews and selects candidates for the Board with the aim of assuring that a substantial part of the Board is comprised of qualified outside Directors that satisfy the independence requirements established by Sony and by law. The Nominating Committee selects candidates that it views as well-suited to be Directors in light of the Board’s purpose of enhancing Sony’s corporate value. The Nominating Committee broadly considers various relevant factors, including a candidate’s capabilities (such as the candidate’s experience, achievements, expertise and international fluency), availability, and independence, as well as diversity in the boardroom, the appropriate size of the Board, and the knowledge, experiences and talent needed for the role. Under the Charter of the Board (the “Board Charter”), Sony also requires that the Board consist of not fewer than 10 Directors and not more than 20 Directors. In addition, since 2005 the majority of the members of the Board have been outside Directors. Current members are shown on the following page:

> Governance Framework

Independence of the Directors

Sony expects that each outside Director play an important role in ensuring proper business decisions by Sony and effective input and oversight by the Board through actively exchanging opinions and having discussions about Sony’s business based on his or her various and broad experience, knowledge and expertise.

As of June 19, 2018, the Board has 13 Directors, ten of whom are outside Directors. The Nominating Committee has five Directors, four of whom are outside Directors; the Compensation Committee and the Audit Committee each have three Directors, all of whom are outside Directors.

The qualification of the Directors and the limitation on re-election

The qualifications for Directors of Sony are generally as summarized below. As of June 19, 2018, all Directors (as defined under the Companies Act of Japan) satisfy the qualifications of the Board Charter as set forth below, and all outside Directors are qualified and designated as Independent Directors under the Securities Listing Regulations of the Tokyo Stock Exchange.
Director qualifications

- He/she shall not be a director, a statutory auditor, a corporate executive officer, a general manager or other employee of any company in competition with Sony in any of Sony’s principal businesses (a “Competing Company”) or own 3% or more of the shares of any Competing Company.
- He/she shall not be or have been a representative partner or partner of Sony’s independent auditor the past three years before being nominated as a Director.
- He/she shall not have any connection with any matter that may cause a material conflict of interest in performing the duties of a Director.

Additional qualifications for the outside Directors

- He/she shall not have received directly from Sony, during any consecutive twelve-month period within the last three years, more than an amount equivalent to U.S. $120,000, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- He/she shall not be an executive director, corporate executive officer, general manager or other employee of any company whose aggregate amount of transactions with Sony, in any of the last three fiscal years, exceeds the greater of an amount equivalent to U.S. $1,000,000, or two percent of the annual consolidated sales of such company.

Also, each outside Director may, by resolution of the Nominating Committee, be nominated as a Director candidate for re-election five times, and thereafter by resolution of the Nominating Committee and by consent of all of the Directors. Even with consent of all of the Directors, in no event may any outside Director be re-elected more than eight times.
The Nominating Committee

Primary roles of the Nominating Committee

- Determines the content of proposals regarding the appointment/dismissal of Directors
- Evaluates management succession plans

The Nominating Committee determines the content of proposals regarding the appointment/dismissal of Directors pursuant to our policy for the selection of Director candidates and Director qualification. Please refer to the page below for more details.

> The Board of Directors

Policy for the composition of the Nominating Committee

Under the Companies Act, the Nominating Committee must consist of at least three Directors, the majority of whom must be outside Directors. In addition, under the Board Charter, at least one Director of the Nominating Committee shall be a Corporate Executive Officer and the chair is to be selected from among the outside Directors. In determining whether to appoint or remove a member of the Nominating Committee, continuity of the Nominating Committee shall be duly taken into account.

For a list of the latest members of the Nominating Committee, please refer to the page below.

> Governance Framework
The Audit Committee

Primary Role of the Audit Committee

- Monitors the performance of duties by Directors and Corporate Executive Officers
- Oversees and evaluates the independent auditor

Composition of the Audit Committee

Under the Companies Act, the Audit Committee must consist of at least three Directors, the majority of whom must be outside Directors. In addition, under the Companies Act and the Board Charter, each member of the Audit Committee ("Audit Committee Member") must satisfy all of the following qualifications: (a) he/she shall not be a Director engaged in the business operations of Sony or any of its subsidiaries, a Corporate Executive Officer, an accounting counselor, a general manager or other employee of Sony and (b) he/she shall meet the independence requirements or such other equivalent requirements of the U.S. securities laws and regulations as may from time to time be applicable to Sony Corporation. The chair is to be selected from among the outside Directors. No Audit Committee Member shall become, as a general rule, a member of the Nominating Committee or the Compensation Committee. Moreover, at least one Audit Committee Member shall meet the audit committee financial expert requirements or such other equivalent requirements of the U.S. securities laws and regulations as may from time to time be applicable to Sony Corporation. The Board makes a determination on whether or not such Audit Committee Members meet these requirements. In determining whether to appoint or remove the Audit Committee Member, continuity of the Audit Committee shall be duly taken into account.

The policy for appropriate selection of independent auditor candidates and proper evaluation of external auditors

With respect to the candidates for independent auditor nominated by the CEO and other Corporate Executive Officers, the Audit Committee evaluates the nomination, prior to making a decision on the candidates. The Audit Committee continues to evaluate the performance, the independence, the qualification and the reasonableness of the independent auditor so appointed. For more details on activities of the Audit Committee, please refer to the page below.

Systems to ensure effective audit by the Audit Committee

In addition to the usual monitoring activities by each Audit Committee Member or Audit Committee supporting personnel who assist the execution by the Audit Committee of its duties (the Audit Committee Aide), the Audit Committee works with the internal control department and each division responsible for the internal control of the Sony Group. These departments periodically provide reports to the Audit Committee Members, either at Audit Committee meetings or other meetings, and also provide reports on the status or result of investigations at the Audit Committee’s request.
The Compensation Committee

Primary role

- Sets policy on the contents of individual compensation for Directors, Corporate Executive Officers and other officers
- Determines the amount and content of individual compensation of Directors and Corporate Executive Officers and other Senior Executives* in accordance with the policy

* Senior Executives: Corporate Executive Officers and certain other senior officers that assume important roles for management of Sony

Composition of the Compensation Committee

Under the Companies Act, the Compensation Committee must consist of at least three Directors, the majority of whom must be outside Directors. In addition, under the Board Charter, the chair is to be selected from among the outside Directors; provided, however, that a Director who is a CEO or a Chief Operating Officer or a Chief Financial Officer of Sony or who holds any equivalent position shall not be a member of the Compensation Committee. In determining whether to appoint or remove a member of the Compensation Committee, continuity of the Compensation Committee shall be duly taken into account. For a list of the latest members of the Compensation Committee, please refer to the page below.

Governance Framework

Basic policy for director remuneration

The primary duty of Directors is to supervise the performance of business operations of the Sony Group as a whole. In order to improve this supervisory function over the business operations of Sony, which is a global company, the following two elements have been established as the basic policy for the determination of remuneration of Directors. No Director remuneration is paid to those Directors who concurrently serve as Corporate Executive Officers.

- Attracting and retaining an adequate talent pool of Directors possessing the requisite abilities to excel in the global marketplace; and
- Ensuring the effectiveness of the supervisory function of the Directors.

Based upon the above, remuneration of Directors consists of the following three components:

- Fixed remuneration;
- Remuneration linked to share price; and
- Phantom Restricted Stock Plan.

The schedule for the amount of each component and its percentage of total remuneration is determined in accordance with the basic policy above. Remuneration of Directors shall be at an appropriate level determined based upon research made by a third party regarding remuneration of directors of both domestic and foreign companies.

Regarding remuneration linked to share price, restricted stock will be used to further promote shared values between the shareholders and Directors, and incentivize to develop and maintain a sound and transparent management system. Appropriate restrictions and conditions shall be set in order to enhance the effectiveness of the programs. Regarding the Phantom Restricted Stock Plan, points determined every year by the Compensation Committee shall be granted to Directors every year during his/her tenure, and at the time of resignation, the remuneration amount shall be calculated by multiplying the Common Stock price by the individual’s individual’s accumulated points. The resigning Director shall purchase shares of Common Stock with this remuneration.
Sony will not grant any points pursuant to the Phantom Restricted Stock Plan to Directors for a fiscal year in which Sony granted restricted stock to Directors.

**Basic policy for Corporate Executive Officer remuneration**

Corporate Executive Officers are key members of management responsible for executing the business operations of Sony. In order to further improve the business results of Sony, the following two elements have been established as the basic policy for the determination of remuneration of Corporate Executive Officers.

- Attracting and retaining an adequate talent pool of Corporate Executive Officers possessing the requisite abilities to excel in the global marketplace; and
- Providing effective incentives to improve business results on a short, medium and long term basis.

Based upon the above, remuneration of Corporate Executive Officers shall consist of the following four components:

- Fixed remuneration;
- Remuneration linked to business results;
- Remuneration linked to share price; and
- Phantom Restricted Stock Plan.

The schedule for the amount of each component and its percentage of total remuneration shall be determined in accordance with the above basic policy with an emphasis on linking remuneration to business results and shareholder value.

Remuneration of Corporate Executive Officers shall be at an appropriate level determined based upon research made by a third party regarding remuneration of management of both domestic and foreign companies.

The basis for the schedule for the amount of each component is below.

The amount of remuneration linked to business results shall be determined based upon 1) the consolidated financial results of Sony, such as operating cash flow, net income, ROE (return on equity), for the fiscal year for which remuneration is being given, and 2) the level of achievement of business results in the business area(s) for which the relevant Corporate Executive Officer is responsible. The amount paid shall fluctuate within a range from 0 percent to 200 percent, in principle, of the standard payout amount.

Remuneration linked to the share price, such as stock options and restricted stock, will be used to incentivize executives to increase mid- to long term shareholder value. Appropriate restrictions and conditions shall be set in order to enhance the effectiveness of this program.

Regarding the Phantom Restricted Stock Plan, points determined every year by the Compensation Committee shall be granted to Corporate Executive Officers every year during his/her tenure in office, and at the time of resignation, the remuneration amount shall be calculated by multiplying the Common Stock price by the individual’s accumulated points. The resigning Corporate Executive Officer shall purchase shares of Common Stock with this remuneration.

**(For Reference)**

(i) Remuneration linked to business results

The standard payout amount of remuneration linked to business results for the fiscal year ended March 31, 2019 shall be between 37.5 percent and 50.0 percent of cash compensation (fixed remuneration plus remuneration linked to business results) related to each individual’s level of responsibility. The KPIs and the weighting of each KPI related to the performance of consolidated Sony shall be as follows:

<table>
<thead>
<tr>
<th>KPI</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>50%</td>
</tr>
<tr>
<td>Net Income</td>
<td>40%</td>
</tr>
<tr>
<td>ROE</td>
<td>10%</td>
</tr>
</tbody>
</table>
(ii) Restricted Stock

The Compensation Committee decided to introduce a restricted stock plan starting from the fiscal year ended March 31, 2018, pursuant to which shares of restricted stock will be allotted to Sony Corporation’s Corporate Executive Officers and other executives, and non-executive Directors of Sony Corporation (the “Non-Executive Directors”). The purpose of the plan for the Corporate Executive Officers and other executives of Sony Corporation is to further reinforce management’s alignment with shareholder value, and to incentivize management to improve mid- to long- term performance and increase shareholder value. Furthermore, the purpose of the plan for the Non-Executive Directors is to incentivize these Directors to develop and maintain a sound and transparent management system by further promoting shared values between the shareholders and the Non-Executive Directors.

The grantees will not be able to sell or transfer the granted shares during the restricted period, and Sony Corporation will acquire the granted shares from a grantee without any consideration to, or consent of, the grantee under certain conditions. Details of the plan, such as vesting conditions, eligibility and the number of grants, will be determined by the Compensation Committee. Sony Corporation intends to grant shares of restricted stock to Sony Corporation’s Corporate Executive Officers and other executives as a partial replacement for stock options, and to Non-Executive Directors as a partial replacement for the Phantom Restricted Stock Plan.
Support for Activities of Directors, the Board of Directors and the Committees

Sony supports effective oversight by the Board of management’s operation of Sony’s business as follows.

- **Outside Director initiative**
  The Chairman of the Board is elected from among those Directors other than the Representative Corporate Executive Officer and other Senior Executives*. The Chairman of the Board leads the Board’s activities and secures the appropriate cooperation, communication and arrangement among outside Directors and the Corporate Executive Officers. For example, outside directors’ meetings are held in order to exchange and share information and knowledge among outside Directors.

  * Senior Executives: Corporate Executive Officers and certain other senior officers that assume important roles for management of Sony

- **Secretariat offices for the Board and each Committee**
  The Company sets the secretariat offices of the Board and each committee to support the activities of the Board members and encourage constructive and proactive discussion at the Board. The Board secretariat endeavors to distribute materials for Board meetings and Committee meetings sufficiently in advance of each meeting date and to provide other information, as appropriate. The Board secretariat office also shares the annual schedule of Board meetings and anticipated agenda items in advance with the Board members, in order to set the number of agenda items and the frequency of Board meeting appropriately.

- **The Audit Committee Aide**
  With the approval of the Board and with Audio Committee’s consensus, the Company sets the Audit Committee Aide to support the activities of the Audit Committee Members with the approval of the Board and with the Audit Committee’s consensus. The Audit Committee Aide does not concurrently hold positions related to the business operations of Sony Group and, upon instruction by the Audit Committee members, conducts investigations and analysis on auditing matters and engages in physical inspections or visiting audits (either by him/herself or by cooperating with relevant departments) in order to support the Audit Committee.

- **Delivery of the necessary information**
  When Directors, including outside Directors and Audit Committee Members, request the Company to provide additional information, the secretariat offices of the Board and other committees endeavors to provide such information promptly. Also, the secretariats of the Board and other committees verify appropriately whether information requested by Directors and the Audit Committee members is provided smoothly.

  Directors and the Audit Committee members consult with external specialists, if appropriate. The costs and expenses in connection with the Board or each committee’s activities are borne by the company in accordance with applicable internal rules.

- **Policy for training Directors**
  Newly appointed Directors receive briefings by Corporate Executive Officers and other Senior Executives, and outside experts in connection with their expected roles and responsibilities, including legal duties, as a Director or a member of a Committee and in addition, newly appointed outside Directors receive briefings about the business, financial status, organization and governance structure of the Sony Group. Also, throughout their tenure, each Director receives compliance-related training in accordance with internal protocols and briefings from Corporate Executive Officers in charge of, or outside experts on, matters relevant to each Director’s fulfillment of his/her roles and responsibilities.
Evaluation of the Board and the Committees’ Effectiveness

Policy for the Evaluation

Sony believes that it is important to endeavor to improve the effectiveness of the Board and each Committee in order to support Sony’s business operations and enhance the corporate value of the Sony Group. To achieve this goal, Sony conducts evaluations of the effectiveness of the Board and of each Committee (the “Evaluation”) at least annually.

Recent Evaluation

From February through April 2018, the Board conducted the Evaluation mainly in respect of the Board and Committee activities in the fiscal year ended March 31, 2018 (“FY2017”) after confirming that actions proposed in response to the results of the previous Evaluation were taken. The recent Evaluation was conducted with the support of a third-party evaluation by an outside counsel having expertise in Japanese and global corporate governance practices (the “Outside Counsel”) in order to ensure transparency and objectivity and to obtain professional advice.

Procedures for the Recent Evaluation

First, the Board discussed and confirmed that the actions proposed to be taken in response to the results of previous Evaluation were taken - please see "Actions in Response to the Results of the Evaluation, etc." below for certain actions taken after the previous Evaluation - and discussed and confirmed the proposed procedures for the Evaluation for FY2017. Thereafter, the third-party evaluation was conducted by the Outside Counsel in accordance with the following steps:

- Reviewed relevant material, such as the minutes of Board meetings, and attended a Board meeting;
- Confirmed with the Board Secretariat how meetings of the Board and Committees are conducted;
- Gathered responses to a questionnaire from each Director about the current status and practices of the Board and each Committee, such as the composition of the Board, operation of the Board, commitments of each Director, activities of each Committee and procedures of the previous Evaluation;
- Interviewed the Chairman of the Board, newly-appointed Directors, Chief Executive Officer and certain additional Directors about Board and Committee status and practices; and
- Researched other global companies’ practices in Japan, the United States and Europe, and compared them with Sony’s practices and conducted any necessary analysis.

The Board then received, reviewed and discussed the Outside Counsel’s report on the results of its evaluation. The Board confirmed the effectiveness of the Board and the Committees. The Board also discussed and confirmed proposed actions to be taken in response to the results of the Evaluation.
Summary of the Results of the Recent Evaluation

The Outside Counsel 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 Outside Counsel's report, the Board re-affirmed that the Board and each Committee were functioning effectively as of April 2018.

The Outside Counsel also provided examples of potential options, based on other companies' practices, to help further improve effectiveness of the Board and Committees. The examples include continuously studying the feasibility of having special committees in addition to the Nominating, Compensation and Audit Committees, further enhancing the executive session’s effectiveness and expanding discussions at the Board on ESG (environment, social and governance) topics in which investors are getting more interested.

Actions in Response to the Results of the Evaluation, etc.

In order to further increase corporate value of Sony Group, Sony will aim to use the results of the Evaluation, as well as various comments and opinions given by the Directors and the Outside Counsel during the Evaluation process, to continue to improve the effectiveness of the Board and each Committee.

For reference, after the previous Evaluation, Sony and the Board took the following actions, among others, to help improve the effectiveness of the Board and each Committee:

- Sony enhanced diversity in the boardroom (by adding one foreign and one female director, each as outside directors);
- Sony introduced a restricted stock compensation plan;
- The Board focused, in particular, on monitoring the cyber security-related risk management;
- The Board especially concentrated on mid-/long-term business strategies at Directors’ corporate strategic workshops with management; and
- The Board continued to review the effect of/returns from large-size investments and M&A matters.
CEO, Corporate Executive Officers and other officers

Primary role

- **CEO and other Corporate Executive Officers and other Senior Executives**: Make decisions regarding the execution of the Sony Group’s business activities within the scope of the authority delegated to them by the Board of Directors

  * Senior Executives: Corporate Executive Officers and certain other senior officers that assume important roles for management of Sony

- **Other officers such as Senior Vice President**: Carry out business operations within designated areas, including business units, headquarters functions, and/or research and development, in accordance with the fundamental policies determined by the Board of Directors and the Corporate Executive Officers and other Senior Executives

Policy and procedure for election of Corporate Executive Officer and other Senior Executives candidates

The appointment and dismissal of Corporate Executive Officers and other Senior Executives and the assignment of roles and responsibilities for Corporate Executive Officers and other Senior Executives are made by the Board. In making these decisions, the Board, especially outside Directors, considers whether candidates have the necessary skills, capabilities, experiences and achievements that correspond to the Corporate Executive Officers and other Senior Executives’ expected roles and responsibilities in executing relevant business operations. For a list of the latest Corporate Executive Officers and other Senior Executives, please refer to the page below.

> Governance Framework

The delegation of authority to the Corporate Executive Officers

The Board determines the fundamental management policies and other material matters related to the operation of Sony’s business. The Board assigns the duties of Corporate Executive Officers by determining the areas over which each Corporate Executive Officer is in charge and delegating its decision-making authority to the Corporate Executive Officer accordingly, with a view to promoting timely and efficient decision-making within the Sony Group. Please refer to the page below for Sony’s Board Charter, which details the processes and policies for reporting by the Corporate Executive Officers to the Board and matters requiring Board approval.

> The Board Charter [PDF:176KB]
Internal Control and Governance Framework

At a Board meeting held on April 26, 2006, the Board of Directors reaffirmed the internal control and governance framework in effect as of the date of determination and resolved to continue to evaluate and improve this framework going forward, as appropriate. At Board meetings held on May 13, 2009 and April 30, 2015, the Board of Directors amended and updated the internal control and governance framework, and at a Board meeting held on April 27, 2018, the Board reaffirmed the framework in effect and resolved to evaluate and improve this framework going forward, as appropriate. These determinations were required by and met the requirements of the Companies Act of Japan.

For more details of systems established and maintained based on the above determination, please refer to each page below.

- Financial Reporting Framework
- Disclosure Framework
- Ethics and Compliance Framework
- Risk Management System Framework
- Crisis Management System Framework
- Framework on Business Continuity Planning
- Structure of Audit by the Audit Committee, Internal Audit and Accounting Audit, and Status Thereof
- Policy and Governance Framework on Tax Strategy
Financial Reporting Framework

Sony’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

 Sony formed a cross-functional steering committee comprised of management in charge of the principal Sony Group headquarters functions to monitor necessary actions including documentation, testing and evaluation of controls and to perform oversight and assessment of the global evaluation. Based on the company’s evaluation, management has concluded that Sony maintained effective internal control over financial reporting as of March 31, 2018.
Disclosure Framework

The shares of Sony Corporation, the ultimate parent of all Sony Group companies, are listed for trading on exchanges in Japan and the U.S. As a result, the Sony Group is obligated to make various disclosures to the public in accordance with applicable securities laws and regulations in those countries. The Sony Group is committed to full compliance with all requirements applicable to its public disclosures. Sony’s policy on investor relations activities is to aim to disclose accurate information in a timely and fair manner, as well as to endeavor to promote constructive dialogue with shareholders and investors, with a view to maximizing Sony’s corporate value by building a relationship of trust with shareholders and investors. The Sony Group has in place disclosure controls and procedures in support of this policy. All personnel responsible for the preparation of submissions to and filings with the Tokyo Stock Exchange, the U.S. Securities and Exchange Commission and other regulatory entities, or for other public communication made on behalf of the Sony Group, or who provide information as part of that process, have a responsibility to ensure that such disclosures and information are full, fair, accurate, timely and understandable, and in compliance with the established disclosure controls and procedures.

Sony has established “Disclosure Controls and Procedures,” outlining the process through which potentially material information is reported from important business units, subsidiaries, affiliated companies and corporate divisions and is reviewed and considered for disclosure in light of its materiality to the Sony Group. The “Disclosure Committee,” comprised of officers and senior management of the Sony Group including those who oversee investor relations, accounting, corporate planning, legal, corporate communications, finance, internal audit, Employees and group risk, supervises the preparation of Sony’s annual reports, current reports, quarterly earnings releases and other material disclosure, and assists the management in the establishment and implementation of the Disclosure Controls and Procedures and also in undertaking appropriate and timely disclosure.
Risk Management System Framework

Each Sony Group business unit, affiliated company and corporate division is expected to review and assess business risks on a regular basis and to detect, communicate, evaluate and respond to risks in its particular business area. In addition, Sony Corporation’s Corporate Executive Officers have the authority and responsibility to establish and maintain systems for identifying and controlling risks that have the potential to cause losses or reputational damage to the Sony Group in the areas for which they are responsible. A corporate executive officer in charge of group-wide risk works together with relevant departments to enhance their management systems.
Crisis Management System Framework

One aspect of risk management is the proper handling of crises if and when they arise, and the proper preparation for such crises. Sony’s crisis management and business continuity activities predominately occur at the business and operational level closest to the events the Company may encounter. Since some events can have a significant impact on the entire Sony Group as a whole, Sony has established a Group crisis management procedure to enable a swift and organized Group-wide response to crises as needed.
Framework on Business Continuity Planning

The Sony Group has strengthened its business continuity planning (BCP) to enhance risk management throughout the supply chain, by identifying, analyzing, and evaluating business risks to prevent business disruptions due to emergencies such as earthquakes, natural disasters, and accidents.

The electronics industry struggled to cope with the impact of the Great East Japan Earthquake and severe flooding in Thailand in fiscal 2012, and with the impact of the earthquakes in the Kumamoto region of Japan in 2016. Sony’s employees and top management rallied together, capitalizing on their experiences in implementing measures to ensure business continuity, and succeeded in minimizing the impact of production disruptions.

In 2016, Sony began reassessing the earthquake risk to its Japanese plants with the lessons learned from the Kumamoto earthquakes, aiming to establish standards for the anti-earthquake measures needed to secure employee safety. Sony has also established its own building fire prevention standards to address fire risks and ensure business continuity as part of its overall effort to reduce risks.

To make its BCP more effective, Sony ensures that the companies and organizations in its corporate group collaborate on practical drills to better ensure business continuity and prepare for the rapid restoration of operations. Sony also shared the lessons it learned in the recovery effort following the Kumamoto earthquakes with related enterprises and regional companies through industry associations, helping to strengthen industrial competitiveness and supply chains in Japan. Sony recognizes the importance of BCP to its business strategy. Taking into account its experience with large-scale emergencies, Sony continues to implement effective, practical measures, such as enhancing risk management across its group-wide supply chains.
Structure of audit by the Audit Committee, Internal Audit and Accounting Audit, and Status Thereof

Audit structure and status of the Audit Committee

The Audit Committee conducts the audit of the performance of duties by Directors and Corporate Executive Officers pursuant to laws and regulations, and the Audit Committee Rule established by the Board, through deliberation at Audit Committee meetings (held six times during the fiscal year 2017, ended March 31, 2018), activities of members of the Audit Committee (for example, attending the Compensation Committee or Nominating Committee meetings or, reviewing reports relating to the execution of duties by the Corporate Executive Officers, employees of Sony or Directors, company auditors and employees of major subsidiaries of Sony etc.) and activities of the Audit Committee supporting personnel (i.e., the Audit Committee Aide). The Audit Committee also assesses the eligibility and the independence of the independent auditor and the adequacy of the audit by receiving the notice that the independent auditor provides regarding maintenance of systems to ensure the execution of its duties under the Quality Control Standard for Audit, etc., pre-confirming the audit plan at the beginning of each fiscal year, pre-approving auditor compensation, and reviewing the report of the procedures, and the result of the audit, for the last fiscal year and interim periods including review of quarterly financial reports and evaluating their content, etc.

Internal audit structure and status

Sony Corporation established a department in charge of internal audit, the Risk & Control department, which coordinates closely with the internal audit departments of major subsidiaries around the world, and the Sony Group Internal Audit Charter, and endeavors to maintain and enhance the internal audit structure of the Sony Group in order to promote the Sony Group’s internal audit activities on a global basis. The Risk & Control department and each internal audit department of major subsidiaries (“Internal Audit Department”) play an important function in maintaining the Sony Group’s governance in order to strengthen the Sony Group’s management structure, promote efficiency of management, and maintain and avoid any loss of material assets, including Sony’s brand image, by evaluating the effectiveness of the internal control system and risk management structure through independent and objective audit. The Risk & Control department and each Internal Audit Department conducts the internal audit of each department or subsidiary it supervises, guided by the annual audit plan that is established based on the risk assessments conducted in the beginning of each fiscal year and any matters proposed by Sony’s management or the Audit Committee. Each internal audit is conducted under a planned audit procedure. Afterward, each Internal Audit Department follows up until the completion of any improvement plan based on the audit result. In order to ensure its independence, fairness and objectiveness, the appointment and dismissal of the person in charge of the internal audit at the Risk & Control department is subject to the prior approval of the Audit Committee. The appointment and dismissal of the person in charge of each Internal Audit Department requires the prior approval of the person in charge of the Risk & Control department. The Internal Audit Departments of major subsidiaries are required to provide the Risk & Control department with a report on the material items and a copy of the issued audit report, and the Risk & Control department makes periodic presentations to the Audit Committee, the CFO, and the Corporate Executive Officer in charge of Internal Audit on these reports. The Risk & Control department also makes periodic reports to the independent auditor on the status of the internal audit activities and the result of the audit. The audit report issued by the independent auditor is used for the planning of the internal audit and conducting internal audit.
Accounting audit status

Sony’s accounting audit is conducted by PricewaterhouseCoopers Aarata under an agreement. The certified public accountants who conducted the accounting audit of Sony for the fiscal year 2017, ended March 31, 2018, are as follows:

Hitoshi Kiuchi, Takaaki Ino and Masataka Kubota

The support staff of PricewaterhouseCoopers Aarata relating to Sony’s accounting audit is composed of 110 certified public accountants, 68 assistant certified public accountants and 169 other staff members.
Policy and Governance Framework on Tax Strategy

Tax Policy

The Sony Group conducts its business, including managing its tax obligations, honestly, ethically and with integrity. Sony Group Code of Conduct defines that it is Sony’s policy to 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. Sony understands and complies with the laws and regulations that apply to their work.

Governance Structure

Based on the above global tax policy, each Sony group company has the responsibility to understand and comply with tax laws and regulations applicable to its businesses, with support from the group’s Global Tax Office (the GTO), which is in charge of Sony’s overall tax position. The global head of the GTO reports directly to Sony Corporation’s Chief Financial Officer based in Japan.

The GTO has implemented a series of processes and controls to identify, manage and report tax risk appropriately. These include regular updates with Finance teams; documented review processes; regular training for staff involved in tax return preparation and review; and regular updates with the global head of the GTO.

Transactional taxes such as VAT and sales taxes, Customs Duty, Employment Taxes and others are the ultimate responsibility of the relevant divisional Finance Director. The GTO has strong links with these divisional Finance Directors to ensure that in the event of material risks being identified or errors made, the GTO provides support including where necessary liaising with the relevant tax authority.

Approach to Tax Planning

Sony operates diverse businesses within a complex global environment, in which tax is an important factor. Sony believes in taking a principled and responsible approach to managing its tax affairs, in line with business objectives. The tax function provides appropriate input as part of the approval process for business proposals to ensure the tax consequences are clearly understood. Sony is committed to fulfilling its obligation both to comply with applicable tax laws and to safeguard Sony’s reputation.

The jurisdictions in which Sony does business may offer various tax incentives such as enhanced deductions, credits and exemptions for certain types of income and expense to meet local policy objectives such as encouraging inward investment. Sony believes it has a duty to its shareholders to take advantage of such incentives where they are generally available to all taxpayers who meet the relevant criteria and the requirements to claim the incentive do not conflict with broader business objectives.
Tax Risks

Sony employs diligent professional care and judgement in assessing tax risk, and may take advice from third-party specialists and where appropriate consult with or obtain rulings from relevant tax authorities to support the decision-making process. However, tax law is not always clear and unambiguous, and differences in interpretation can arise. Sony monitors its tax positions closely and will not record an accounting benefit unless it determines based on consideration of the facts and the law that it is more likely than not that the position will be sustained.

Dealings with Tax Authorities

Sony seeks to maintain good professional relationships with tax authorities. When providing responses to Tax Authority questions, all responses are based on an honest and accurate representation of the facts as Sony understands them.

Transparency

Sony prepares and files annually a country by country report in accordance with Japanese law and prepares and files a transfer pricing master file in accordance with the laws of the countries where Sony does businesses.
Relationship with Shareholders and Other Stakeholders

The Sony Group’s core corporate responsibility to society is to strive to enhance its corporate value through innovation and sound business practice. The Sony Group recognizes that its business activities have direct and indirect impact on the societies in which Sony operates, and therefore sound business practice requires that Sony’s business decisions give due consideration to the interests of Sony’s stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. Personnel must endeavor to conduct the business of the Sony Group accordingly.

For the Letter to Stakeholders from the CEO, the Policy for Constructive Dialogue with Shareholders and other activity to secure shareholders’ rights, please refer to the pages below.

- Letter to Stakeholders from the CEO
- Administration of the General Shareholders Meeting
- Anti-Hostile-Takeover Measures
- Policy for Shareholder Returns
- Policy for Constructive Dialogue with Shareholders
- Shareholdings in Other Listed Companies
- Related-Party Transactions
Policy for Constructive Dialogue with Shareholders

Sony's policy on investor relations is to make public disclosures which are timely and fair, which are accurate and easily understandable, and which provide a comprehensive picture, with the goal of maximizing Sony's enterprise value by building a relationship of trust with shareholders and investors. Pursuant to this policy, Sony engages in constructive dialogue with shareholders and investors.

The Board delegates IR duties to the Chief Financial Officer (the "CFO"), who in turn oversees the IR department. Under the CFO’s supervision, the IR department works to promote constructive dialogue with Sony’s shareholders and investors. As a part of these efforts, the IR department engages in various activities to enhance the manner and frequency of dialogue with shareholders and investors. These beyond one-on-one meetings to include investor briefings, corporate strategy meetings and business unit briefings like “IR Days.” The IR department also coordinates internally to gather information necessary to augment the dialogue with shareholders and investors. Finally, the IR department evaluates the opinions and concerns expressed by shareholders and investors and conveys appropriate feedback regarding those opinions and concerns to the Corporate Executive Officers and the Board.

When holding dialogue with shareholders and investors, no insider information is to be disclosed. The IR department reviews the information to be disclosed in advance with other relevant departments and outside experts, as deemed appropriate.

Please refer to the page below, for the details on "Disclosure Controls and Procedures” and our IR activities.

> Disclosure Framework
> Investor Relations
Administration of the General Shareholders Meeting

Sony’s policy for the general shareholders meeting is as follows.

Basic policy for the general shareholders meeting

Sony endeavors to develop an environment where each shareholder is able to participate based on the following two points, as the basic policy for the general shareholders meeting.

- Take necessary measures to encourage the shareholders who find it difficult to attend the shareholders’ meeting to vote
- Encourage direct communications between the shareholders who attend the shareholders meeting and Sony’s executives

Sony sets the date of the general shareholders meeting appropriately, depending on venue availability. Further, Sony provides the voting results gathered before the shareholders meeting date on the screen of the meeting hall during the voting.

Activities to secure the rights of shareholders

Sony develops an environment in which shareholders can exercise their rights appropriately and effectively, secures equal treatment of shareholders, including institutional investors who hold shares in a street name and considers concerns of minority shareholders and foreign shareholders adequately, by confirming shareholder composition, quarterly. As a part of these activities, Sony prepares the convocation notice considering the accuracy of the information provided there and the readability to facilitate voting judgment by shareholders, both in Japanese and English. Sony strives to send the convocation notice for the general shareholders meeting early enough to give shareholders sufficient time to consider the agenda and posts it at its website. Sony also uses an electronic voting platform to allow electronic voting through the internet via PC, smartphone or mobile phone.

For more information of the general shareholders meeting, please refer to the page below.

Shareholders meeting

Review of voting results

The voting results for each agenda item of the general shareholders meeting and its analysis are reported to and reviewed by the Board as appropriate. The IR department then takes any appropriate follow-up measures, such as a dialogue with shareholders.
Shareholdings in Other Listed Companies

Sony Corporation and its subsidiaries may hold shares of other listed companies for the purpose of expanding Sony’s business portfolio, promoting certain businesses within Sony and enhancing Sony’s relationships with those companies. Sony’s policy regarding shareholdings of listed companies, except for Sony’s subsidiaries, and voting their shares is as follows:

Policy regarding shareholdings of listed companies

Sony makes the decision to hold shares of another listed company only if the shareholding furthers Sony’s business purposes and has sufficient economic rationale, and only after duly conducting an appropriate examination of the investment.

Sony also periodically evaluates its existing shareholdings in listed companies by reviewing the importance of Sony’s business relationships with each company, including the progress of, and outlook for, any anticipated business collaboration by Sony with the company, and any anticipated positive impact of Sony’s shareholdings on Sony’s business relationship with the company, as well as the company’s financial position. The results of this evaluation about the major shareholdings are reported to the Board of Directors of Sony Corporation (the “Board”), as appropriate.

Policy for exercising voting rights

Sony believes that it is important to enhance the corporate value of the listed companies whose shares Sony holds, and Sony’s corporate value in turn, through the exercise of its voting rights. Accordingly, Sony assesses proposals and the purpose and economic rationale of the shareholdings and aims to exercise its voting rights with a view to increasing each company’s mid- to long-term corporate value.
Anti-Hostile-Takeover Measures

Sony has not adopted any anti-hostile takeover measures. Sony will fully examine the necessity and rationale with respect to the adoption or implementation of anti-hostile takeover measures with the Board and/or the Audit Committee and provide sufficient explanation to shareholders.
Related-Party Transactions

As a part of the Sony Group Code of Conduct established by the Board of Directors, Sony’s personnel are required to act in Sony’s best interests and avoid any situation where their loyalties may be divided between Sony’s interests and their own interests, at all times. To help ensure compliance with these requirements, Sony regularly reviews the status of related-party transactions, whether financial or otherwise, between Sony Group companies and officers in the Sony Group or their close relatives. Furthermore, Sony requires Directors and officers of Sony Corporation to obtain approval of the Board in connection with transactions between Sony Corporation and the Director or officer in accordance with applicable laws and regulations, the Board Charter and any other applicable internal rules. The Board is expected to approve any such related-party transactions only after appropriate examination of the size and nature of the transaction, and the requirements of applicable laws and regulations, the Board Charter and any other applicable internal rules, and concluding that the interests of Sony and its shareholders are not adversely affected.
Policy for Shareholder Returns

Sony believes that continuously increasing corporate value and providing dividends are essential to rewarding shareholders. It is Sony’s policy to utilize retained earnings, after ensuring the perpetuation of stable dividends, to carry out various investments that contribute to an increase in corporate value, such as those that ensure future growth and strengthen competitiveness. Going forward, Sony will determine the amount of dividends based on an overall consideration of its consolidated operating results, financial condition and future business expectations.
Management Approach

Our Approach

Sony understands that our commitment to ethical business conduct provides a competitive advantage. Our senior management is committed to promoting our ethical culture throughout our organization, and leads by example.

The Sony Group Code of Conduct anchors our ethics and compliance program. It establishes our standards for ethical and responsible business conduct, our core ethical values and our basic policies on important topics.

Looking to the Future

We continuously assess our risks and our program as we promote and improve our culture of integrity to help ensure ethical conduct by all Sony personnel. Senior management will continue to allocate necessary resources to achieve our goal of ethical conduct and compliance with laws and regulations.

-The Sony Group Code of Conduct
-Promoting a Speak Up/Listen Up Culture
-Ethics and Compliance Program
-Anti-Corruption
-Information Security and Privacy
-Operating with Integrity
The Sony Group Code of Conduct

Sony promotes innovation through our commitment to the superb standards of ethical and responsible business conduct. Our culture is built upon accountability to our core ethical values of Fairness, Honesty, Integrity, Respect and Responsibility. This is the way we work with our colleagues, business partners and the communities in which we do business to fulfill Sony’s mission and vision.

Those standards of ethical and responsible business conducts are set forth in the Sony Group Code of Conduct. It underlines our shared obligation to enhance and advance our ethical culture and protect our reputation. It applies to all Sony directors, officers, employees and relevant third party staff ("Sony Group personnel").

Sony Group Code of Conduct

Our Core Ethical Values

We recently updated and improved the Code as part of our continued effort to enhance its usefulness and provide clear direction and resources on relevant topics. The enhanced Code includes a message from Kenichiro Yoshida, our President and CEO.

Sony recognizes its responsibility as a member of a global society. The updated Code reflects ethical principles set out in global guidelines. Those guidelines include (among others):

- Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- The United Nations Global Compact
- The United Nations Universal Declaration of Human Rights
- The Guiding Principles on Business and Human Rights and Sustainable Development Goals (SDGs)

Sony also participated in the formulation and recent updates of and observes the standards in the Charter of Corporate Behavior of Keidanren (Japan Business Federation), an alliance of Japan’s leading corporations. These standards are embodied in our Code.

Our Code confirms that we must be true to our core ethical values in every aspect of our businesses operations and includes guidance on key risk areas.

- Accurate recordkeeping
- Anti-corruption/bribery
- Antitrust / fair competition
How we implemented the Code

The improved Code was adopted by the Sony Corporation Board of Directors and is in the process of being adopted by senior leadership at all affiliates of Sony Corporation (the “Sony Group” or the “Sony Group companies”). Sony Group leaders are responsible for promoting the Code as part of our ongoing commitment to improving our culture of ethical decision making.

The Code, which is available on our website and on each Sony Group company’s intranet, has been translated into 23 languages to help ensure that it is clearly understood by our employees and relevant third parties. We will provide additional translations as may be necessary by changing workforce demographics.

We recently updated our Code of Conduct training course to align with the changes to our Code. All Sony Group employees and selected third party staff are required to complete Code of Conduct training within 90 days of hire or the commencement of provision of service. We also provide in-depth refresher training on at least one Code of Conduct topic every two years, with additional targeted training provided more frequently based on the results of our risk assessments.

> Sony Group Code of Conduct (PDF) [PDF:3.05MB]
Promoting a Speak Up/Listen Up Culture

We believe that our "speak-up/listen up" culture – where our employees are encouraged to raise concerns and feel confident that they can do so without fear of retaliation – is a key to early detection and prevention of ethical and regulatory problems.

Multiple Reporting Channels

We have an open reporting program that provides many different types of resources to our employees to raise concerns to, including the Sony Group Ethics & Compliance Hotline ("Hotline"). The Hotline is available online (in 31 different languages) or by phone 24 hours a day, seven days a week. Hotline operators are specially trained third-party representatives, and translators are available to assist when needed in up to 51 different languages. All information provided to the Hotline is handled confidentially. Calls to the Hotline are not recorded or traced, and reporters may remain anonymous to the extent permitted by law.

How we promote our speak-up resources

We continuously promote the need to raise concerns and the resources we have made available for our employees to raise concerns to. For example, the Sony Group Code of Conduct clearly states that speaking up is the responsibility of every one of us to protect our colleagues and Sony. Also, our Code of Conduct training provides guidance on the importance of reporting concerns, and our training program is supplemented by ongoing quarterly messages which highlight our open reporting program.

We also provide training to our managers on how to create an environment where employees feel comfortable speaking up when they observe unethical behavior, how to handle reports and how to prevent retaliation since we understand that our employees may prefer to raise concerns with their manager in the first instance.

We strongly promote and enforce our policy against retaliation. Sony does not tolerate retaliation against anyone who participates in an investigation or raises a concern in good faith.
How we operate the Hotline

In FY 2017, the Hotline received approximately 300 reports covering issues primarily relating to employment, labor, work environment, information management and possible conflicts of interest. Approximately 69% of the reports raised issues related to Employees, diversity and workplace respect. Our overall number of reports increased by 17%, and the number of reports per 100 employees increased by 30%.

All issues raised through the Hotline are promptly reviewed for investigation and, if supported by the findings, disciplinary or corrective action is taken. 42% of reports received in FY 2017 were substantiated and many resulted in remediation. We provide information about our reporting statistics to senior management and the Audit Committee of Sony Corporation to help assure effective oversight.
Ethics and Compliance Program

Our global ethics and compliance program strongly supports our ethical business culture. Through our global and regional compliance network, which covers all Sony Group companies, we provide frequent trainings and messaging on ethics and compliance.

The Sony Corporation Legal & Compliance Department is responsible for establishing our group-wide compliance program and providing oversight of our global compliance team members, who are embedded in our business units.

The basics of our program

Our program starts with “Tone from the Top.” Our senior management continuously and repeatedly communicate the importance of being true to our core ethical values. Their commitment is supported by a robust ethics and compliance program aligned with integral business processes including policies and procedures, training, ongoing risk assessments, surveys, third-party risk management and audits. We continuously benchmark best practices and improve our program as a member of Ethisphere’s Business Ethics Leadership Alliance, a globally recognized membership organization of leading companies organized to share best practices in governance, risk management, compliance and ethics.

Our program includes mandatory ethics and compliance communications and training to be provided to all employees and relevant third parties. All Sony employees and relevant third parties are required to complete Code of Conduct and Proper Workplace Conduct training within 90 days of hire or the commencement of provision of service. Information security training must be completed by all Sony Group personnel within 60 days of hire. Sony Group personnel are also required to complete a risk-based compliance training curriculum based upon role and responsibilities.

Key Compliance Trainings (assigned based upon risk assessments) include:

- Anti-Bribery
- Customer Due Diligence
- Antitrust and Fair Competition
- Import / Export Trade Compliance
Global Ethics and Compliance Network

The Sony Corporation Legal & Compliance Department works with our global compliance team members and local business unit leaders to conduct comprehensive risk assessments and implement compliance policies, procedures and internal controls to prevent and detect unethical behavior. It provides oversight of the investigation of and follow-up on any incidence of policy non-compliance or potential violation of law.

Also, we have the Compliance Monitoring function, which measures the effectiveness of our overall compliance program by conducting periodic assessments of program implementation as well as compliance audits and validations of our controls.

The Sony Corporation Board of Director’s Audit Committee provides ultimate oversight of our program and receives monthly reports and periodic in-person updates about the compliance program activities. Reports to the Board’s Audit Committee provide program performance results, compliance hotline metrics, employee training data, and new program and communications initiatives, as well as updates on global regulatory developments.
Anti-Corruption

Sony prohibits any form of corrupt practices. Sony believes that corruption has strong negative impact on the economy and must be eliminated to build a sustainable, inclusive and transparent society. Sony closely monitors the global trends of anti-corruption law enactment and enforcement to ensure that our global compliance program and internal controls properly address these evolving risks and enforcement trends.

Our anti-bribery policy and procedure

All Sony Group personnel are required to read, understand and follow the Sony Group Anti-Bribery Policy and the Sony Group Code of Conduct, which includes anti-corruption expectations for all personnel. Our approach to compliance in this critical area is multifaceted. Key features include:

- Our corporate policies and procedures prohibit improper payments in every transaction, whether with a government or with a private party. Our global anti-bribery policy, the Sony Group Anti-Bribery Policy, was most recently revised in 2017, and establishes policies and procedures that all Sony Group personnel must adhere to when interacting with officials of various governments around the world, including strict limitation on the type of expenditures that are permitted and pre-approval requirements.

- Third parties who will interact with governments on our behalf, joint venture partners, and parties to acquisitions and certain investments are subject to due diligence and legal approval. Relevant third parties must agree to abide by our anti-bribery policy.

- We provide extensive training and support to assist local management with policy compliance. All employees receive training when hired on the Sony Group Code of Conduct, which includes anti-corruption expectations. More focused anti-corruption training, which includes training on our specific policy pre-approval and due diligence requirements is provided to broader employee groups (i.e. senior management, finance, legal, marketing, sales, real estate, corporate development, tax, audit, anyone involved in procurement and any other employees identified as dealing with government officials). Additionally, live training is provided to legal, finance, other control personnel and higher-risk personnel. Refresher training is provided at least every two years, and more frequently based on risk assessments.

- Concerns are promptly investigated and remediated. Remediation and testing activities are monitored until completed.

- We have implemented robust internal controls and accounting processes designed to detect and prevent violations of company policy relating to improper payment risks and to ensure accurate books and records.

- We conduct periodic anti-bribery assessments and audits of our business to raise overall awareness, detect potential misconduct and monitor compliance with anti-corruption laws and policy.

We continue to leverage opportunities to share learnings and successful practices across our system.
Information Security and Privacy

Like many companies, Sony faces an increasingly advanced threat environment, which presents challenges in the areas of information security and privacy. Third parties seeking to compromise the information of global companies continue to grow in number, capability, and persistence. To address this reality and ensure that Sony continues to earn customers’ trust, Sony maintains a robust information security and privacy program. Led by the Chief Information Security Officer (CISO), Sony’s approach to information security and privacy is grounded in a company-wide governance structure that enables the effective management of potential risks, incorporates security and privacy controls into systems and products to safeguard information, trains employees and business partners to understand how their actions can introduce information security and privacy risk, and deploys monitoring and response capabilities to swiftly address the situation in the event of an attack.

Information Security and Privacy Governance

Sony’s information security and privacy management is governed by a set of global policies and standards, which are based on internationally accepted industry best practices. These policies set forth Sony’s commitment to information security and privacy and define practices and procedures to be followed by Sony executives and employees to help protect information resources and information systems from unauthorized access or leakage, falsification, loss, destruction and other security risks. Sony routinely reviews and revises these policies and standards to address changes in the risk landscape, threats, and the regulatory environment. The CISO monitors the global implementation of and compliance with those policies.

The CISO’s office coordinates with information security officers (ISO) and privacy officers (PO) responsible for information security and privacy at Sony Group companies globally to create a Group-wide information security and personal information management system. These officers at Sony Group companies ensure effective implementation of policies and standards.

Strong executive support for, and governance of, information security and privacy are essential. Accordingly, executives at each Sony Group company take responsibility for playing an active role in managing risks within their organizations and instilling a culture of awareness in all employees. Sony Group companies have governance structures set-up to directly address this responsibility through information security and privacy management committees.

Safeguarding Personal Information

Protecting the data privacy of Sony’s customers, employees, and other stakeholders is very important to Sony. To fulfill this commitment to privacy, Sony Group companies have policies and controls in place for creating and maintaining rules for handling personal information based on applicable laws, regulations, and best practices. Sony continues to enhance the security and protection of personal data by evaluating and addressing privacy risks through the use of a privacy management framework, which promotes the integration of privacy principles and requirements into Sony’s data processing activities.

Employee Training as a Key Component of Information Security and Privacy

Every employee has a critical role to play in protecting Sony’s most sensitive information. To increase the education and awareness of our workforce, Sony requires all personnel to receive annual information security and privacy training, which teaches employees how to report incidents and what type of behavior to avoid in order to reduce risk. Sony employees also regularly receive phishing awareness training, which tests employees’ knowledge of how to spot and avoid cyber attacks delivered through fraudulent emails.
Monitoring and Response Measures

Sony has established a 24x7 global security operations center equipped with advanced technical capabilities for the purpose of preventing and managing cyber security incidents. Sony's incident response team defends the company's networks through threat intelligence and analysis, monitoring and detection of malicious activity, rapid response and containment, and sophisticated forensics capabilities.

Sony is committed to safeguarding the trust of customers, employees, and business partners. Sony continuously looks for ways to improve practices, implement stronger controls, and provide more robust security to protect personal data and the information entrusted to its care.
Operating with Integrity

Sony is firmly committed to conducting business in a fair, ethical and legal manner. Sony’s commitment to ethical business conduct means competing fairly, avoiding corruption in any form, and complying with applicable laws, including antitrust, anti-corruption, anti-money laundering, economic sanctions, trade control, tax and financial crimes laws, and taking all reasonable measures to prevent illegal/sanctionable transactions.

Integrity of Our Business Partners / Economic Sanctions and Trade Control Laws / Anti-Social Forces

We perform risk-based due diligence procedures on our business partners (such as our customers, joint venture partners and acquisition targets) to verify the identity of our business partners and ensure that we are doing business with reputable business partners. This screening protects Sony Group companies from being involved in transactions involving the proceeds of criminal conduct and/or with entities or individuals who are blacklisted under economic sanctions and/or trade control laws. We also train our business people on relevant “red flags” to ensure ongoing monitoring. These policies and procedures also ensure that we do not do business with members of organized crime and other anti-social forces. Sony strongly opposes anti-social forces that threaten to disrupt the order and safety of our community. We will not have relationships with members of anti-social forces, and will not give economic benefits to or accept illegal demands from them.

Antitrust and Competition Law Compliance

At Sony, we want to outperform our competition based on the merits of our products and services, not because of unfair business practices. We comply with antitrust and competition laws and do our part to promote a fair, competitive marketplace. We have implemented the Sony Group Policy on Antitrust/Competition Law Compliance, which explains the purposes of competition laws and guides employees on compliance with such laws. We have also developed robust, customized training courses to raise awareness regarding competition laws and to reinforce our policy requirements. In addition, Sony legal personnel monitor changes and developments in competition laws and maintain up-to-date controls, policies and procedures for compliance with these laws.
Management Approach

Materiality Rationale

In recent years, interest in the impact businesses may have on human rights has been growing internationally. As an enterprise that operates globally, the Sony Group recognizes its responsibility to respect the human rights of all stakeholders involved in its business operations, including employees and suppliers, and to ensure labor practices are appropriate.

Basic Approach

Following its basic policy to respect human rights, which is set forth in the Sony Group Code of Conduct, Sony expects all group companies to pursue responsible business conduct by complying with relevant laws and regulations and respecting all human rights. Sony strives to respect human rights in all of its business operations in accordance with the Guiding Principles for Business and Human Rights issued by the United Nations Human Rights Council.

Structure

The CSR Section at Sony headquarters, which is supervised by the Corporate Executive Officer in Charge of CSR, assesses and monitors human rights risks throughout Sony Group’s business activities and supply chains. The human rights of employees are addressed by a diversity committee at each Sony Group company in Japan. These committees conduct workshops on human rights and diversity. Sony has also established systems and mechanisms for employees seeking consultation on human rights issues and risks in order to ensure a quick response when problems arise.

Main Achievements in Fiscal 2017

Here are the main results of fiscal 2017 initiatives:

- Reviewed and updated assessments of human rights risks in business activities
- Implemented e-learning courses related to human rights
- Became a member of the Partnership on AI to Benefit People and Society, a non-profit established to facilitate understanding of AI technologies and related ethical issues, in order to address problems facing humanity.
Looking to the Future

Sony is committed to making reasonable efforts to avoid causing or contributing to adverse human rights impacts that may arise from our operations, products, services and/or business relationships.

Activity Report

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<td>Human Rights in Products and Services</td>
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<td>Human Rights in the Supply Chain (Responsible Supply Chain)</td>
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</table>
Human Rights Initiatives

Sony respects the human rights of all stakeholders in our business operations and supply chains. In response to the growing concern regarding the impact of increasing globalization on human rights, the United Nations Human Rights Council endorsed the UN Guiding Principles on Business and Human Rights in 2011. These Principles identify steps that global companies can take to prevent and mitigate the potential adverse human rights impact in their business operations and supply chains. In accordance with the Principles, Sony strives to respect human rights and ensure good labor practices in all of its business activities.

Human Rights Policy

Sony’s overall commitment to ensuring the protection of human rights in its operations, supply chains and products is set forth in the Sony Group Code of Conduct. The Sony Group Code of Conduct is applicable to all directors, officers, and employees of Sony Group and provides: “Sony believes that all human beings should be treated with dignity and respect. Sony is committed to uphold internationally recognized human rights of all people. We will all use reasonable efforts to avoid causing or contributing to adverse human rights impacts that may arise from our operations, products, services and/or business relationships and will act diligently to help remediate any impacts that may occur.”

Sony Group Code of Conduct

Framework for Respecting Human Rights

The Sony Group Code of Conduct was established with the approval of the Sony Corporation Board of Directors and sets forth Sony’s basic commitment to human rights. The CSR Section at Sony headquarters in Tokyo is responsible for analyzing and monitoring human rights risks throughout Sony Group’s business activities and supply chains. CSR Section reports to the Corporate Executive Officer in Charge of CSR and works with relevant functions such as procurement, compliance and Employees to manage potential human rights issues related to Sony’s business activities and supply chains.

Assessing and Monitoring Human Rights Risks

Sony’s CSR Department assesses and monitors human rights risks throughout Sony’s operations and supply chains. In 2012, Sony engaged BSR, an independent, non-profit, global organization devoted to building a just and sustainable world, to conduct an initial analysis of potential human rights risks across Sony’s various business operations and supply chains, which include electronics, entertainment and finance, as the salient human rights issues vary depending on the business segment. The initial BSR assessment identified potential human rights considerations in the electronics business supply chain, including materials procurement. In order to address our key risk, we collaborated with industry-wide efforts to protect and empower workers in the global electronics supply chain and were a founding member of the Responsible Business Alliance (RBA*!). Manufacturing sites of Sony’s electronics business and their suppliers were required to comply with the Sony Supply Chain Code of Conduct, which employs the RBA Code of Conduct. The Sony Supply Chain Code of Conduct is also consistent with the human rights commitment, which is expressed in the Sony Group Code of Conduct. Sony also introduced an ongoing assessment and monitoring scheme for our electronics suppliers.

In 2018, Sony reviewed and updated its analysis of human rights risks with BSR, so as to reflect the current state of global affairs, stakeholder concerns, evolving human rights laws and changes in Sony’s business activities. Sony referenced the Universal Declaration of Human Rights and international treaties on human rights to identify issues that are relevant to its business activities, and reviewed media and NGO reports to identify the human rights risks for these issues. These were
compared against Sony’s areas of business to identify underlying risks with the greatest relevance to Sony. The process confirmed the continued importance of addressing human rights considerations for workers in the electronics industry supply chain, which has been a key focus of Sony’s efforts. Sony will continue to monitor and address its human rights risks across our operations.

* As of October 2017, Electronic Industry Citizenship Coalition (EICC) has been rebranded to Responsible Business Alliance (RBA)

> Establishing and Promoting the Sony Supply Chain Code of Conduct
> Sony Group Statement on UK Modern Slavery Act

**Human Rights Education and Training**

Sony Group provides training to all of its employees worldwide in order to familiarize them with the Sony Group Code of Conduct and to encourage ethical business conduct, including respect for human rights. Relevant organizations within Sony Group conduct additional specialized training for pertinent personnel to help detect and address human rights risks.

> Ethics and Compliance Program
> Human Rights in the Workplace

**Reporting Mechanisms**

Sony provides multiple channels, including an ethics hotline, for employees to raise concerns and seek guidance about possible violations of laws or internal policies, including violations of the Sony Group Code of Conduct. Additionally, Sony operates a supplier hotline for business partners, and a Responsible Supply Chain of Minerals hotline for reporting violations of the Sony Group Policy for Responsible Supply Chain of Minerals and other applicable policies. These channels of communication enable Sony to rapidly address human rights concerns.

> Promoting a Speak Up/Listen Up Culture
> Supplier Hotline (Establishment of the Conflict Minerals Policy Hotline)
> Human Rights in the Workplace
Human Rights in the Workplace

Sony is committed to creating a workplace where human rights are respected and equal employment opportunities that allow all individuals to make the most of their capabilities are provided. Sony also helps to ensure that workers’ rights are protected by adhering to worker protection laws, regulations, and standards in the regions where it does business.

The Sony Group Code of Conduct, which sets forth Sony’s global policy on respect for human rights, also includes Sony’s policy on equal opportunity in employment and non-discrimination and expressly states: “Sony strives to promote diversity and seeks to create a culture that allows all Sony personnel to contribute their unique talents and skills so as to provide the best products and services to our customers, and Sony is committed to recruiting, hiring, training, promoting and otherwise treating applicants and employees without discrimination based on factors that are unrelated to Sony’s legitimate business interests.”

Human rights issues facing corporations today are increasingly complex and wide-ranging; Sony believes that a crucial first step in addressing these issues is to raise awareness and build a common understanding among employees.

> Sony Group Code of Conduct

Sony’s Organization for Ensuring Respect for Human Rights

All Sony Group companies in Japan have a Diversity Committee, which meets to conduct workshops on human rights, diversity, and related matters as well as to share knowledge among colleagues. Other Sony Group companies have similar programs in place to ensure respect for human rights in the workplace.

Employee Counseling Resources

In addition to the ethics hotline and other reporting mechanisms, each Sony Group company in Japan maintains an Equal Employment Opportunity (EEO) counseling hotline, to enable it to take immediate action against potential human rights issues, including various forms of harassment, and to provide employees with a resource for advice on these issues. Additionally, Sony provides counseling services that enable employees to address concerns regarding work-life balance, parenting, caregiving, LGBT issues, and access to equal opportunities. These counseling services equip Sony to respond quickly and appropriately while giving full consideration to personal privacy. Sony strictly enforces confidentiality and ensures that employees are not subject to reprisal for reporting or using these services. To ensure that counselors fully understand these matters, Sony provides manuals and holds seminars.
Education and Training

Sony provides Code of Conduct training to all newly hired employees. The Code of Conduct course emphasizes the value of respecting human rights and covers proper workplace conduct. In Japan, all newly hired employees are provided training on the importance of protecting human rights and the value of diversity, while specific training programs on the protection of human rights are regularly offered to managers. In addition, an e-learning course focusing on the protection of human rights is provided to all employees of Sony Corporation and 26 of its group companies. In fiscal 2017, 90% of such employees took the e-learning course.

Sharing of Activities

Every December, in support of Human Rights Week, an awards ceremony is held for Sony Group companies in Japan to recognize departments that have been successful in their efforts to promote diversity. In the annual performance evaluation for Sony manufacturing sites, the activities for promoting human rights and diversity is assessed. These events and performance evaluations serve as platforms to share best practices in diversity promotion and to encourage similar activities globally.

In addition, in Japan, Sony has established a communication practices study group composed of Sony personnel working in advertising and communication practice. This study group meets regularly to share information about communication practices related to human rights.
Human Rights in Products and Services

The Sony Group Code of Conduct states: “We will all use reasonable efforts to avoid causing or contributing to adverse human rights impacts that may arise from our operations, products, services and/or business relationships and will act diligently to help remediate any impacts that may occur.”

Safety and Accessibility of Products and Services

At each stage of its business activities, Sony endeavors to ensure that its products and services do not adversely impact the health and safety of users by complying with safety standards based on laws and regulations and constantly striving to surpass those standards in order to maintain the safety of its products. Accessibility concerns are also incorporated into the planning and design of products and services in order to serve all kinds of people regardless of age or disability.

› Improving the Quality, Safety and Long-Term Reliability of Products
› Accessibility and Usability

Information Security and Privacy

Sony continuously improves its information management and security initiatives and other measures for securing privacy and safeguarding information received from customers, employees, business partners, and other stakeholders.

› Information Security and Privacy

Artificial Intelligence and Ethics

In May 2017, Sony became the first Japanese company to join the Partnership on AI to Benefit People and Society, a non-profit organization created to contribute to solutions for some of humanity’s challenging problems, including advancing the understanding of AI and addressing ethics surrounding AI technology. Sony will continue utilizing the knowledge it has gained from its AI and robotics-related research, development, and business ventures while working with the Partnership’s diverse group of stakeholders to solve crucial AI-related issues, including how to construct a suitable cooperative relationship between humans and AI, and how to best apply AI to the rapidly advancing field of robotics as well as products and services with differing amounts of autonomy. And recently, Sony formulated the Sony Group AI Ethics Guidelines.

› Sony Group AI Ethics Guidelines [PDF:41KB]

Advertising Creativity and Content Services

As a company that conducts business in a number of regions and countries, we recognize that conduct that is socially and professionally acceptable in one culture or region may be viewed differently in another. Advertising personnel from Sony Group companies in Japan regularly meet to exchange information on and study human rights issues in advertising. Sony Interactive Entertainment Inc. applies Computer Entertainment Rating Organization (CERO), Entertainment Software Rating Board (ESRB), and Pan European Game Information (PEGI) ratings to its PlayStation game titles, adhering to the age-based recommendations of ratings organizations in Japan, the United States, and Europe, respectively.

› Human Rights in the Workplace
› Accessibility and Usability
Management Approach

Materiality Rationale

Since its establishment, Sony has sought to remain at the forefront of technological development, building continuously on its achievements to suggest new values for people everywhere. In these efforts, Sony recognizes the people who work at Sony to be its most important resource. Employees are important stakeholders in Sony’s diversified, global business and are the key to its efforts to generate sustainable social value and a high level of profit. Sony is committed to increasing employee engagement by leveraging the diversity and ambitions of its people and maximizing their talents. Sony seeks to sustainably elevate its talent and organizational capabilities in order to raise its overall business performance.

Basic Approach

Sony’s Founding Prospectus sets forth the company’s founding vision and basic commitment to its employees, stressing a spirit of freedom and open-mindedness with an emphasis on personal ability and performance, the full exercise of individual abilities and skills, and innovation and challenge. Based on the founding vision, Sony has articulated its Employer Value Proposition (EVP), which defines the current value of working at Sony, what sets it apart as a place to work. The EVP includes the overarching “wow” factor of “Together, Let’s Make the World Say Wow,” and other wow factors that define the value that Sony offers to its employees and what it expects from them, both across the Sony Group and specific to its businesses and regions.
Sony Group Wow Factors

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<tr>
<th>Value for Employees</th>
<th>Expectations of Employees</th>
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<tbody>
<tr>
<td>• A company that impacts people's lives</td>
<td>• Pursues expertise and thinks originally</td>
</tr>
<tr>
<td>• Global brand with global career possibilities</td>
<td>• Has boundless curiosity and a playful spirit</td>
</tr>
<tr>
<td>• Innovation-oriented company that creates new culture for today</td>
<td>• Is open-minded, works well with everyone</td>
</tr>
<tr>
<td>• Diverse opportunities including in electronics, entertainment, and services</td>
<td>• Willing to change, takes risks and challenges</td>
</tr>
<tr>
<td>• Diversity of people, perspectives, and culture</td>
<td>• Listens to and respects diverse opinions and views</td>
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Sony seeks to maximize the talents of each employee and to foster innovation. Sony respects and fosters an inclusive acceptance of diversity in its many forms including race, ethnicity, nationality, religion, beliefs, disability, gender, age, birthplace, sexual orientation, values, and workstyles. Sony’s vision of diversity and inclusion seeks to build an organizational culture that respects diversity and helps create value for customers. Sony pursues a broad range of activities with a focus on diversity & inclusion, talent development, and engagement, building on a commitment to offering working conditions that contribute to the health and safety of employees.

Structure

Senior management meet to discuss and decide upon important matters relating to employees at the Sony Group and guide the HR strategies implemented by Sony Group companies. Sony has established the Diversity Committee, which reports directly to the CEO, to ensure that diversity & inclusion is addressed as a high-priority issue. Sony also operates reporting hotlines and other avenues for employees to get consultation on a broad range of issues including human rights, work-life balance, parenting, nursing care, and LGBT concerns.

Sony promotes occupational health and safety (OHS) by operating management systems based on OHSAS 18001 at all Sony sites worldwide. With the publication of the ISO 45001 international standard for OHS management systems in March 2018, Sony plans to migrate its OHS management systems to ISO 45001.
Main Achievements in Fiscal 2017

Here are the main results of fiscal 2017 initiatives:

● Diversity & Inclusion
- Celebrated Diversity Week in and outside of Japan at events designed to raise awareness and promote action for change by enhancing recognition and understanding of the significance of diversity
- Sony Group companies in the electronics business in Thailand and Malaysia actively hired persons with disabilities
- Sony Group companies in the electronics business in Europe participated in LGBT pride parades
- Sony Bank launched a new LGBT initiative in its mortgage loans

● Talent Development
- Carried out Sony University global leadership programs in and outside of Japan
- Continued operating the Sony Outstanding Engineer Award, the most prestigious personal award for engineers in the Sony Group, and the Distinguished Engineer system to recognize individual contributions
- Sony Group Companies in Japan introduced the Career Plus program, which enables employees to remain in concurrent or secondary positions
- Sony Music Entertainment established the Amplify program to combine talent development and business innovation
- Sony Pictures Entertainment Inc. launched the "Take The Lead" program and "Business of Entertainment 101" program to support the development of top talent

● Engagement
- Took steps to facilitate communication between top management (including the CEO) and Sony employees in and outside of Japan
- Continued implementing global employee surveys in and outside of Japan
- Sony Corporation adopted a Flexible Work Policy, expanding the scope of its telework policy to make all employees eligible
- Sony Group companies in the Electronics Business operating in the North America, Europe, and Asia-Pacific regions adopted a system allowing employees to recognize and give accolades to peers for their contributions
- Sony Group companies in Japan in the electronics business implemented a work-style reform project
- Sony Group companies in and outside of Japan continued implementing initiatives to create attractive workplaces

● Occupational Health and Safety
- Continued implementing audits and risk assessments for occupational health and safety
- Worked to migrate to OHS management systems based on ISO 45001
Looking to the Future

With a focus on diversity, talent development, and engagement, Sony will continue to offer working conditions that contribute to the health and safety of employees — all part of its efforts to generate sustainable social value and a high level of profit. Sony will provide opportunities for employees to improve and make the most of their character, skills and capabilities.

Activity Reports

<table>
<thead>
<tr>
<th>Employee Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diversity &amp; Inclusion</strong></td>
</tr>
<tr>
<td>Principle</td>
</tr>
<tr>
<td>Gender, Sexual Orientation, Disabilities</td>
</tr>
<tr>
<td>Human Rights and Equal Opportunities (Human Rights in the Workplace)</td>
</tr>
<tr>
<td><strong>Talent Development</strong></td>
</tr>
<tr>
<td>Principle</td>
</tr>
<tr>
<td>Engineering Talent</td>
</tr>
<tr>
<td><strong>Engagement</strong></td>
</tr>
<tr>
<td>Principle</td>
</tr>
<tr>
<td>Organizational Culture and Communication</td>
</tr>
<tr>
<td><strong>Occupational Health and Safety</strong></td>
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<td>Occupational Health and Safety Home</td>
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<tr>
<td>Occupational Health and Safety Management System and Global Initiatives</td>
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<tr>
<td>Occupational Health and Safety Initiatives in China</td>
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<td>Occupational Health and Safety Initiatives in Middle and South America</td>
</tr>
<tr>
<td>Occupational Health and Safety Initiatives in Pan-Asia</td>
</tr>
<tr>
<td>Global Workplace Injury Statistics</td>
</tr>
</tbody>
</table>

External Evaluation
Employee Data

The total number of employees in the Sony Group as of March 31, 2018 was approximately 117,300, a decrease of approximately 11,100 from March 31, 2017. Although there were increases in the financial services and picture segments, there was a large decrease in employees in the Electronics segment due to the transfer of the battery business. As a result of the splitting out of business units in recent years, the number of employees at Sony Corporation was approximately 2,400 as of March 31, 2018.

Breaking down employee numbers by business segment, the numbers as of March 31, 2018 stood at roughly 77,400 in the Electronics segment (about 65% of all Group employees), 11,400 in the Financial Services segment, 9,800 in the Pictures segment, and 8,200 in the Music segment.
Breaking down employee numbers by geographical area, Japan accounted for roughly 40% of all Group employees as of March 31, 2018, while locations outside Japan accounted for the other 60%. The Asia-Pacific region accounted for 20%, followed by the US (13%), the Mainland China and Hong Kong Region (10%), Europe (10%), and other areas (3%).

### Composition of Sony Corporation’s Executives (As of July 2, 2018)

<table>
<thead>
<tr>
<th>Role</th>
<th>Total</th>
<th>Female</th>
<th>Non-Japanese Nationals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>12</td>
<td>2 (16.7%)</td>
<td>2 (16.7%)</td>
</tr>
<tr>
<td>President, Senior Executive Vice Presidents, Executive Vice Presidents, and Senior Vice Presidents</td>
<td>41 (1)*</td>
<td>2 (4.9%)</td>
<td>5 (12.2%)</td>
</tr>
</tbody>
</table>

* Number in parentheses refers to the number of people who concurrently serve as director.

For further information on the Board of Directors, see the Board of Directors page.

> Board of Directors
Diversity

Principle

As a company with a broad global business portfolio encompassing electronics, entertainment and financial services, Sony employs individuals of diverse backgrounds. The Sony Group adopted a Diversity Statement in 2013 as a global policy on leveraging diversity for value creation. Sony embraces diversity as a key management strategy, operating a Diversity Committee that reports directly to the CEO. The committee implements a global diversity project under the leadership of senior management from Sony’s global and regional businesses.

Sony Group Diversity Statement

It is in Sony’s DNA — and a source of our innovation — to value different perspectives and backgrounds as we conduct our business activities globally and rise to new challenges.

Sony promotes diversity across the Sony Group as a key management strategy by ensuring an inclusive work environment and by recruiting, hiring, training and promoting employees from diverse backgrounds.

Diversity Week

During Sony Diversity Week, many events are held at Sony Group companies around the world to raise awareness and promote action for change by enhancing recognition and understanding of the significance of diversity. These events are designed to encourage employees to think deeply about diversity in its many forms — from race, nationality, disabilities, and gender, to sexual orientation, viewpoints, and workstyles — as well as to facilitate new perspectives and active communication. These events also engage the wider community by involving other companies and outside organizations.
Business and Geographies

Cross-Business Collaboration

As a diversified business entity, employees of the Sony Group collaborate across different businesses to develop products and services, create content, and carry out marketing. Listed below are a few examples.

- The "Lost in Music" campaign aims to create new musical experiences that blend music and virtual reality (VR) technology in collaboration with various artists
- Prop design for the film Passengers from Sony Pictures Entertainment
- Development of television and audio device features, leveraging knowledge gained from music and film creation

Sony employees actively exchange information, give presentations, and develop new ideas across organizational and job boundaries, from planning to operations. Managers help plan, sponsor, and provide avenues for employees to tackle new challenges and pursue cross-business collaboration.

Employees Activities Across Regions

As of September 2017, approximately 1,300 employees were dispatched to Sony Group companies worldwide as part of Sony's global deployment of personnel in order to transfer technology and knowledge, and launch new businesses. This includes some 170 employees dispatched from group companies outside of Japan, working in various businesses across the world. The Sony Group operates job transfer policies to efficiently facilitate international transfers. The policies are routinely updated with input from experts in Human Resources worldwide to support different types of international assignments.

To better support employees of all nationalities and languages, Sony Group companies in Japan follow up on employees after hiring and assist employees in their networking and career development. To facilitate English communication among employees from around the world, intranet content and systems for personnel and accounting are offered in both English and Japanese. Furthermore, in collaboration with the project members of DIVI@Sony (Diversity Initiative for Value Innovation at Sony), Sony Group companies in Japan have conducted surveys and interviews with non-Japanese employees, their managers and colleagues. Through these results, those companies have identified issues they face and are working on devising and implementing necessary measures.
Gender, Sexual Orientation, Disabilities

Promoting Greater Opportunities for Women

Sony embraces diversity and the working contributions of women, who accounted for 34% of the workforce and held 25% of management positions at the Sony Group worldwide as of the end of fiscal 2017. In Japan, Sony has set a target for women to hold 10% of management positions in the Sony Group and 15% of management positions at Sony Corporation, and pursues initiatives to actively hire, develop, give active roles to, and promote women. Sony carries out “disclosure of information” and “disclosure of action plans” in accordance with the provisions of Japan’s Act on Promotion of Women’s Participation and Advancement in the Workplace, using the Ministry of Health, Labour and Welfare’s “Database of Corporate Performance in the Area of Women’s Participation and Advancement in the Workplace.”

Specifically, Sony operates a leadership program to develop leadership skills and mindsets among women and support their networking, by providing opportunities for career development and assisting the professional growth of women.

> In 2016, Sony Corporation acquired the top “Eruboshi” certification from the Minister of Health, Labour and Welfare in recognition of its excellence as a supporter of workplace participation and advancement among women.

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Percentage of women in the workforce (%)</td>
<td>20.5</td>
<td>28.6</td>
<td>27.2</td>
<td>29.5</td>
<td>29.3</td>
<td>33.6</td>
</tr>
<tr>
<td>Percentage of management positions held by women (%)</td>
<td>11.6</td>
<td>15.9</td>
<td>15.9</td>
<td>22.2</td>
<td>23.9</td>
<td>25.3</td>
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</tbody>
</table>

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</tr>
</thead>
<tbody>
<tr>
<td>Percentage of women in the workforce (%)</td>
<td>20.0</td>
<td>18.6</td>
<td>18.6</td>
<td>21.3</td>
<td>21.0</td>
<td>22.1</td>
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<tr>
<td>Percentage of management positions held by women (%)</td>
<td>4.2</td>
<td>5.7</td>
<td>4.8</td>
<td>6.5</td>
<td>7.0</td>
<td>8.4</td>
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</table>
### Women Employed and Women in Management Positions (Sony Group in USA)

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Percentage of women in the workforce (%)</td>
<td>36.4</td>
<td>37.8</td>
<td>36.1</td>
<td>37.5</td>
<td>38.1</td>
<td>38.7</td>
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<tr>
<td>Percentage of management positions held by women (%)</td>
<td>32.7</td>
<td>33.3</td>
<td>31.3</td>
<td>33.0</td>
<td>35.5</td>
<td>37.4</td>
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### Women Employed and Women in Management Positions (Sony Group in the Mainland China and Hong Kong Region)*4

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</thead>
<tbody>
<tr>
<td>Percentage of women in the workforce (%)</td>
<td>59.2</td>
<td>55.5</td>
<td>44.6</td>
<td>43.8</td>
<td>55.5</td>
<td>56.6</td>
</tr>
<tr>
<td>Percentage of management positions held by women (%)</td>
<td>22.5</td>
<td>26.2</td>
<td>32.7</td>
<td>31.6</td>
<td>40.1</td>
<td>40.1</td>
</tr>
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### Women Employed and in Management Positions (Sony Group in Asia Pacific)*4

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</thead>
<tbody>
<tr>
<td>Percentage of women in the workforce (%)</td>
<td>46.5</td>
<td>42.5</td>
<td>46.2</td>
<td>43.8</td>
<td>37.2</td>
<td>49.4</td>
</tr>
<tr>
<td>Percentage of management positions held by women (%)</td>
<td>20.6</td>
<td>26.4</td>
<td>31.1</td>
<td>33.7</td>
<td>34.5</td>
<td>29.1</td>
</tr>
</tbody>
</table>

### Women Employed and in Management Positions (Sony Group in Europe)

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<tr>
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</thead>
<tbody>
<tr>
<td>Percentage of women in the workforce (%)</td>
<td>33.3</td>
<td>34.3</td>
<td>36.0</td>
<td>34.5</td>
<td>36.9</td>
<td>35.9</td>
</tr>
<tr>
<td>Percentage of management positions held by women (%)</td>
<td>23.2</td>
<td>26.6</td>
<td>25.9</td>
<td>33.6</td>
<td>34.9</td>
<td>37.5</td>
</tr>
</tbody>
</table>

### Women Employed and in Management Positions (Sony Group in Other Areas)*5

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Percentage of women in the workforce (%)</td>
<td>-</td>
<td>37.4</td>
<td>38.1</td>
<td>41.4</td>
<td>41.5</td>
<td>38.5</td>
</tr>
<tr>
<td>Percentage of management positions held by women (%)</td>
<td>-</td>
<td>24.7</td>
<td>30.0</td>
<td>28.1</td>
<td>37.4</td>
<td>37.9</td>
</tr>
</tbody>
</table>

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*2 Totals are based on data provided by Sony Group companies as of the end of each fiscal year (March 31). The definition of “manager” varies in different countries, regions and companies.

*3 Women in management positions at Sony Corporation: 12.7%

*4 Southeast Asia, Oceania, India, South Korea and Taiwan Region

*5 Middle East, Latin America, Africa, and Canada
Key Activities to Promote Women's Career Development at the Sony Group around the World

<table>
<thead>
<tr>
<th>Electroic Business (Japan)</th>
<th>Sony kicked off Diversity Week 2017 by organizing the Next Women Leaders’ Meeting, a symposium that included panel discussions featuring women in management and talks by senior management and outside presenters. The symposium for women and their managers raised awareness of the need to further promote diversity to enable Sony to realize further innovation and competitiveness, while also examining the changes that are needed to better leverage diversity including women.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony Group (United States)</td>
<td>In 2016, Sony organized the Women’s Forum in San Diego to support the careers of women working in the Sony Group’s operations in the U.S. and provide a platform for networking. A networking group was established to address specific issues and improve work-life balance for women.</td>
</tr>
<tr>
<td>Electronic Business (Asia)</td>
<td>Sony adopted a policy for maternity and childcare leave to allow for full and flexible work schedules, thereby providing a convenient working environment for women with children. Also, some of the Group’s production facilities have set up nursing rooms.</td>
</tr>
</tbody>
</table>

Promoting Greater Opportunities for Individuals with Disabilities

Based on the philosophy of Sony co-founder Masaru Ibuka of creating workplaces that do not offer charity, but rather create an environment that makes it possible for individuals with disabilities to manufacture products that exceed those manufactured by individuals without disabilities, the Sony Group strives to realize an environment in which individuals do not feel held back by their disability and disabilities do not create barriers. Sony is working to create an inclusive workplace environment where employees can build successful careers regardless of any disabilities they may have. The Sony Group seeks to employ persons with disabilities, complying with applicable laws, regulations and rules in the regions in which it operates.

At Sony Group companies in Japan, employment know-how and experience related to past cases are integrated in a dedicated department within the human resources Division. This particularly leverages knowledge gained through the special-purpose subsidiaries Sony Taiyo Corporation,*1 which has over 40 years of experience in this field, and Sony Kibou/Hikari Corporation, which specializes in providing employment opportunities for individuals with intellectual disabilities. The Sony Group supports employees with disabilities and works to create inclusive work environments so that they can leverage their abilities at all Sony group companies other than the special-purpose subsidiaries, as well. Specific programs include joint recruiting events (now in their tenth year) where about 20 Sony Group companies take part, guidelines given to workplaces that are striving to improve their work environments to accommodate new employees with disabilities. Sony also conducts sensitivity training hosted at its special-purpose subsidiaries to give employees more valuable opportunities to see things from the perspectives of persons with disabilities.

Even before the enforcement of Japan’s Act on the Elimination of Discrimination against Persons with Disabilities, Sony has long taken reasonable accommodation measures tailored to each individual and has also created Group Guidelines. In addition, Sony has set up a consultation system and holds study meetings and promotes the employment of persons with disabilities in a unique way to ensure they have access to important roles across the Group.

Sony also seeks to enhance social awareness of diversity and inclusion issues. For example, Sony Taiyo Corporation holds inclusion workshops aimed at providing opportunities for elementary and junior high school students with and without disabilities to experience together the fun of science firsthand. Additionally, Sony organizes job fairs for students with disabilities to make them aware of employment opportunities and consider careers.

Sony’s commitment in this area extends beyond legal compliance, by making workplaces accessible and actively encouraging greater awareness of diversity and inclusion issues. In fiscal 2017, employees with disabilities accounted for 2.76% of Sony Corporation’s workforce, while the average for Sony Group companies in Japan (with over 101 employees, consolidated basis) was 2.2% as of March 2017, both well above the 2.2% mandated by Japanese law for companies over a certain size.
Sony Taiyo, Sony’s first special purpose subsidiary, has implemented concepts such as universal design and inclusive design— a comprehensive workplace design concept that emphasizes usability, environment and education to meet the needs of all people—to create a work environment in which anyone can work with and without disabilities.

### Key Activities to Promote Career Development of Individuals with Disabilities at the Sony Group around the World

| Collaboration with various organizations (Japan) | Sony works with universities and other types of organizations to hold lectures targeting the interests of university students and parties involved in the employment of persons with disabilities. Moreover, Sony has been implementing seminars on job opportunities for university students with disabilities every year since 2004. These seminars are useful to the participants regardless of whether they end up working at Sony or not. In addition, as a part of hands-on training for employees, visits to special-purpose subsidiaries of Sony Corporation are held with the aim of encouraging employees to embrace diversity in business. |
| Sony Group (outside Japan) | In order to learn about the employment of persons with disabilities in Japan, and to apply this to local hiring, supervisors visit special-purpose subsidiaries and Sony Group affiliates throughout Japan and prepare manuals for use in their home countries. In the Asia region, Sony does more than just donate to organizations for persons with disabilities, or help deal with legal requirements; the Group actually makes use of know-how from within Japan to promote hiring of persons with disabilities. |
| Electronics Business (UK) | Sony UK is running a Being Me campaign that is open to all employees, where they can hear the inspirational stories of guest speakers who have overcome great personal difficulties. Speakers at Being Me sessions include, for example, a woman who had set up her own school and then college to ensure a proper education for her children with Autism/Asperger’s Syndrome, and a person who had become a successful accountant despite being blind. Such events provide valuable opportunities for employees to hear and think about such matters. |
| Electronics Business (Thailand) | Sony Technology (Thailand) Co., Ltd. actively hires persons with disabilities as part of its regular workforce and exchanges information with Sony’s special-purpose subsidiaries in Japan. |
LGBT Inclusivity

The Sony Group is working globally to provide LGBT employees with a working environment and opportunities that respect their individuality and leverage their individual talents, free of discrimination and prejudice.

In Japan, Sony has expanded certain personnel programs to encompass same-sex partners and implements an e-learning course for all employees that covers LGBT issues, while also offering LGBT workshops.

Sony also supports the diversity of employees in other ways, such as enabling employees to use their preferred names at work, providing multipurpose restrooms, using gender-neutral uniforms, making it optional for job applicants to indicate their gender on applications, and providing private toilet and shower facilities in each room at corporate dormitories.

*LGBT stands for lesbian, gay, bisexual, and transgender. The expression is broadly used to refer to persons with diverse sexualities.

*2 Personnel programs that have been extended to same-sex partners include monetary gifts and leave for bereavement, rent subsidies, and participation in employee family events.

LGBT Initiatives by the Sony Group around the World

<table>
<thead>
<tr>
<th>Financial services (Japan)</th>
<th>In April 2018, Sony Bank expanded its mortgage loans to include same-sex partners who meet certain criteria and submit required documentation, making partners eligible for family pair repayment and to be collateral providers on mortgage loans.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronics Business (USA)</td>
<td>In the United States, Sony Pictures Entertainment Inc., Sony Electronics Inc., and Sony Corporation of America achieved top scores based on assessments of the maximum score of 100% in the Corporate Equality Index from the Human Rights Campaign Foundation as companies that create ideal working environments for LGBT employees. These scores reflect the level of fairness achieved within the organization toward LGBT employees, which is underpinned by rules designed to support these employees. Additionally, managers and employees participate in LGBT pride parades to raise awareness.</td>
</tr>
<tr>
<td>Electronics Business (Europe)</td>
<td>Managers and employees participate in LGBT pride parades to raise awareness.</td>
</tr>
</tbody>
</table>
Talent Acquisition

As a company with sales, manufacturing and R&D bases in many different countries and regions around the world, Sony promotes the localization of these operations by securing local talent that can meet national, regional and local needs. Sony actively reviews its hiring practices to ensure diversity and inclusion in hiring and works with external organizations to promote hiring of minorities through internships and other avenues.

Sony has long recruited international Employees regardless of their nationality to work in Japan for the purpose of advancing its global business and has been increasing the hiring of talented university graduates from Europe, North America, and Asia. In these countries, Sony continues to secure top-level talent with the cooperation of local group companies. Under its Global Internship Program, Sony welcomes university students from Japan, Europe, North America, India and other countries/regions to offices in its major business fields.

Going forward, Sony will actively hire new graduates as well as mid-career employees in Japan, while also conducting global recruitment and branding activities, seeking to attract a wide variety of top talent.
Talent Development

Principle

Employee Development and Vitality Drives Sony’s Dynamic Growth

Sony recognizes its people as its most important management asset and the growth of its people as a crucial aspect of its management foundation. Sony strives to further enhance motivation and encourage personal growth for its employees through on-the-job learning, as well as through access to a variety of programs designed to enhance individual abilities and skills and tailored to local needs.

As a company that does business in a variety of countries and regions, Sony recognizes the importance of cultivating future business leaders with a global perspective. Accordingly, Sony is implementing initiatives aimed at fostering such employees and bringing their capabilities into full play.
Learning and Career

Learning and Development

Sony has defined the global behaviors it wants to see among employees: “Inspire and Be Inspired,” “Stay on Point,” and “Break Through Barriers.” Sony is strengthening its systematic training to give employees the skills they need in various formats including group training and e-learning. Given the important role that management plays in the growth of the company and its employees, the Sony Group in Japan conducts programs to equip management with practical people management skills so that they can maximize the potential of organizations. Sony is also strengthening its overall management using leadership development and coaching strategies in the electronics business (North America, South America, Europe, and Asia regions) and in the entertainment business encompassing music and film. In addition to mandatory training, Sony supports employee-driven development by offering seminars, courses at outside institutions, and a growing range of online courses to fit the needs of employees. Sony Corporation of America piloted LinkedIn Learning, which allows employees to utilize online courses covering a wide range of topics. Sony Music Entertainment operates the My Learning portal as a global learning management system with diverse and personalized learning content.

Participation in Companywide Training in Fiscal 2017 (Sony Group in Japan)

<table>
<thead>
<tr>
<th></th>
<th>Targeted</th>
<th>Mandatory</th>
<th>Elective</th>
<th>Elective</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of programs</td>
<td>12</td>
<td>57</td>
<td>290</td>
<td>24</td>
<td>383</td>
</tr>
<tr>
<td>Number of times offered</td>
<td>79</td>
<td>331</td>
<td>479</td>
<td>38</td>
<td>924</td>
</tr>
<tr>
<td>Participants</td>
<td>293</td>
<td>48,205</td>
<td>9,698</td>
<td>7,442</td>
<td>65,638</td>
</tr>
<tr>
<td>Cumulative total training time (Hours)</td>
<td>13,316</td>
<td>162,092</td>
<td>43,767</td>
<td>23,3072</td>
<td>242,247</td>
</tr>
</tbody>
</table>

In fiscal 2017, human resource development expenditure per employee at Sony Corporation was about 240,000 yen. Other efforts yielding good results are training program reviews and insourcing instructors from among employees, which both help to improve the efficiency and quality of each training program.
Career Development

Sony has always encouraged its employees to take on new challenges, fostering this mindset both to further the growth of its employees and its growth as a company. Back in 1966, Sony became first in the Japanese industry to launch an internal job posting program, which has now been in place for 50 years. The program provides an avenue for employees to explore career opportunities while serving to optimize the assignment of personnel and strengthen key parts of Sony’s business. To date, more than 7,000 employees have moved to new positions via the program, which has become essential to Sony’s personnel strategy of developing employees who are eager to take on new challenges. Sony also expanded its Global Job Posting program for employees around the world in fiscal 2011.

In fiscal 2015, Sony introduced two new programs that greatly expand on its existing internal recruitment program. Sony adopted a free agent program that gives talented Employees the ability to declare their availability to Sony Group companies, which provides them with greater opportunities to branch out and pursue job opportunities in new fields. In the same year, Sony adopted Career Plus, a program that enables employees to remain in their current positions while also being involved in jobs and projects posted by the company by holding concurrent or secondary positions. The system enables personnel to broadly leverage their expertise and knowledge while also building up their networks within Sony.

Every November is Career Month at Sony, and various events and programs are held to foster employee growth, including seminars on careers and professional development and career counseling opportunities. In addition, employees can meet directly with their supervisors to discuss development plans regarding their careers. The results are fed back to management and applied to efforts to reinforce Sony’s programs for fostering Employees, thereby facilitating carefully tailored support for career building.

Moreover, seeking to support employees’ growth through work experience, in fiscal 2016, the New Performance Management Program used at Sony Corporation and its group companies in the electronics business was revised. The program fosters year-round communication between personnel and their superiors, enabling employees to set individual goals and track their progress while incorporating feedback on everyday conduct to better reflect individual observations and foster growth.

Sony is pursuing its mission of “being a company that inspires and fulfills your curiosity” by encouraging its employees to take on new challenges and supporting their career development by giving them professional experience within the Sony Group.
Engineering Talent

To pursue its mission of "being a company that inspires and fulfills your curiosity," Sony must engage in innovation to win new customers. Sony continues creating new technologies so that its engineers can develop products that provide functional value while appealing to people's sensibilities and inspiring them.

Using Field-Specific Technology Strategy Committees to Achieve Inter-organizational Collaboration

Sony is technology-driven. To become even better at what Sony does, achieving overwhelming technological superiority is an absolute imperative. Toward that end, the entire group is pooling its efforts as part of the One Sony strategy. Strong inter-organizational ties accelerate technical progress, bring about technological integration, and yield new products and services unlike anything seen before anywhere. Business units have been spun off to operate as independent, autonomous subsidiaries. At the same time, Sony seeks to strengthen cohesiveness by creating arrangements that span the boundaries between Group companies. With that aim in mind Sony established field-specific technology strategy committees in fiscal 2015, and these committees are now in operation.

A technology strategy committee is established for each field. Each one consists of specialists who are selected from across Group companies. These committees work to achieve technical innovation and roll out organization-specific technologies across the Group. Technology is developed by people, so technology strategy committees implement related human resource measures. Sony offers Employees development programs such as a key technology training course as well as personnel recruitment; this approach accounts for the special features of different technologies, and transcends the boundaries between different Sony Group companies. In addition, Sony has group-wide engineer certification systems—such as the Sony Outstanding Engineer Award*1 and the Distinguished Engineer system.*2 Discussion and judgement for these recognitions are done within the framework of the technology strategy committees.

*1 Sony has established a system to recognize Sony Group employees who have developed innovations that create new value for customers, and who have worked hard to solve advanced technical problems.

*2 The Distinguished Engineer (DE) designation is a group-wide system for providing recognition to employees who possess outstanding technical expertise and have made a significant contribution to Sony.
Technology Training Courses

At the Sony Group in Japan, approximately 200 Sony engineers with frontline expertise in key technological fields develop curricula and textbooks for use in core technology training courses, aiming to enhance the expertise of engineers. These courses, which are designed to provide a basic understanding of technical matters, have been in continuous development since the 1980s. Every year, more than 5,000 employees take courses to expand their knowledge of specialized subjects, brush up on their knowledge for application in other areas, or re-learn subjects.

Sony develops the basic skills of its new recruits by offering them general technological training designed by leading Group engineering experts, as well as specialized training programs developed by each of Sony’s business units, which are designed to familiarize the trainees with technologies specific to each business. Engineers are provided with various opportunities to gain advanced knowledge in related fields and foster their ongoing professional development by participating in sponsored courses, seminars given by outside experts, and employee open houses.

Sony Outstanding Engineer Award

Created to further inspire engineers to take on new challenges, the Sony Outstanding Engineer Award is the highest form of individual recognition for Sony Group engineers. In order to develop products and services that appeal to customers’ sensibilities, there is a wide range of technologies that Sony will have to work on. In addition to elemental technologies, there is also a need to integrate creative new technologies, and to optimize complex systems. Intended to increase the motivation of engineers, such awards have encouraged employees to be proactive in addressing challenges and have also promoted a corporate culture that emphasizes value creation.
Distinguished Engineer System

The Distinguished Engineer (DE) designation is a group-wide system for providing recognition to employees who possess outstanding technical expertise in Sony’s key technological fields and have made a significant contribution to Sony. The DE system shows that “the face of Sony technology” is important to Sony because it plays a leading role in resolving problems and technology strategies. By publicizing this system group-wide, Sony enables its Distinguished Engineers to serve as role models for younger engineers. The group-wide launch of this system has helped to provide solutions for issues at their respective departments, while creating technology-based inter-organizational ties which can be expected to contribute in many different ways, including Employees development.

Sony Technology Exchange Fair

The annual Sony Technology Exchange Fair provides an opportunity for engineers involved in innovative development with implications for Sony’s future to present their work to other Sony Group employees and receive feedback. The event has served as a launch pad for numerous business applications since it was first organized in 1973. Some 10,000 employees from Sony Group companies in and outside of Japan attended the fair in fiscal 2017, which buzzed with conversation among employees. Sony is committed to innovation that realizes major business advancements and new businesses, by encouraging interaction between engineers across technology, product, and service lines and through technology integration.

Incentive Remuneration for Inventions

Sony rewards employees for their inventions by ensuring that they receive fair and suitable incentive remuneration as stipulated under the Patent Act. The remuneration serves as an incentive to realize inventions and increase patent quality to strengthen Sony’s business.
Leadership and Next Leaders

Sony is developing core talented people who can excel globally. Sony University was established with the mission of developing the people who will shape and lead Sony’s management vision and strategy, perpetuating the Sony Spirit, and building strong personal networks that facilitate Group management. Under this mission, Sony University programs are designed to foster top management candidates and global leaders who will play key roles in driving the business forward. The courses offered include a half-year program for leading managers from different Sony organizations around the world to foster innovative thinking and polish their skills. Managers from Sony Group companies in Japan who show promise as potential business leaders are selected to participate in a seven-month program focusing on management literacy and interpersonal skills. These courses encourage personal interaction and mutual learning to facilitate the development of business leaders.

Participants in a Sony University program

Sony formulates succession plans across the Sony Group and conducts periodic talent reviews to ensure that future leaders and managers are always being developed. Sony is training talented people to become future global leaders by offering comprehensive job rotations across different business segments and geographic regions.
### Main Initiatives to Develop Future Leaders at the Sony Group around the World

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Electronics Business (Japan)</strong></td>
<td>Global Challenge Program Sony Global Manufacturing &amp; Operations Corporation (SGMO) has established its Global Challenge Program to enable its employees who have worked abroad to apply what they have learned after returning to Japan, thereby contributing to the development of SGMO. Under the program, SGMO sends employees to work at offices in another country to allow them to experience a different culture and become directly familiar with the dynamics of a workplace outside Japan. Each year, five employees working for SGMO are selected for a three-month program in the U.K. or Brazil.</td>
</tr>
<tr>
<td><strong>Electronics Business (USA)</strong></td>
<td>The Fast Forward Talent Strategy project epitomizes Sony North America’s mission, vision and values, including the organization’s entrepreneurial spirit and willingness to take risks. More than 100 diverse employee volunteers with various viewpoints were engaged to collaborate in an open and respectful environment to develop innovative programs/initiatives to support our business, our team, and our community—all with the common goal of creating a rich pipeline of ready-now successors in a sustainable, inclusive, best-place-to-work environment.</td>
</tr>
<tr>
<td><strong>Music Business</strong></td>
<td>Sony Music Entertainment has established the Amplify program to combine talent development and business innovation. This program focuses on getting the most out of an engaged and skilled workforce to be real innovators and investing in early career pipeline as a real differentiator, covering the various elements over a period of seven months. In four years, 262 delegates from 45 countries have participated, and this program has achieved real business results through experimentation.</td>
</tr>
<tr>
<td><strong>Movie Business</strong></td>
<td>To support the development of top talent, Sony Pictures Entertainment Inc. has launched two programs intended to build leadership and industry acumen at key stages in an employee’s career. The Take The Lead program aims to equip people managers to effectively lead their teams and drive engagement. The Business of Entertainment 101 program provides an overview of the entertainment business to emerging leaders to develop their business acumen.</td>
</tr>
</tbody>
</table>
Sony's original Founding Prospectus set forth a management commitment to enable each individual to fully exercise his or her abilities and skills. Sony co-founder Akio Morita once said to the company's newest recruits, "If you ever find yourself regretting that you joined Sony, quit right away. You only live once. Once you truly commit to working at Sony, there is a mutual responsibility. I hope you won't arrive at the end of your life with regrets about having worked at Sony."

Under these founding principles, Sony places great importance on employee engagement to realize continual growth for employees and as a corporation. Sony seeks to improve working conditions and keep employees motivated through diverse initiatives to realize work-life balance, foster good internal communication, and create energized and appealing workplaces.
Work-Life Balance and Well-Being

Sony believes that strong revenues are sustained by providing a worker-friendly environment where each employee can perform to their full potential. Under this vision, Sony considers employee health and work-life balance as essential to creating innovation and sustaining strong revenues as a company. Sony offers flexible working provisions and work conditions for employees to realize this work-life balance, while adhering to the customs and laws in countries and regions where it does business.

Main Work-Life Balance Initiatives at the Sony Group around the World

<table>
<thead>
<tr>
<th>Movie Business (USA)</th>
<th>Some group companies provide services and take other steps designed to promote employee health, such as offering on-site fitness facilities and dental clinic, and holding in-house sports competitions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Music Business (USA)</td>
<td>Maternity leave is offered with full pay.</td>
</tr>
<tr>
<td>Electronics Business (Japan)</td>
<td>Some group companies provide a private area for nursing mothers, emergency child care and other services for employees who are raising and/or expecting children. There are also child-raising support programs that aim to build communities of employees who are parents to facilitate the sharing of information on such topics as children's education.</td>
</tr>
<tr>
<td>Sony Group (Japan, China, USA)</td>
<td>On annual family day, family members are invited to see and get to know where employees work.</td>
</tr>
</tbody>
</table>

Each employee of the Sony Group plays a part in the sustainable growth of the company. As part of its commitment to diversity and inclusion, Sony has an important responsibility to create inclusive workplaces with attractive working conditions, and to encourage ways of working that enable employees to make the most of their talents while balancing their work and private life, including parenting and family commitments. Sony recognizes the need to accommodate diverse ways of working to secure the health and motivation of employees.

Since 2017, Sony Group companies in Japan in the electronics business have been implementing a work-style reform project that is furthering existing initiatives such as no-overtime days and encouraging employees to take their paid leave. Meanwhile, the Sony Group worldwide is sharing and adopting best practices such as business process improvements and techniques for making meetings effective.

In Japan, Sony Corporation has introduced a flex-time system and a discretionary working system, which enables employees to work with versatile options. Sony employees regularly use a high percentage of their allotted annual paid days off. In fiscal 2017, employees of Sony Corporation took an average of 15.8 days off and employees of the Sony Group in Japan took an average of 14.0 days off, compared with the national average of 10.4 days off at other companies.
Flexible Work Options for Diverse Lifestyles

Sony Corporation offers human resources programs that enable employees to make the most of their talents within their preferred lifestyles.

In 2015, Sony Corporation began offering a Flexible Career Leave program that enables employees to take up to five years off to pursue studies or work on upgrading their language or communication skills, when accompanying a spouse who has been assigned abroad or embarks on international studies or take up to two years off to pursue studies at their own expense to further develop their expertise.

In 2018, Sony Corporation expanded the scope of its Telework policy by making all employees eligible. At the same time, it also broadened the condition to allow up to ten full telecommuting days per month and in principle removed restrictions on the number of partial telecommuting days that employees can take. Accordingly, it was renamed the "Flexible Work policy."

The company will continue to expand programs to provide employees with flexible and efficient work options, with the aims of enhancing the business efficiency of its organizations, fostering an organizational culture that generates ideas, and increasing the productivity and output of each employee.

Supporting Employees Doing Child Care or Nursing Care

Under a work-life balance initiative, Sony Corporation provides paid leave programs which can be used along with Child Care Leave such as Special Child Care Leave (up to 20 days) and Accumulated Leave used for pregnancy, childbirth, child rearing, fertility treatment, and nursing care purpose. These programs are widely used by employees.

For employees who have child care or nursing care responsibilities, Sony provides support by offering the option of reduced working hours and take paid annual leave on an hourly basis for child care or nursing care.

In fiscal 2017, Sony Corporation introduced a Career Plus program that supports career development while employees take parenting or nursing leave, by enabling employees to keep doing some work from home and also by subsidizing development programs such as language courses. The program provides greater flexibility for employees to continue their career development.
Number of Employees Taking Child Care Leave at Sony Group in Japan in Fiscal 2017

<table>
<thead>
<tr>
<th>Company</th>
<th>Employees Taking Child Care Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony Corporation</td>
<td>195 employees (including 7 male employees)</td>
</tr>
<tr>
<td>Sony Group in Japan</td>
<td>513 employees (including 18 male employees)</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Percentage of Employees who Took Child Care Leave*1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony Corporation</td>
</tr>
<tr>
<td>Sony Group in Japan</td>
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<table>
<thead>
<tr>
<th>Percentage of Employees who Returned to Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony Corporation</td>
</tr>
<tr>
<td>Sony Group in Japan</td>
</tr>
</tbody>
</table>

*1 Calculated with employees who gave birth in fiscal 2017.

Number of Male Employees Taking Special Child Care Leave at Sony Corporation in Fiscal 2017

Number of male employees who took special child care leave: 501

Work-Life Balance Policies at Sony Corporation

<table>
<thead>
<tr>
<th>Policies</th>
<th>Introduced (FY)</th>
<th>Description</th>
</tr>
</thead>
</table>
| Child Care Leave                 | 1990            | • Up through April 15 of the year following the date on which the child reaches 1 year of age  
                                 |                 | • Can be used in combination with Special Child Care Leave when child reaches 8 weeks of age (for men) |
| Reduced Working Hours for Child Care | 1995        | • Until the child is sixth grade of elementary school  
                                 |                 | • Flex-time system can also be used during period of reduced working hours for child care |
| Child Care Grant                 | 2007            | • Grant of 50,000 yen/month during period of Child Care Leave                |
| Special Child Care Leave         | 2007            | • Provides for 20 days’ paid leave  
                                 |                 | • Can be used in combination with Child Care Leave when child reaches 8 weeks of age |
| Flexible Work (formerly called Telework) | 2008       | • All employees eligible to work from home, a satellite office or elsewhere remotely  
                                 |                 | • Up to 10 full telecommuting days, no restrictions on number of partial telecommuting days*2 |
| Use of Paid Annual Leave         | 2008            | • Can be used on an hourly basis, for child rearing or providing nursing care for a family member |
| Child Care Flex-Time             | 2013            | • Can be used until the child has graduated from elementary school            |
| Babysitter / Child Care Subsidy  | 2015            | • Until the child is third grade of elementary school  
                                 |                 | • Babysitter / child care fee subsidy  
                                 |                 | • Number of times eligible and amount of subsidy increased in 2017 |
| Career Plus Leave                | 2017            | • Support continued career development by employees during child care leave, nursing care leave or flexible career leave (to accompany spouse)  
                                 |                 | • Allow some work from home while on leave  
                                 |                 | • Offer subsidies for education expenses while on leave |

*2 Introduced in April 2018
Promoting Work-Life Balance

In addition to establishing programs that promote work-life balance, all Sony Group companies in Japan strive to create a corporate culture in which employees seeking to balance the demands of child care (or nursing care) and work can build careers. As part of Diversity Week in fiscal 2016 and 2017, Sony organized workshops and seminars on parenting and nursing. On balancing parenting and work, Sony conducted a Working Fathers Meeting and a Working Mothers Meeting, both with the involvement of managers of working parents. The participants heard from speakers and shared their thoughts and experiences with one another in a group setting.

Starting in 2018, Sony established a tie-up with a daycare provider to assist employees of Sony Group companies in Japan in the electronics business who find it difficult to secure a daycare for their children and return to work. The tie-up enables the use of corporate-led daycare facilities throughout Japan. Sony also conducted a seminar on nursing, responding to the growing number of interested people. The seminar explored strategies for balancing nursing and work, while providing essential information about nursing. Through these initiatives, Sony is helping employees to continue developing their careers while balancing it with parenting and nursing.

* Under amendments to Japan’s Child and Child Care Support Act, which came into effect in April 2016, the Cabinet Office of Japan introduced provisions to allow for corporate-led daycare facilities in an effort to address shortages of and wait lists for daycare facilities, so that parents can work. The provisions enable corporations to organize the establishment and operation of daycare facilities.

> Diversity Week

> External Evaluation
Organizational Culture and Communication

Communication

Sony values employee communication. Under a corporate culture that promotes the spirit of freedom and open-mindedness passed down since its founding, Sony fosters diverse communication both within workplaces and across organizational boundaries in order to create value.

Communication between Top Management and Employees

Sony treats communication between top management, including the CEO, and employees as a priority. Through the corporate intranet, information is provided on progress made in the Group’s businesses, and communications are exchanged via e-mail and other media. Sony also works to create many other opportunities for direct dialogue between top management and employees. For example, Sony management holds regular informal gatherings and town hall meetings with employees, which cover a wide variety of themes, from technology to management. By sharing opinions from both perspectives, not only do employees gain a closer affinity with management, but the views of employees can also be used to enhance the quality of management.

Examples of Venues for Communication between Top Management and Employees

| Electronics Business (North America) | Town hall meetings are held on a quarterly basis, and these are broadcast via the Web so that employees gain a better understanding of management policies. Monthly web meetings, in which all employees can participate, are also held. Management and general employees each have a blog through which opinions can be shared, facilitating reciprocal communication. |
| Electronics Business (Europe, Latin America) | Town hall meetings are held twice a year. Other communication and opinion exchanges take place through webcasts, blog postings, and email. |

Global Employee Survey

Since fiscal 2010, Sony has integrated various formerly independent Group surveys into a global employee survey. The survey is divided into such categories as innovation, customer focus, corporate culture, and human resource development. The annual survey enables Sony to access and analyze the views of employees across the Sony Group in a consistent manner. The response rate for this annual survey has remained around 90%, reflecting employees’ high level of interest in participation. Survey findings are reported to and discussed by top management and used as references for designing human resources strategies. Based on the findings, Sony holds internal workshops to identify organizational issues and create action plans to improve them, as well as meetings to share best practices from the improvement plans of the previous fiscal year. Programs like these help to maintain organizational vitality.

Furthermore, Sony Corporation and its group companies in the electronics business in Japan implement a parallel survey to provide feedback from subordinates to all managers regarding their leadership activities. This survey aims to strengthen organizational and people management.
Communication among Employees

Sony is exploring new avenues for fostering even more active communication. Sony Group companies in the electronics business operating in North America, Europe, and the Asia-Pacific have adopted a system that allows employees to recognize and give accolades to peers for their contributions. Sony Group companies in the electronics business in North America keep employees updated through the use of a customized smartphone app.

Sony supports more than 1,000 employee-interest communities worldwide; these serve as platforms for communication among employees.

Labor Unions

Sony maintains excellent labor-management relations. Approximately 14% of the overall workforce is unionized.
Workplace

Sony strives to create appealing workplaces that foster Sony’s corporate culture and make it possible for people to work in diverse ways, while encouraging employees to take on new challenges and pursuing greater employee engagement.

Fostering Sony’s Corporate Culture

Sony endeavors to create appealing workplaces that foster a corporate culture that will lead the company into the future. At Sony City headquarters building, Sony’s corporate culture is enhanced through user experience such as employee collaboration and variety of events.

Talk live at a cafeteria in Sony City headquarters building

Internal events utilizing a cafeteria in Sony City headquarters building

Sony Group companies are also creating workplaces with their own unique identities and corporate cultures that add to Sony’s diversity.

Sony Pictures Entertainment Office with fascination of movies

Office stairs which can be used like a theater

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Making It Possible for People to Work in Diverse Ways

Sony's offices utilize open floor plans that encourage collaboration and foster the creativity and productivity of employees. Sony embraces an activity-based work-style concept to create functional workplaces that flexibly adapt to different styles of working and environments according to the work objectives and situation, enabling its diverse workforce to achieve a work-life balance.

Encouraging Employees to Take On New Challenges

Sony endeavors to create spaces that encourage employees to take on new challenges, guided by its vision of creativity and spirit of taking on challenges. The latest of these spaces is the newly opened Comi-chika creative collaboration space in the basement floor of the Communication Plaza at the Atsugi Technology Center. Together with the SAP Creative Lounge at Sony City and the Bridge Terminal space at Sony City Osaki, these spaces are planned, launched, and operated by volunteer employees, going beyond organizational and job boundaries. They serve as venues for open communication and encourage employees to take on new challenges. Sony also has mechanisms in place to develop new businesses based on the ideas that emerge from these creative spaces.
Increasing Employee Engagement

To increase employee engagement, Sony offers amenities that enable employees to refresh the mind and body through good food and exercise, which in turn fosters communication and creativity in the workplace. Sony collaborated with the lifestyle magazine Jiyu to open The Farm, a cafeteria at the Sony City headquarters building that serves food made with fresh and seasonal ingredients in an urban office setting.

Yoga class with high-resolution sound at Sony City Osaka

The Farm cafeteria for Sony employees

Rice bowl topped with seasonal ingredients served for lunch
Sony has articulated a philosophy for Sony Group companies worldwide that states, “Sony recognizes that occupational health and safety (OH&S) is an integral part of all business operations. Sony therefore secures a safe and healthy working environment for its employees.” To fulfill this commitment, Sony works hard to secure occupational health and safety and prevent workplace accidents.
Basic Policy and Management System

Sony established a Global Policy on Occupational Health & Safety in 1998, with a philosophy stating that "Sony recognizes that occupational health and safety (OH&S) is an integral part of all business operations. Sony therefore secures a safe and healthy working environment for its employees." This policy is implemented at Sony Group companies worldwide, who work together to secure occupational health and safety.

Sony Group Global Policy on Occupational Health & Safety
This policy applies to all Sony Group companies and organizations throughout the world.

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

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

Kenichiro Yoshida
President and Chief Executive Officer
Representative Corporate Executive Officer
Sony Corporation
Occupational Health and Safety Management System and Global Initiatives

Establishing an OHS Management System

Sony is working to establish its own occupational health and safety (OHS) management systems based on OHSAS 18001 international standards at each of its sites around the world. Sony also continues to work to ensure compliance with national and regional laws concerning OHS, as well as to fulfill its own voluntary targets. Sony is acquiring external OHSAS 18001 certification for all manufacturing sites in China and Pan Asia that have been requested to do so by their clients (30% of all manufacturing sites). With the publication of the ISO 45001 international standard for OHS management systems in March 2018, Sony plans to migrate its own OHS management systems to ISO 45001.

Common Global Programs

Global Management Structure

The Sony Group recognizes the health and safety of employees as a top management priority, and all group companies manage relevant programs under a single structure. Furthermore, to promote global OHS programs, Sony has established six regional safety offices in North America, Latin America, Europe, Japan, China, and the Pan Asia Region that are responsible for implementing cross-regional programs, and it has appointed regional safety officers in each region.

*1 Europe Regional Safety Office oversees Europe, Turkey, Israel, Russia, and the former Soviet republics.
*2 Japan Regional Safety Office oversees the Japan, South Korea, and Taiwan region.
*3 China Regional Safety Office oversees mainland China and Hong Kong region.
*4 Pan Asia Regional Safety Office oversees Mongolia, Asian countries other than the above, the Middle East, Oceania, and Africa.

Management reviews are also conducted for managers each year based on reports covering OHS activities, including regional compliance with relevant laws and regulations, education and training, and related audits, as well as occupational accidents and other incidents. Each business site has identified occupations in which workers are at high risk for occupational accidents and illness and is taking steps to reduce risk in priority areas and manage conditions to keep risk low.

In the unlikely event of an accident, each business site investigates the cause and puts measures in place to improve conditions. The Headquarters OHS Office shares detailed information on accidents and injuries with all Group companies around the world to help prevent recurrence and future accidents.
Sony Group OHS Vision

Under a philosophy of “placing the highest priority on employee health and safety,” Sony has formulated the Sony Group OHS “Vision Zero” with the ultimate objective of ensuring zero occupational accidents and zero illnesses.

Regional Safety Offices conduct corporate audits to verify compliance with corporate rules. Audit teams are assembled to address the specific risks at business sites, to carry out corporate audits for the efficient and continuous improvement of management systems. In the Japan Region, the audit teams include an occupational health physician and an audit for compliance with occupational health regulations.

Risk Assessments

The Japan Regional Office implements risk assessments using the Sony Group’s recommended methodology. Sony is establishing a system to identify hazards relating to chemical substances, machinery, and work, to serve as a common tool for conducting risk assessments in the Japan region. The risk assessment system helps in identifying and mitigating risks while simultaneously checking that legal requirements are met. The chemical substance risk assessment results are linked to environmental pollutant release and transfer register (PRTR) data to enable the centralized management of transfer and emissions data, as Sony works toward realizing its Road to Zero management plan. Sony is looking into rolling out the Sony Group’s recommended methodology for risk assessments beyond the Japan region.

Risk Assessment Training

Sony Group companies designate auditors based on the results of risk assessments for workplaces, in order to audit the legal requirements and verify any issues with management. Auditors apply their specialized expertise to ensure that concrete steps are taken to reduce risks. Sony has trained some 300 qualified auditors through in-house courses that are held several times throughout the year.
Occupational Health and Safety Initiatives in Japan

At each of Sony's business sites in Japan, an Occupational Health and Safety Committee made up of labor and management personnel meets every month. The committee develops occupational health and safety (OHS) policies tailored to each business site, and establishes targets, develops action plans, and implements initiatives to secure safe and healthy workplaces.

OHS managers from Sony Group companies and business sites in Japan gather at a national OHS conference held one or two times per year. At the conference, they report on OHS policies, targets, and strategies, and the results are communicated throughout the Sony Group. They also discuss audit results, occupational accidents, target achievement, risk reduction at business sites, and initiatives to maintain and improve health.

Priority Measures in Japan

Sony is working to achieve its Vision Zero goals by pursuing initiatives under a common set of annual priority measures in Japan to assess risks and enhance employee wellness.

Monitoring Legal and Regulatory Trends

To keep abreast of legal and regulatory trends in Japan in the area of OHS, in-house specialist staff members have developed and regularly update a database of related information and are charged with determining whether changes to laws and regulations apply to Sony sites. Sony has also created a framework for providing support to sites affected by such changes through the dissemination of up-to-date information, and enforces strict compliance standards at all work sites. Sony also includes information on legal and regulatory matters in the OHS newsletter it publishes for Group companies in Japan, with the aim of enhancing employees' level of compliance awareness.
Occupational Health and Safety Initiatives in China

Sony’s manufacturing sites in China play an important role in the manufacturing activities of the Sony Group. Under the Sony Group Global Policy on Occupational Health and Safety, Sony leverages its accumulated knowledge and experience to secure safe, healthy, and engaging working environments for employees.

Establishing an Occupational Health and Safety (OHS) Management System

In China, Sony operates an OHSAS 18001 occupational health and safety management system under the governance of the China Regional Safety Office and operated by manufacturing sites. Starting in fiscal 2016, Sony established overall management of safety in the China region and is reinvigorating its OHS activities, aiming to achieve its “Vision Zero” of ultimately eliminating occupational accidents and illnesses.

As part of these activities, Sony has established a working group that concentrates on occupational safety, among the activities that are horizontally implemented by OHS managers of all manufacturing sites. The working group shares accident case studies and implements measures to prevent accident recurrence.

Sony systematically implements OHS in China. In fiscal 2014, hazard maps were developed to identify risks in manufacturing processes, and since fiscal 2015, training has been conducted to adopt risk assessment methodologies for the proper identification and mitigation of risk sources. The risk assessment methodologies were partially revised and the methodologies in fiscal 2016 and applied to all manufacturing sites in China.

In 2018, Sony will build on the results achieved to date to pursue initiatives to achieve even higher targets.

In addition to initiatives that are horizontally implemented at all sites, each business site implements safety initiatives comprising basic training and drills. Sony has also expanded its collection of occupational injury data to encompass non-manufacturing companies, and strives to reduce occupational injuries throughout the Sony Group in China. As a result of these efforts, the number of occupational injuries at Sony sites in China has continued to decrease for the last four years. In fiscal 2017, Sony will continue implementing its existing initiatives while using risk assessments to further reduce risks and the rates of occupational injuries.

Additionally, traffic accidents have become common in China as economic development has sharply increased the number of cars on the road. In an effort to reduce accidents while commuting by bicycle or electric scooter, Sony has been implementing safety education since fiscal 2014. This includes safety clinics and development of safety brochures that are handed out to employees. Sony has set a goal to achieve a 30% reduction in traffic accidents in 2017 and will pursue safety initiatives in cooperation with regional offices and business sites.

Key Activities in Fiscal 2017

Below are a few of the various safety activities developed and implemented in China in 2017.

Reporting Near-Miss Accidents

Near-miss accidents at production sites in China have been reported since 2015, and these sites are bolstering efforts by identifying risks for accidents and sharing information with greater employee participation in these activities. The aggregate total of near-misses reported at all work sites had climbed to 6,397 by 2017. Moving into 2018, Sony is focused on increasing participation in prevention activities and promoting efforts designed to be both sustainable and effective, with the goal of 30% of all employees participating in these safety-related activities.
Preventing Electric Motorcycle Accidents

Approximately 1,500 employees at production sites in China commute to work on electric motorcycles. Commuter injuries have averaged 38 per year over the past three years. Although Sony has a variety of safety education activities in place in China, further efforts are needed to reduce the number of commuter accidents.

In cooperation with the China Regional Safety Office, production sites in China launched a project designed specifically to reduce the number of commuter accidents involving electric motorcycles. The project involved analysis related to electric motorcycle commuters (including interviews with those who have had accidents in the past and sharing of near-miss accidents identified based on camera footage of the commute), as well as trial distribution of safety-themed goods to raise safety awareness and information sharing that involved the management team. Emphasizing employee participation and experience, activities such as these have increased safety awareness among employees. Commuter injuries in 2017 were reduced by 65% compared to 2016, with a significant reduction in accidents caused by electric motorcycles.

In addition to using the widely popular Chinese social media tool WeChat for its safety slogan activities to ensure that employees are able to easily participate, Sony has also designated a 100-day campaign period to focus on boosting safety. Employees appreciate the ease and convenience of being able to participate by smart phone, and Sony will continue to look for similarly effective ways of communicating and sharing information in the future.

Other workplace activities

- Fire evacuation drill at Sony Precision Devices (Huizhou) Co., Ltd.
- Emergency evacuation drill at Shanghai Suoguang Visual Products Co., Ltd.
- First aid training at Sony Digital Products (Wuxi) Co., Ltd.
- Risk assessment training at Sony Precision Devices (Huizhou) Co., Ltd.
Occupational Health and Safety Initiatives in North America

Wellness

In North America, Sony has continued the wellness program that covers employees and, in most cases, their spouses/domestic partners who are eligible for the Sony Healthcare Program. The objective of this program is to help employees and their spouses/domestic partners live healthy, active lives. Within some companies, participants have access to health risk assessments, on-site biometric screening (during which employees are given their body mass index (BMI), glucose number, total cholesterol number (HDL and LDL) as well as triglycerides number), telephone counseling with a healthcare advisor, and other online or telephone-based programs and resources. Among these are programs on quitting smoking, weight loss, stress management, blood pressure, diabetes, nutrition and physical activity (including programs using exercise/activity trackers). Employees can receive incentives for participation in such health-promoting programs. The incentives include various drawings done by Redbrick Health for those employees who participate in the programs.

The Sony DADC Terre Haute facility continues to manage an onsite Fitness Center for employees to have access to exercise equipment. The SEL San Diego and SIE San Mateo locations also have on-site fitness centers that offer exercise equipment and various classes led by fitness trainers. Various gym discounts are also available to employees throughout the US. In addition, the San Mateo location offers personal training and onsite massage.

Other wellness activities are in place as well. Sony of Canada has a salad bar to encourage good eating and good health for Sony employees. Sony San Diego and SIE San Mateo have instituted a weekly farmers’ market onsite that sells fruits, vegetables and other local produce. The San Diego site cafeteria also has nutritional choices available and makes nutritional information and calorie information available to employees. Sony Nuevo Laredo in Mexico has a 5-minute employee exercise program that is done twice daily and includes several different types of exercises. The program is conducted by trained leaders, using a video that was made with the assistance of a government safety and health organization.

With regard to influenza vaccinations, employees may receive vaccinations at either site-based clinics or a national pharmacy chain using a vaccination voucher. These are provided over a six-month period, beginning in October.

At manufacturing sites, based on job requirements, employees receive regular medical exams and, where appropriate, industrial hygiene surveys are conducted. SIE San Mateo has a mobile dentist that provides services to employees three days a week.

Risk Control Audits and Recommendations

Corporate Environmental, Safety & Health (ESH) and Fire & Life Safety audits are conducted on an ongoing basis at nearly all Sony sites in North America. Site-based internal inspections are also conducted, as are audits by insurance companies and agents. The objective of the internal inspections is to assess facility areas overall from an ESH and housekeeping standpoint. This ensures that potential risks are identified and any other items needing attention are addressed in a timely fashion. The internal inspections are generally conducted by trained employees serving on on-site safety committees or work teams. The frequency of internal audits varies among sites, from monthly to semi-annually. The audits performed by the outside insurance companies or agents are generally classified into one of the following three categories:

1. Identifying and addressing fire safety risks within a location;
2. Thermographic analysis of a site’s electrical systems; and
3. Ergonomic assessment of workstations in both production and office areas.

For each category, recommendations for improving the current status of the site are provided, as needed.
In addition, in compliance with Sony corporate guidelines, job risk assessments are reviewed to ensure that they are all up-to-date and still reflect the job being performed. Both routine and non-routine jobs are included in this review.

**Site-Based Safety Teams**

Sony DADC Terre Haute has implemented a plant safety team. The team is led by a Quality Specialist, and team members are operators from each manufacturing area. Implementation of this team began with training in Kaizen and safety as well as auditing requirements. The team meets monthly and performs Kaizen and safety audits within an area of the facility. The following month the team follows up on findings from the previous month and audits a new area. The team is also responsible for safety posters at employee exits as well as new topics for safety toolbox talks.

Sony DADC has also implemented a Kaizen/Security/Safety audit of the perimeter of the campus. Members from Facilities, Engineering, Security, and Quality participate in the audit. This audit will occur twice a year at a minimum.

**Chemical Safety Information**

Each Sony site in the U.S. has a revised written Hazard Communication Program for chemicals in place, including information on safety data sheets (SDS), labelling and training. The revisions are based on the changes to the U.S. Hazard Communication OSHA Standard, which brought it closely in line with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). Employees in the U.S. with exposure to potentially hazardous materials received additional training. New chemical labels and SDS required by the revisions are in place in the workplace. Chemical purchases are reviewed by ESH group as part of the approval process. Operations in Canada have been undergoing similar changes to comply with the new national Workplace Hazardous Materials Information System (WHMIS 2015) standard. This transition will be complete later this year. Operations in Mexico are also on track toward compliance with that country’s GHS-related regulation. In addition, all applicable sites are following procedures for controlling and eliminating specified chemical substances from the product supply chain, as defined by Sony’s environmental rules.

**Emergency Preparedness and BCPs**

Each Sony location has an emergency preparedness plan in place, tailored to meet the potential emergencies that may occur at that site. This includes the site response to fire, medical emergencies, earthquakes and utility failures. The plans are complemented by a Business Continuity Plan (BCP) for each business unit or location which goes into action during or after the immediate response to an event is winding down. The BCP is designed to identify key functions of the business, the key support factors for each function and a timeline to restore those functions and services as quickly as possible.

**AED Program**

Many Sony sites in North America have installed automated external defibrillators (AEDs) that can be used in the event of ventricular fibrillation and ventricular tachycardia. Sony Electronics Inc. has placed AEDs in each facility with 100 or more employees. Sony Corporation of America implemented a program to place at least one AED Unit at every site that comes under the SCA umbrella. Employees at each site with an AED are trained and certified in first aid and cardiopulmonary resuscitation (CPR), in addition to their training in the operation of the AED. Monthly inspections of AEDs are conducted to ensure that they will be ready for use in case of emergencies.
Occupational Health and Safety Initiatives in Middle and South America

Occupational Health and Safety Initiatives at Sony Brazil Manaus plant

Sony Brazil Manaus plant, which is engaged in the electronics sector, promotes and maintains the physical health, mental health and overall well-being of its employees as one of its main occupational health and safety (OHS) objectives. The Manaus plant pursues continuous improvement to ensure safe, comfortable work environments and conditions.

Internal Commission for the Prevention of Accidents (CIPA)

In order to prevent work-related accidents and diseases, Sony Brazil annually elects employees from various areas to the Internal Commission for the Prevention of Accidents, in accordance with Regulatory Standard 05 of the Ministry of Labor of Brazil. The commission members assist professionals from the Specialized Services of Engineering and Occupational Safety and Occupational Medicine (SESMT) with preventive actions, evaluation of risk conditions in work environments, and measures to reduce existing risks, prevent accidents.

Internal Week of Prevention of work-related accidents: Sensitizing and Preventing

Sony Brazil also annually carries out the Internal Week of Prevention of work, seeking through lectures, sweepstakes, theater and motivational activities to develop awareness and guide employees about the importance of prevention of work accidents and occupational diseases.
Health campaigns addressing specific issues

Several health campaigns are carried out throughout the year addressing breast cancer, prostate cancer, diabetes, and HIV/AIDS prevention. Each of these campaigns is held once per year.

Preparation of Program of Risk Prevention

This program aims to identify, assess and control the environmental risks in Sony Brazil workplaces, in order to preserve the health and assure the physical integrity of workers.

Emergency Response Plan Training

People are trained in quick response for first aid, firefighting and other emergencies.

Evaluation performance by occupational physiotherapist of employees with related complaints

A physical therapist monitors ergonomics in conjunction with the company’s SESMT in order to prevent employees from developing occupational illnesses or monitor those who are at risk.
Dialogues on how to mitigate risks and ensure zero accidents
(see photos below)

Workplace discussions

Training on Risk assessment
Occupational Health and Safety Initiatives in Europe

Occupational Health and Safety Risk Reduction Program

In Europe, Sony has identified occupational health and safety (OHS) management as a top priority and has implemented an OHS risk reduction program since 2004. The program aims to lower OHS risk by reducing occupational accidents and strengthening the health and well-being of employees.

This program is based on three main initiatives:

1. Risk assessment;
2. Mandatory OHS training for all employees; and
3. Accident/incident investigation and follow-up.

Program implementation and performance is reviewed by senior management at annual European management review meetings and during corporate audits.

Sony Europe is committed to ensuring the safety of Sony workplaces in Europe through a variety of OHS programs.

Health Promotion

In addition to risk management initiatives to reduce occupational incidents, Sony sites in Europe have been focusing on health promotion, as well. The benefits of this approach are multiple: improvement of employee’s health, increased motivation and productivity, and reduction of employee absence from work.

One Fit at Sony DADC

One Fit at Sony DADC aims to promote a healthy lifestyle and sets activity incentives to support each employee’s health and personal well-being.

It offers training and support in four areas: sports, prevention, coaching and nutrition.

As a result of this program, Sony DADC Europe Limited in Austria has been awarded for three years with the state seal of quality for its occupational health and safety performance. This seal recognizes certain quality requirements which have been audited by independent experts. It is a testament to the high level of effort made by the entire Sony DADC organization to ensure occupational health and safety.
Mental Health

Sony Europe recognizes that Sony needs a healthy, engaged workforce to improve productivity, increase creativity and deliver on the Sony mission, values and vision. Across European sites, Sony has addressed these concerns with various activities such as:

- Summer Health & Wellbeing Fair;
- Wellbeing Kiosks;
- Mindfulness Seminars;
- Quarterly Health & Wellbeing Newsletter;
- Vaccinations;
- Summer running challenge; and
- Seminars, Lunch & Learn Workshops.

In addition to these activities, Sony Europe has recently trained 16 Mental Health First Aiders, bringing the total to 21 across Europe, in addition to providing awareness training for line managers in UK offices with the intention of rolling this program out across Europe.
Occupational Health and Safety Initiatives in Pan Asia

Sony’s Pan Asia sites employ individuals from a wide range of nationalities and cultural backgrounds. A key objective of occupational health and safety (OHS) activities in the region is to raise awareness of safety issues through training and education. Different types of events, which are intended to enhance and raise safety awareness, are held by Sony Group companies across the Pan Asia region.

In fiscal 2017, Sony Group companies in Thailand focused on raising the safety awareness for both employees and external contractors. Sony Device Technology (Thailand) Co., Ltd. in Bangkadi organized Safety Health & Environment Awareness programs twice in the year for employees and held a safety lecture entitled “EHS Management in Industry” for university students.

Sony Technology (Thailand) Co., Ltd. (both the Bangkadi & Chonburi plants) organized Safety Training Activities & Safety Awareness Talks for employees and conducted “Safety & Environment Mindset” training for external contractors. Meanwhile, Sony Group companies in Singapore continued to organize the annual “Workplace Safety & Health Day,” where safety games and CPR/AED training were offered.

In India, Sony India Software Centre Pvt. Ltd. organized a safety awareness talk on handling emergency cases as well as first aid training for employees. In addition, a regional initiative, “Near Miss Program,” kicked off across the Pan Asia region, and KLTec of Sony EMCS (Malaysia) Sdn. Bhd. was chosen as the pilot site for this program.

Sony Device Technology (Thailand) Co., Ltd. received an award from Ministry of Labor of Thailand in the “Zero Accident Campaign 2017,” and KLTec of Sony EMCS (Malaysia) Sdn. Bhd received an award from the Department of Occupational Safety & Health of Malaysia in the “Good Ergonomic Program.”
Workplace Safety & Health Day at Sony group companies in Singapore

First Aid Training at Sony India Software Centre

“Near Miss Program” Kick-off Meeting at KL Tec of Sony EMCS (Malaysia)

“Near Miss Program” Kick-off Meeting at KL Tec of Sony EMCS (Malaysia)

“Zero Accident Campaign 2017” Award for Sony Device Technology (Thailand)
Occupational Health and Safety Initiatives in Picture Business

Global

- A comprehensive structure has been developed for the three main pillars of the SPE Global Crisis Management (GCM) program—Emergency Preparedness; Crisis Management and Business Continuity—to both enable and facilitate the company's ability to respond to and recover from any crisis event, anywhere, in a resilient manner.

- SPE continues to expand the capability of its emergency notification system, Everbridge. All SPE employees are currently enrolled and the system is being integrated into the evacuation drill protocol. A new smartphone application, the ProtectSPE app, is in the final stages of development and is scheduled to be deployed in the summer of 2018. This application will focus on providing emergency procedures to employees via information residing on their smartphones.

- The OHS team consistently conducts outreach to offices through OHS awareness sessions, safety compliance consultations and by providing ergonomic assistance to employees.

- The Environment, Health and Safety group embarked upon an analysis in fiscal 2017 to update SPE’s understanding of the risks it currently faces and how its organizational structure is suited to address those risks and provide the services the company needs in a time of rapidly changing media markets.

North America

- A robust review of emergency preparedness for the SPE studio lot and intentional effective enhancement of emergency supplies, along with mobile incident command and employee preparedness training, has substantially increased the readiness of the lot population.

- Business Continuity Planning efforts commenced for the Sony Pictures Imageworks Inc based in Vancouver, Canada. A comprehensive business impact analysis was completed identifying a multiplicity of essential functions that are highly dependent on one another and key stakeholders. The process of constructing effective recovery plans is ongoing.

- The Incident Assessment Team was activated and deftly managed three significant crisis events in 2017 (Hurricane Maria, Hurricane Irma and the Mexico City earthquake).

- Sony Pictures Studios continued improvements to the roof fall protection systems, including structural upgrades to its iconic Columbia Pictures sign atop of Stage 6 to ensure employees and vendors have the tools to remain safe when working at heights.

- SPE implemented additional sit/stand desks at its facilities, which increased the number of these ergonomic tools to above 2,500 installed at various North American facilities including the 8-story Akio Morita building at Sony Pictures Studios. These efforts continue to expand the use of sit/stand technology across the globe.
Europe and the Middle East (EMEA)

- The updated and refined Local Crisis Response Plan (site plan) was implemented & tested at both the Golden Square (London) office and the SGBS Gdynia (Poland) office. This plan identifies with specificity those that will manage a crisis at the individual site level. The GS plan was tested with two tabletop exercises, one lead by SPE and one lead by local emergency response groups (the metropolitan police, London ambulance, Westminster council and others).

- SPE continued to expand its AED program throughout the region.

- A new Production Safety position was created and based in the London offices to support US-based production shooting in the region. This position will also begin to increase SPE’s outreach and support for EMEA-based productions.

- From SPE’s GCM templates, a simplified emergency procedures plan was developed for sites across the region together with an employee notice/training poster. Several plans have been created using the new template, including for London sites, Madrid, Paris sites and Gdynia. A Personal Emergency Evacuation Plan to help those who need assistance during an evacuation was developed for the London-based sites as required by UK regulations. The same plan will be adapted to fit other offices in the region.

Asia-Pacific

- In close partnership with region leadership the roll-out & implementation of the Local Crisis Response Plan (site plan) continues to move forward successfully.

- Consultations on OSH legal, regulatory compliance and Safety Awareness Sessions in various offices in the region are ongoing.

- Also completed were an AED review and coordination and provisioning for selected offices to meet the Sony required response time.

Latin America (LATAM)

- Working with LATAM security leadership, significant improvements in emergency preparedness were realized for offices in Miami, Brazil, Panama and Mexico City. This included procuring emergency supplies, employee training and awareness programs.

- AEDs were installed in the Miami office. Future installations are planned for Sao Paulo, Mexico City, Barueri and Panama City.
Global Workplace Injury Statistics

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

*1 Figures for Sony refer to the frequency rate of accidents causing one or more days of absence from work at the Sony Group’s manufacturing and logistics sites in Japan. Figures for the manufacturing industry and the electronics manufacturing industry are based on the Fiscal 2017 Survey on Industrial Accidents published by the Ministry of Health, Labour and Welfare of Japan.

Workplace Accident Statistics in Japan

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<tr>
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<tr>
<td>Number of deaths</td>
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<td>0</td>
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<td>0</td>
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</tr>
</tbody>
</table>

Scope of data for fiscal 2017: 63 sites

Reference:
- Comparative Statistics for Fiscal 2017
- Average frequency rate in Japan: 1.66 for all industries, 1.02 for all manufacturing industries, 0.45 for the electronics manufacturing industry.
- Average severity rate in Japan: 0.09 for all industries, 0.08 for all manufacturing industries, 0.02 for the electronics manufacturing industry.
- Source: Fiscal 2017 Survey on Workplace Accident Trends (Ministry of Health, Labour and Welfare of Japan)
### Workplace Accident Statistics outside Japan

<table>
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<tr>
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Scope of data for fiscal 2017: 45 sites

Formulas:

- **Frequency rate**: Number of accidents causing one or more days of absence from work ÷ total number of man-hours worked × 1,000,000
- **Severity rate**: Number of lost workdays ÷ total number of man-hours worked × 1,000

*Due to changes to the reporting scope of sites in fiscal 2017, figures from past fiscal year reports have been recalculated and may differ from those appearing in the original reports from those years.*
Health Promotion Activities

Sony’s Health Management System

Sony aims to provide its employees with dynamic and appealing working environments, an approach that extends to health and productivity management, which is critical to both the company and individual employees. To create this kind of environment, it is vital to maintain conditions that enable each employee to work with a sound body and mind far into the future.

Sony promotes health management initiatives around the world that suit the conditions of each site and comply with the laws and regulations in each country. In cooperation with Sony Group companies, Sony Occupational Health Department carries out a wide range of activities aimed at securing the health of employees worldwide. These include offering regular health counseling sessions, posting health information on the Internet, and encouraging daily exercise.

Measures to prevent lifestyle diseases, limit excessive overtime, and promote mental health have become more important than ever in recent years, as work becomes more complex, evolves with organizational changes, and features an increasingly diverse array of tasks. Employees who work overtime receive personalized guidance from an occupational health physician and follow-up counseling from an occupational health nurse. Managers receive training on mental health issues to encourage early detection and prevention. Sony has also established in-house and outsourced physical and mental health counseling services for employees so that they can discuss any type of concern or problem, include work-related issues, with professionals in a relevant field.

Promoting Mental Health

Along with its activities to promote employees’ health and manage related risks, Sony implements comprehensive mental health support measures with the aim of helping employees demonstrate their full potential. Sony makes its health counseling services known to employees via email and its internal website, offering them access to counseling in face-to-face sessions or by telephone or email. Sony Occupational Health Department offers health consultations for employees and responds to inquiries from managers and HR departments, while also giving referrals to medical specialists and providing related information when needed.

Sony provides a mental health training program for various levels of employees and management, including new employees, newly promoted managers, and general managers. In addition, all employees receive self-care education on mental health. Based on the Stress Check System, which was required by a law enforced in December 2015, Sony introduced stress checks in fiscal 2016, conducting both interviews with employees and group analysis. Sony's Employees department and occupational health department work together to provide the support for stress management.

In addition, Sony has put a program in place to help employees return to work after taking a leave of absence. In cooperation with an outsourced employee assistance program, Sony offers such employees assistance with readapting to the workplace according to their individual circumstances. Sony also has a mental health program for helping employees cope with unforeseen accidents or disasters, such as a major earthquake. Implemented whenever necessary, the program provides such employees and their families with the assistance they need.
Addressing Overtime and Employee Health

The negative effects of working overtime are a hot topic in Japan these days, and the government is taking action to reduce overtime.

In a notice detailing criteria for determining cerebrovascular disease and ischemic heart disease, as well as comprehensive guidelines for preventing health problems due to excessive work, the Ministry of Health, Labour and Welfare of Japan pointed out the link between overtime work and health problems. Measures to be taken by business operators were subsequently passed into law. Japan’s Act on the Promotion of Measures to Prevent Death from Overwork, etc., went into force in November 2014, based upon which a cabinet decision set forth the Framework on Measures to Prevent Death from Overwork, etc., on July 24, 2015. On January 20, 2017, the Ministry issued new guidelines regarding measures that employers should take to properly monitor working hours.

In light of these changes, Sony has been focused on work style reforms. The goal of these initiatives is to help employees stay healthy and include promoting the use of systems already in place such as no-overtime days and schemes to encourage employees to take annual paid leave.

In addition, Sony implements health consultations by occupational health physicians and medical staff, as part of its efforts to address the health of employees who work long hours. Sony is comprehensively dedicated to promoting the health of its employees and preventing health problems.

Preventing Lifestyle Diseases and Promoting Good Health

Preventing lifestyle diseases caused by irregular eating habits, lack of exercise, and other factors is a major challenge for employees working at companies. Sony makes sure that employees undergo various types of medical checkups in accordance with relevant laws in Japan, and then receive personal health advice based on the checkup results, as well as support for visiting medical institutions if needed. Sony also focuses on counseling and advice on dealing with metabolic syndrome, per Japan’s mandated health guidance system.

Helping Employees Quit Smoking

Sony actively promotes campaigns for encouraging employees at Group companies in Japan to give up smoking. Having already eliminated separate smoking areas from workplaces, Sony installed e-cigarette permitted areas in 2016. Sony has been gradually reducing the number of smoking rooms, removing cigarette vending machines, and prohibiting the sale of cigarettes, including e-cigarettes, on its premises. Meanwhile, Sony encourages its occupational health staff to speak specifically with employees about quitting when giving health guidance. These initiatives have led to a steady decline in the employee smoking rate, which has fallen below 11% at Sony Corporation, and Sony Group companies in Japan are encouraged to introduce similar initiatives as needed.

Responding to Infectious Diseases

With today’s increasing globalization, it is becoming easier than ever for infectious diseases to spread. In recognition of these circumstances, Sony asks its employees to receive vaccinations when necessary if they work in or travel on business to countries at risk. Sony provides safety bulletins and information on infectious diseases on its website for employees taking business trips to keep them aware of risks, and limits business travel as a safety precaution depending on the circumstances. In Japan, if there is an outbreak of a new strain of influenza, tuberculosis, or other illness, Sony cooperates with the government and sets up emergency response teams at each of its divisions in order to respond flexibly while staying ready to implement business continuity plans.
Health Management for Employees Transferred Overseas

At present, Sony employees and their family members from Japan are stationed in 39 countries worldwide. This is why Sony has established a health management system that ensures that staff transferred abroad or traveling on business can work in safety and good health when they change workplaces. Under the system, these employees and their family members receive medical checkups before leaving Japan, after returning to Japan, and when visiting Japan each year. Sony has set specific items for health checkups for staff transferred abroad, which are more thorough and comprehensive than legally mandated standards. Like employees in Japan, employees transferred abroad receive follow-up support after medical examinations as a means for helping maintain their health on a regular basis. They also receive healthcare education before traveling abroad, get vaccinations, and are provided with information on medical facilities in the areas where they will work if they require ongoing medical treatment. Sony has put measures in place for raising awareness of personal health management, including stress assessments by employees transferred abroad, support for those with high levels of stress, regular visit by occupational health physicians, preventative medicine and risk assessments.
External Evaluation

The Sony Group’s initiatives have earned high marks from various global institutions.

Sony Group in Japan:

In 2016 and 2017, received a gold rating in the Pride Index for its LGBT initiatives. The Group's rating highlighted its equal treatment policy for same-sex partners and heterosexual spouses in its employee benefit and welfare policy.*

Sony Corporation:

- In 2017, won the Grand Prix of Ikumen Award from Japan’s Ministry of Health, Labour and Welfare
- In 2016, awarded the highest level of “Eruboshi” certification by Japan’s Ministry of Health, Labour and Welfare in recognition of its outstanding performance in promoting women’s interests. This recognition was granted because Sony was found to satisfy all five criteria set out in the Act on Promotion of Women’s Participation and Advancement in the Workplace: (1) hiring; (2) continuous employment; (3) work hours and other working conditions; (4) women’s share of management positions; and (5) diversity in career path options.
- In 2007, 2010, 2013, and 2015, certified by the Tokyo Labor Bureau as a company that actively supports parenting initiatives in line with the Law for Measures to Support the Development of the Next Generation.

Sony Group companies outside Japan:

- Sony Electronics Inc., Sony Corporation of America, and Sony Pictures Entertainment received 100% rating in Corporate Equality Index (Rating Workplaces on LGBTQ Equality) by Human Rights Campaign.
- Sony Technology (Thailand) Co., Ltd was recognized with the “Excellent Support on Disabilities Activity” award by Thailand’s Ministry of Culture.

Moving forward, Sony will continue working in line with its Diversity Policy to build a work environment where employees will all be able to fully demonstrate their individuality and abilities, and diverse Employees can play major, meaningful roles.

* The employee benefit and welfare policy includes recognition of transfers to new posts away from family and separation allowances, congratulatory and condolence payments, congratulatory and condolence leave, school bag presentation ceremonies, Sony Family Day (family visits to the workplace), childcare/child care subsidies, childcare leave, reduced working hours for childcare, care receiver conditions under the nursing care-related policy, and eligibility for Sony Family Cards.

Key Activities to Promote Women’s Career Development at the Sony Group around the World
Key Activities to Promote Career Development of Individuals with Disabilities at the Sony Group around the World
Main Work-Life Balance Initiatives at the Sony Group around the World
Management Approach

Materiality Rationale

In recent years, stakeholders have grown increasingly aware of how crucial it is that companies fulfill their overall responsibilities throughout their supply chains, including procurement and production. Sony takes these stakeholder concerns seriously and is working closely with its suppliers on initiatives in fields such as human rights, labor conditions, health and safety, and environmental protection. These initiatives cover not only Sony’s own sites, but sites throughout the supply chain—from parts and material suppliers, to mineral mining operations, to production sites operated both by Sony and by subcontractors.

Basic Approach

The foundation of Sony’s efforts to build a responsible supply chain is the compliance of each and every director, executive, and employee with the Sony Group Code of Conduct and ethical business practices. Based on this approach, Sony focuses on supply chain management and responsible procurement of raw materials and works with suppliers and subcontractors to establish a responsible supply chain that ensures compliance with the Sony Supply Chain Code of Conduct and the Sony Group Policy for Responsible Supply Chain of Minerals. These efforts are undertaken in collaboration with relevant industry organizations and other stakeholders.

Structure

At Sony, the CSR and compliance groups at the head office, and the Employees & general affairs and procurement groups at Sony Global Manufacturing & Operations Corporation (SGMO), take the lead in promoting responsible sourcing activities in cooperation with other related head office divisions, business groups and relevant functions at manufacturing sites. The CSR group at the head office formulates group-wide supply chain management policy. With guidance from the corporate executive officer in charge of production and procurement, the representative director and president of SGMO is responsible for the implementation of the policy.

Sony also operates the Supplier Hotline for complaints and the Sony Group Policy for Responsible Supply Chain of Minerals Hotline for stakeholders to report possible policy violations in the supply chain. These hotlines help Sony to improve its responsible sourcing.
Main Achievements in Fiscal 2017

Here are the main results of fiscal 2017 initiatives:

- CSR self-assessment surveys were conducted at 16 Sony manufacturing sites in Japan, China, Korea, Thailand, Malaysia, the UK, Mexico, and Brazil.
- CSR assessments were conducted at 224 Sony suppliers.
- Secondary suppliers were requested to comply with the Sony Supply Chain Code of Conduct.
- Safety management at supplier plants was assisted by conducting on-site assessments of fire prevention initiatives.
- The Sony Group Policy for Responsible Supply Chain of Minerals was established, and tantalum, tin, gold, tungsten and cobalt were identified as the High-Risk minerals for Sony.
- An annual survey was implemented of use in relation to tantalum, tin, gold and tungsten under US law on conflict minerals.
- A supply chain survey was conducted for cobalt and applicable suppliers were requested to adhere to the Sony Group Policy for Responsible Supply Chain of Minerals.
- Support was provided to a research project surveying human rights risks in artisanal mining in the Democratic Republic of Congo.

Looking to the Future

In order to further strengthen efforts to establish a responsible supply chain, Sony will expand assessments of its own sites and its suppliers, for example by having primary suppliers request secondary suppliers to comply with the Sony Supply Chain Code of Conduct. Sony remains committed to ongoing efforts to raise awareness, educate, and provide training in order to focus the attention and boost the capacity of Sony employees—likewise for supplier employees engaged in the supply chain—to respond effectively to responsible supply chain issues. Sony will also continue to strengthen its countermeasures of high-risk minerals in its procurement.

Activity Reports

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For the Next Generation
Supply Chain Management

Sony supply chain management focuses not only on its own production sites, but also on those of suppliers and subcontractors.

- Establishing and Promoting the Sony Supply Chain Code of Conduct
- Initiatives at Sony Electronics Manufacturing Sites
- Sony's Approach to Supplier Relations
- Working with Industry Groups
Establishing and Promoting the Sony Supply Chain Code of Conduct

Basic Approach

Sony recognizes the increasing importance of global companies’ responsibility to manage their supply chains responsibly as diligent members of society and is taking a variety of steps to structure a responsible supply chain. Sony works with its suppliers to address issues such as human rights, labor conditions, health and safety, and environmental protection throughout its supply chain.

Sony Supply Chain

The Sony supply chain stretches across the entire globe. The Group has its own electronics manufacturing facilities in Japan, China, South Korea, Thailand, Malaysia, the UK, Mexico, and Brazil. In fiscal 2017, the value of transactions with parts suppliers and OEM/ODM suppliers by geographic area was as follows: China (39%), Japan (22%), Asia-Pacific (21%), Europe (9%), the US (1%), and other areas (8%).
Establishing the Sony Supply Chain Code of Conduct

In recent years, stakeholders have become increasingly concerned about manufacturers' responsibilities in relation to the product supply chain, including issues related to human rights, labor conditions, health and safety, and environmental protection, not only at their own production sites, but also at the production sites of subcontractors and parts suppliers. Conduct at Sony production sites is guided by the code issued by the Responsible Business Alliance (RBA*1), which Sony joined when the alliance was established in 2004. All Sony electronics manufacturing sites are involved in ongoing efforts to ensure compliance with the RBA Code of Conduct, which represents industry best practices. Recognizing that parts suppliers, subcontractors in design and production, and other partner firms are all involved in the production of Sony products, and seeing the need to address these issues within a framework that meets Sony's standards, in 2005 Sony established the Sony Supplier Code of Conduct, based on the RBA Code of Conduct.

To enhance its CSR management in the supply chain, in 2016 Sony established the Sony Supply Chain Code of Conduct. This code adopts the RBA Code of Conduct to govern manufacturing processes at both Sony's own electronics manufacturing sites and those of its suppliers. The RBA Code of Conduct was updated from Version 5.1 to the current Version 6.0 effective January 1, 2018. Accordingly, the Sony Supply Chain Code of Conduct was updated to Version 2 to adhere to the changes in the RBA Code of Conduct.

As part of the requirements under this Code of Conduct, Sony asks that its suppliers comply with items required in its Green Partner Environmental Quality Approval Program and the Sony Group Policy for Responsible Supply Chain of Minerals.

*1 As of October 2017, the Electronic Industry Citizenship Coalition (EICC) has been rebranded as the Responsible Business Alliance (RBA)

Sony Supply Chain Code of Conduct [PDF:835KB]
Sony’s Structure for Promoting Supply Chain Management

At Sony, CSR and compliance groups at the head office, and Sony Global Manufacturing & Operations Corporation (SGMO), take the lead in promoting responsible sourcing activities in cooperation with other related head office divisions, business groups and relevant functions at manufacturing sites. The Sony CSR group at the head office communicates with external stakeholders to monitor trends and best practices, drawing on both to formulate basic company-wide supply chain management policy. With guidance from the corporate executive officer in charge of production and procurement, the representative director and president of SGMO is responsible for the implementation of the policy, which is operated by the planning & control division, with the procurement & logistic IPO of SGMO serving as the administrative office. The administrative office is responsible for the general execution of the Operational Rules for the Sony Supply Chain Code of Conduct, which includes ensuring compliance with the Code at electronics manufacturing sites both at Sony and its suppliers, conducting risk assessments and regular monitoring, and implementing necessary improvements. The office is also working to provide training opportunities to build the capacity of those involved with Sony and its suppliers.

In cases where assessments or external sources indicate any possibility of violations of the Sony Supply Chain Code of Conduct or a material legal violation, or in cases where the supplier does not provide adequate cooperation with assessments and audits, the person in charge works together with the CSR and compliance groups at the head office to determine the facts and take action deemed necessary, and the situation is immediately reported to the corporate executive officer in charge of production and procurement.
Initiatives at Sony Electronics Manufacturing Sites

Conducting Regular Assessments

As part of its efforts to ascertain Sony manufacturing sites’ compliance with the Sony Supply Chain Code of Conduct, Sony uses standard tools provided by the Responsible Business Alliance (RBA) to check compliance, assess improvements, and implement other monitoring activities. Specifically, Sony utilizes the RBA questionnaire as an annual CSR self-assessment survey at all of its electronics manufacturing sites in and outside of Japan to evaluate compliance in five categories designated by the RBA Code of Conduct: labor, health and safety, ethics, environment, and management systems. At manufacturing sites where self-assessment surveys indicate issues with compliance and further evaluation and improvement in these areas are deemed necessary, appropriate measures to improve compliance are developed and implemented. In fiscal 2017, 16 manufacturing sites in Japan, China, Korea, Thailand, Malaysia, UK, Mexico and Brazil completed self-assessment surveys. These surveys did not identify any areas of major non-compliance with Sony standards. In cases where any possibility of violations of the Sony Supply Chain Code of Conduct is reported by external sources, such as NGOs or media reports, the manufacturing site in question determines the facts of the case. If this determination confirms the reported violations, Sony ensures that appropriate action is immediately taken, including an RBA audit conducted by a third-party auditor.

Assessment of Hiring and Labor Conditions for Foreign Workers

There is mounting social pressure on global corporations to conduct human rights due diligence for their supply chains. For example, the United Kingdom enacted the Modern Slavery Act to prevent modern forms of slavery such as forced labor in supply chains. Malaysia in particular has many foreign workers who are employed at manufacturing facilities for electronic products and components. An international human rights non-governmental organization has issued a report citing forced labor conditions among foreign workers in Malaysia’s electronics industry. The practices cited include workers being charged excess commissions upon hiring and employers retaining workers’ passports, making it difficult for workers to get their passports back when they needed them. These conditions limit the freedoms of foreign workers who are living away from their home countries, leading to forced labor conditions.

Sony also employs many foreign workers at its manufacturing sites in Malaysia. In response to social concerns over forced labor, Sony commissioned a third-party assessment involving a fact-finding survey and risk identification regarding employment of foreign workers and their labor conditions at Sony manufacturing sites in Malaysia in fiscal 2016. The assessment was conducted by the non-profit Business for Social Responsibility, which provides its member companies with research and consulting services relating to corporate social responsibility.

The third party assessment was implemented by interviewing management, Employees personnel, and foreign workers from Indonesia, Nepal, Myanmar, Vietnam, and Bangladesh, as well as interviewing temporary staffing agencies acting as intermediaries for foreign workers either in their home countries or Malaysia. Personnel from the CSR department in Japan were dispatched to Malaysia to observe the assessment, which covered the entire process from before hiring (prior to leaving the home country) to actual hiring and conditions after termination of employment (after expiry of the employment contract). The assessment did not find any cases that qualified as serious legal violations, but identified some areas for improvement that Sony is currently working to address. For example, the assessment found that living conditions for foreign workers hired through temporary staffing agencies could be improved in terms of the cleanliness of dormitories, living space provided, and surrounding environment. Sony is working with temporary staffing agencies to make improvements by implementing follow-up visits to dormitories, as well as recognizing agencies that have made positive improvements and sharing their initiatives among agencies.
Many foreign workers including technical intern trainees are employed in Japan across various industries, including manufacturing, agriculture, forestry, fisheries, and construction, and as caregivers. With the increase in media coverage, allegations of foreign worker exploitation have been recognized as an important social issue in Japan. Since fiscal 2017, Sony has been conducting surveys of actual work conditions and risk assessments to monitor the employment status and labor conditions of foreign workers at Sony manufacturing sites in Japan. The assessments check whether the site has any foreign workers or not (in either direct or indirect employment) and confirm the hiring processes and labor conditions. These surveys of actual condition are conducted for select manufacturing sites.
Sony’s Approach to Supplier Relations

Monitoring Activities and Follow-up Measures to Ensure Compliance with the Sony Supply Chain Code of Conduct

Sony established the Sony Supply Chain Code of Conduct to ensure that suppliers understand Sony’s expectations in more detail. Suppliers of products and materials to Sony are required to observe this code.

As part of its effort to ascertain supplier compliance with the Sony Supply Chain Code of Conduct, Sony conducts assessments worldwide. To this end, Sony uses the concept of risk assessment to determine risks associated with the country and region in which each supplier is based, as well as risks associated with the scale, status and nature of the supplier’s business, and tailors its assessments, such as its CSR self-assessment using questionnaires provided by the Responsible Business Alliance (RBA), to the supplier’s risk level.

Sony asks suppliers to assess themselves using RBA questionnaires. The assessments, conducted via RBA Online, are repeated each year for major OEM suppliers with whom Sony does sizable business. Based on the results of these assessments, Sony evaluates the degree to which suppliers are complying with the Sony Supply Chain Code of Conduct and whether violations have occurred at each of the suppliers’ factories. As part of its risk assessments, Sony conducts on-site assessments of suppliers it deems to be subject to risks in order to confirm how their factories are being managed.

For example, if suppliers employ students, Sony’s internal procedures provide that Sony directly visits their factories to check whether any workers are younger than the legal age limit in that country, and to confirm whether the health and safety of younger workers are being affected by their jobs due to long working hours, working night shifts, and other factors.

Likewise, if suppliers employ foreign workers, Sony’s internal procedures provide that Sony confirms whether such workers
are subject to forced labor, whether dormitory facilities provided to those workers meet international standards, and whether the working environment is clean and safe. By inspecting factories and providing direction in this way, Sony ensures that suppliers are making every effort to comply with CSR standards.

In fiscal 2017, Sony completed assessments of 224 suppliers including document assessments of 122 suppliers. The document assessments identified five high-risk suppliers, which Sony then worked with to make improvements. Sony also conducted on-site assessments of 13 suppliers for possible non-compliance with the Sony Supply Chain Code of Conduct. In particular, the assessments identified issues with suppliers in Malaysia, which has a high percentage of foreign workers. Sony worked with the suppliers to address issues with the management of passports and the working hours and wages of foreign workers. Additionally, Sony worked with suppliers to establish occupational health and safety management systems where such infrastructure was inadequate.

In cases where any possibility of violations of the Sony Supply Chain Code of Conduct is reported via external sources, such as NGOs or media reports, Sony cooperates with the supplier in question to confirm the facts of the case expeditiously and objectively. Specifically, Sony may request that the supplier’s manufacturing site undergo a third-party RBA audit. In the event that any deficiencies are discovered, the supplier is required to develop an improvement plan, and Sony monitors the supplier’s performance in the form of follow-up audits to ensure the progress of initiatives. In cases where any possibility of violations is reported at a secondary supplier, Sony works with the primary supplier to ensure that remedial action is carried out.

**Initiatives for Secondary and Further Suppliers**

Sony requires that its primary suppliers ensure that the Sony Supply Chain Code of Conduct is observed by secondary and further suppliers. Primary suppliers conduct self-assessments to verify their understanding of the Sony Supply Chain Code of Conduct and to ensure that it has been communicated internally and is being complied with. Additionally, primary suppliers communicate the Sony Supply Chain Code of Conduct to their own supply chains and require compliance.
Communicating and Partnering with Suppliers

Sony provides support to suppliers in order to improve their initiatives. In Southeast Asia and China, local liaison officers assigned to communicate directly with suppliers are provided with the educational and training opportunities needed to serve as CSR specialists at local sites. These CSR specialists strive to ensure that suppliers make continuous efforts to improve management systems and other organizational structures, by communicating with them and providing direct guidance on ways to improve.

In fiscal 2016, Sony launched a fire prevention initiative to support safety management at supplier facilities. Under the initiative, Sony provides suppliers with a document describing actual fire incidents, including the causes and lessons learned, together with a fire prevention checklist, to facilitate improvements to safety management. In fiscal 2017, Sony also conducted on-site assessments to verify the safety management at supplier plants. The assessments identified a number of inadequacies that were subsequently addressed, including unidentifying fire pump control panels and non-closing fireproof doors.

Supplier Hotline

Sony has established a Supplier Hotline which suppliers may use to report conduct by a Sony Group company executive or employee that violates laws, regulations, the Sony Group Code of Conduct, or the Sony Supply Chain Code of Conduct, as well as conduct that violates the company’s agreements with suppliers. The hotline is part of a framework that Sony is focused on establishing to facilitate sharing of concrete information on cases where the conduct of a Sony Group company executive or employee has been identified to be in violation (or possible violation) of any laws, regulations, the Sony Group Code of Conduct, the Sony Supply Chain Code of Conduct or an agreement between Sony and a supplier.

> What Sony Expects of Suppliers
Working with Industry Groups

Participation in the Responsible Business Alliance (RBA)

Supply chains overlap considerably in the electronics industry, with multiple manufacturers of finished products sharing the same subcontractors and parts suppliers. Accordingly, there are fears that the introduction of independent, company-specific standards for socially responsible management will cause confusion and constitute a significant burden on companies in the supply chain. With the aim of improving processes in the electronics industry supply chain, in 2004 Sony and other companies established the Electronic Industry Citizenship Coalition (now called the Responsible Business Alliance) and joined as members. The alliance then developed the RBA Code of Conduct incorporating best industry practices.

The RBA is working with its member companies to develop tools that help to establish and manage codes of conduct, Web-based systems, and skills development programs for suppliers. As of May 2018, the RBA consisted of over 120 participating companies from Europe, the Americas and Asia, and members included manufacturers and OEM companies. In cooperation with the Global e-Sustainability Initiative (GeSI) Supply Chain Working Group, consisting mainly of the European telecom sector and other electronics industry organizations, the RBA is currently promoting social responsibility across global supply chains.
Responsibility Sourcing of Raw Materials

Sony’s stakeholders care about sustainability issues, including ethics and respect for human rights and the environment, when it comes to the sourcing of raw materials such as minerals and paper. Sony is working with its suppliers to address issues related to human rights, labor conditions, health and safety, and environmental protection at production sites, as well as in its procurement of raw materials.

- Establishing and Promoting the Sony Group Policy for Responsible Supply Chain of Minerals [PDF:289KB]
- Addressing the Issue of Conflict Minerals
- Addressing High-Risk Mineral Issues

Environmentally Responsible Procurement of Raw Materials:

- Managing Chemical Substances in Procurement
- Assessing Greenhouse Gas Emissions over the Entire Value Chain
- Initiatives Related to Paper Procurement
Establishing and Implementing the Sony Group Policy for Responsible Supply Chain of Minerals

In October 2017, Sony established the Sony Group Policy for Responsible Supply Chain of Minerals. In the policy, Sony pledges that, in order to avoid contributing to conflicts or serious human rights abuses through its sourcing practices, Sony identifies certain minerals that are sourced in conflict affected and high-risk areas and that are high-risk for Sony from the corporate social responsibility viewpoint (the “High-Risk minerals”). As of October 2017, Sony has identified tantalum, tin, gold, tungsten and cobalt as the High-Risk minerals.

Sony’s policy is to refrain from knowingly purchasing any products, components or materials that contain the High-Risk minerals that contribute to conflicts or serious human rights abuses in the chain of custody.

To help ensure compliance with its policy, Sony requires its suppliers to source minerals from smelters that have been determined not to be contributing to conflicts or serious human rights abuses.

Sony has designed an internal due diligence framework to determine the country of origin and chain of custody for any high-risk minerals in its supply chain. This due diligence framework is designed to conform, in all material respects, with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Sony Group Policy for Responsible Supply Chain of Minerals [PDF:289KB]
Establishment of the Sony Group Policy for Responsible Supply Chain of Minerals Hotline

Sony has established the Sony Group Policy for Responsible Supply Chain of Minerals Hotline as part of our continuing efforts to ensure lawful and ethical behavior and to ensure compliance with the Sony Group Sony Group Policy for Responsible Supply Chain of Minerals and other applicable policies. This is a confidential resource for any stakeholder to inform us of any suspected violation of Sony Group Sony Group Policy for Responsible Supply Chain of Minerals.

Information to be provided to the Sony Group Policy for Responsible Supply Chain of Minerals Hotline

Subject to any local laws or legal restrictions applicable to such reporting, we encourage reporting of possible violations of Sony Group Sony Group Policy for Responsible Supply Chain of Minerals. Please include specific information and explain in detail why you think the reported situation or incident may be problematic. Please provide the time date and location of the suspected misconduct, as well as any other pertinent information including the names of any involved companies, groups, departments or individuals, and their titles and functions, if possible. Please do not knowingly report a falsehood or abuse the system for improper purposes such as slander or libel.

Methods of contacting the Sony Group Policy for Responsible Supply Chain of Minerals Hotline

Information may be communicated to the Sony Group Policy for Responsible Supply Chain of Minerals Hotline by completing the contact form below. The Hotline representatives may want to contact you to ask follow up questions to determine the exact nature of your concerns. You may also contact the Sony Group Policy for Responsible Supply Chain of Minerals Hotline anonymously.

Response

The information provided through the Sony Group Policy for Responsible Supply Chain of Minerals Hotline will be received by the assigned unit, which is operated independently from the ordinary procurement transactions. They will promptly review and investigate the concern and take actions that are appropriate to remediate any substantiated concerns. Please be informed that reports on the results of the investigation and any actions taken in response to a report will not be made to the informants unless Sony decides that such reports are necessary.

Handling of personal information

Sony shall handle the details of the reported information and any personal information about the informant (company name, personal name, etc.) as strictly confidential and use such information only for purposes of investigating the facts. Anyone who comes forward in good faith to report a concern will be treated fairly and respectfully. Sony Group will not tolerate any form of retaliation against anyone who makes a report in good faith. This does not mean that an individual who reports illegal conduct will be protected if he or she engaged in any illegal activity, or improper conduct.

The following pages are linked to the website operated by salesforce.com Co.,Ltd.

Agree to the above conditions and contact the Sony Group Policy for Responsible Supply Chain of Minerals Hotline
Addressing the Issue of Conflict Minerals

Sony’s Approach

Addressing US Law on Conflict Minerals

The Democratic Republic of the Congo (DRC) and its adjacent countries have been mined in conflict with armed groups perpetuating human rights abuses in that region. These armed groups have been trading in certain minerals commonly found in that region to finance their activities. These four minerals — columbite-tantalite, also known as coltan (tantalum), cassiterite (tin), gold and wolframite (tungsten) — are commonly found in many products, ranging from jewelry to electronics to airplane components.

Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States, which first became effective in January 2013, defines the above four minerals as “conflict minerals.” This law seeks to ensure transparency and reporting related to conflict minerals and requires companies whose stock is listed on a US stock exchange, as Sony’s is, to conduct an inquiry into the origin of tin, tantalum, tungsten and gold in their supply chains. If these minerals come from the DRC or its adjacent countries, or if their country of origin is uncertain, then the company must conduct a more thorough review of its supply chain in an attempt to determine whether the supplies supported armed groups in the DRC. On May 31, 2018, Sony submitted its fourth report to the U.S. Securities and Exchange Commission (SEC) based on its review of its supply chain activities for the 2017 calendar year.

Sony’s report to the SEC (Form SD & Conflict Minerals Report)

Exercise of Due Diligence on Four Minerals

Sony has designed an internal due diligence framework to determine the country of origin and chain of custody for four minerals in its supply chain. This due diligence framework is designed to conform, in all material respects, to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Sony endeavors to ensure that its products do not contain tin, tantalum, tungsten or gold from sources that benefit armed rebel groups in the DRC or the adjoining region, while at the same time making sure that it is still able to source responsibly from that region and avoid a de facto embargo, by requiring suppliers to source materials from smelters determined to be compliant with the Responsible Minerals Assurance Process (RMAP)*1 of the Responsible Minerals Initiative (RMI),*2 which was established by the Responsible Business Alliance (RBA),*2 or other smelters that have been determined to be conflict-free smelters or determined to be conflict-free under other trusted traceability projects.

*1 Responsible Minerals Assurance Process: A voluntary program in which an independent third party evaluates a smelter’s procurement activities and determines if the smelter has demonstrated that all the materials it processed originated from sources which have been determined not to be contributing to conflicts or serious human rights abuses.

*2 As of October 2017, Electronic Industry Citizenship Coalition (EICC) has been rebranded as the Responsible Business Alliance (RBA), and the Conflict Free Sourcing Initiative (CFSI) has also been rebranded as the Responsible Minerals Initiative (RMI).

Sony Group Policy for Responsible Supply Chain of Minerals [PDF:289KB]

Survey and Results on Use of Four Conflict Minerals

Tungsten, tantalum, tin and gold enter global supply chains from the DRC as well as numerous other supplying countries. Determining the mine of origin for these minerals requires the cooperation of many levels of suppliers and intermediaries in the supply chain. Sony’s conflict minerals program is aimed at continuous improvement of its understanding of our supply chain and risk reduction over time. Sony’s expectation is to make progress in the early years of this program, and achieve increased transparency over time based on its efforts to obtain increased supplier cooperation.

If any of these minerals were determined to be necessary to the functionality or production of any products manufactured by Sony or a subcontracted manufacturer, during this period, Sony assessed the country of origin and the smelters at the
product level through a supplier survey sent to all relevant suppliers, utilizing the Conflict Minerals Reporting Template of the RMI. The smelters identified by direct suppliers were then compared against the conflict-free smelter list prepared by the RMI, to further enhance the accuracy of Sony’s findings.

In 2017, while the results of Sony’s due diligence for the report to the SEC did not reveal that any of the tin, tantalum, tungsten or gold in Sony’s electronics products was sourced from the DRC or any of its adjacent countries, Sony concluded that it lacked sufficient information to date to definitively determine the country of origin of all such minerals in its electronics products. Sony identified a total of 311 smelters and refiners as potential sources of four minerals and, of those, 261 smelters and refiners\(^*3\) were compliant with the Responsible Minerals Assurance Process (RMAP) or are now under the RMAP audit process; 53 of these CFS in the supply chain were reported to procure materials from the DRC and its adjacent countries.

\(^*3\) Please refer to the smelter list in the aforementioned Sony report to the SEC, which includes smelters confirmed as conflict-free through Sony’s traceability program.

- *EICC* and GeSi Launch Conflict-Free Sourcing Initiative* (press release) [PDF:434KB]
- RMAP conformant smelters & refiners list (RMI Website)

## Expectations for Sony Suppliers and Requests for Remediation

### Expectations for Sony Suppliers of Tin, Tantalum Tungsten and Gold

Sony requires direct suppliers to comply with the Sony Group Policy for Responsible Supply Chain of Minerals and to fully cooperate with its due diligence efforts regarding sourcing tantalum, tungsten, tin or gold in accordance with the terms of this policy. In addition, to ensure that products, components or materials delivered to Sony do not contain any conflict minerals, Sony expects suppliers to have in place pertinent policies, a due diligence framework and a management system consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

### Risk mitigation plan

In the event that Sony confirms that any of its products, components or materials may contain conflict minerals, Sony, in collaboration with relevant suppliers, shall take actions reasonably necessary to eliminate such minerals from such products, components or materials and shall request that the suppliers makes necessary improvement to its sourcing practices. This includes adoption of a conflict-free sourcing policy, increased responsiveness and accuracy of the supplier survey, and increased use of the four minerals sourced from smelters or refiners participating in the RMAP program. Further, in the event that Sony confirms that a supplier has failed to cooperate sufficiently with a due-diligence investigation, fails to follow Sony requests for remediation or has otherwise violated this policy, Sony shall take necessary actions, including without limitation, termination of business with such supplier by stopping new orders.

As part of its efforts to help promote RMAP validation for smelters, Sony also participates in the RMI Smelter Engagement Team, urging smelters identified by supplier surveys to acquire RMAP validation if they have not already been validated.

Sony has also established a hotline to allow any interested party to voice concerns regarding the circumstances of mineral extraction, trade, handling and/or export in conflict-affected and other high-risk areas. In addition to its internal risk assessments, the hotline enables Sony to be alerted to risks in its supply chain.

- Sony Group Policy for Responsible Supply Chain of Minerals Hotline
Participating in Industry Groups and the Public-Private Alliance

Sony recognizes that effective change requires a joint effort and has joined in multi-stakeholder dialogue about conflict minerals with nongovernment organizations (NGOs) and peer companies. Sony actively participates in and supports industry groups and alliances that seek to identify and prevent or mitigate the adverse impact associated with mineral extraction in high-risk areas, including the RBA, and has funded a range of programs addressing this issue. The RBA was founded with the objective of addressing social and environmental issues in the electronics supply chain.

In 2011, the EICC (currently the RBA) launched the CFSP (currently the RMAP) Program to provide leadership to the industry in this area. With the aim of promoting collaboration with other industries and multiple stakeholders, in August 2013 the EICC/GeSI launched the CFSI (currently the RMI). Sony utilizes the frameworks developed by the RBA, RMI and other alliances as part of its efforts to ensure responsible sourcing of raw materials. In 2016, Sony took steps to help all smelters in its supply chain acquire CFSP validation by donating funds to help support The Initial Audit Fund (a CFSI subsidy program that aims to encourage smelter participation in the CFSP by covering the expenses involved for smelters undergoing the initial audit for CFSP validation inspection).

Sony also supports and contributes to such industry initiatives as the traceability project for tin launched in 2010 by ITRI, a tin industry organization, to validate that the metals used in its products are not contributing to conflict and come from sustainable sources. In addition, Sony participates in the Public-Private Alliance for Responsible Minerals Trade (PPA), a joint effort of government, industry and civil society organizations led by the U.S. government to support responsible mineral trade from the Great Lakes region of Central Africa. Since its establishment, the PPA has supported the creation of a pilot supply chain management system that includes certifying conflict-free mines, that is, mines that engage in responsible trade practices. The PPA also provides a platform for coordination among government, industry and civil society actors seeking to support conflict-free sourcing and self-sustaining trade from the DRC and the Great Lakes Region, and serves as a resource for companies seeking information regarding how to source responsibly.

Moreover, as part of its overall effort to achieve conflict-free supply chains, Sony promotes active, ongoing dialogue with civil society organizations, industry groups and other external stakeholders for further improvement of conflict-free sourcing practices. For example, CFSI holds workshops for discussions with NGOs, socially responsible investors, local government representatives and other stakeholders, in which Sony participates. Sony also works to support the industry initiatives of the Japan Electronics and Information Technology Industries Association (JEITA).

> Sony Participates in Public-Private Alliance for Responsible Minerals Trade (PPA), a Joint Effort Led by the U.S. Government

JEITA Responds to Conflict Minerals Provision of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (JEITA release)
Addressing High-Risk Mineral Issues

Sony has designed an internal due diligence framework to determine the country of origin and chain of custody for any high-risk minerals in its supply chain. This due diligence framework is designed to conform, in all material respects, to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance).

Sony has identified tantalum, tin, gold, and cobalt as the High-Risk Minerals for Sony. Further information on the four minerals of tantalum, tin, gold, and tungsten is available at “Responsible Sourcing of Raw Materials.”

Participation in Responsible Minerals Initiative (RMI)

The Responsible Raw Materials Initiative (RRMI) was launched in November 2016 to acknowledge the growing importance of responsible material procurement in global supply chains. The initiative was co-sponsored by the Electronic Industry Citizenship Coalition (now the Responsible Business Alliance, or RBA) and the Conflict-Free Sourcing Initiative (CFSI). In October 2017, CFSI and RRMI merged to become the Responsible Minerals Initiative (RMI).

Under the RMI, companies from many industries seek to assess the environmental and social impacts of the extraction and processing of raw materials in supply chains, and then work toward shared targets that mitigate these impacts. Sony participates in the initiative.

Supporting Sustainable Tin Mining Practices in Indonesia

Reports of unsafe working conditions and environmental concerns in Indonesia’s tin industry are concerning and are a major factor why Sony has been one of the members in the Tin Working Group (TWG).

The goal of the TWG is to positively contribute to addressing the sustainability challenges of tin mining and smelting in Indonesia, while recognizing the economic benefits of the sector in terms of poverty reduction.

Members of the TWG include global tin users (downstream and midstream industry), the Responsible Business Alliance (RBA), the international environmental NGO Friends of the Earth, and the global tin trade association ITRI. The TWG works with local partners from the Indonesian tin industry and the Indonesian government both centrally as well as from Bangka and Belitung.

The TWG started its work in 2013, with a situational analysis conducted to better understand the issues requiring attention in the tin mining industry in Indonesia. In 2014, the TWG started working closely with key local industry players to address issues via multi-stakeholder dialogue. Since 2017, these activities have continued through the transition to the RMI as the Indonesia TWG under the RMI. Some pilot projects have been launched already on the ground, including a land reclamation project as well as identification of occupational health and safety (OHS) best practices guidance for artisanal mining. Sony will continue to support these efforts by participating in the TWG.

Sony will continue to support these efforts by participating in the TWG.

Responsible Minerals Initiative (RMI)
Managing Cobalt Supply Chain

Cobalt is an important mineral used in lithium-ion batteries for smart phones and other electronic products. There have been concerns about child labor and working conditions at sites where it is extracted in the Democratic Republic of Congo (DRC), a country known to have the largest reserves of cobalt in the world.

Sony pledges its strong commitment to ethical business conduct and respect for human rights in the Sony Group Code of Conduct, which sets forth such core values and establishes basic policies including the prohibitions of using any form of forced labor, and specifically, child labor. Sony also expects all of its suppliers to adhere to the same standards, and established the Sony Supply Chain Code of Conduct. All the suppliers are requested to fully comprehend and comply with the Code, which is also integrated into supplier contracts. Furthermore, following the Sony Group Policy for Responsible Supply Chain of Minerals established in October 2017, Sony has identified cobalt as a high-risk mineral.

▶ Sony Group Code of Conduct
▶ Sony Supply Chain Code of Conduct [PDF:1.12MB]
▶ Sony Group Policy for Responsible Supply Chain of Minerals [PDF:289KB]

In fiscal 2016, Sony undertook assessments of adherence to the Sony Supply Chain Code of Conduct as well as investigation to confirm the chain of custody with respect to the cobalt supply chain across all of its battery suppliers and battery parts suppliers. Sony assessed total 14 suppliers, including seven lithium-ion battery suppliers and seven suppliers that deliver battery parts that contain cobalt for its battery manufacturing business (the business was sold off on September 1, 2017). Five of these suppliers reported that the cobalt contained in the battery parts they delivered to Sony included cobalt sourced from the DRC. To further ensure compliance with the Sony Supply Chain Code of Conduct, Sony requested all 14 suppliers to ensure the compliance of their upstream suppliers.

▶ Announcement Regarding the Closing of the Transfer of the Battery Business from Sony to Murata Manufacturing

In fiscal 2017, Sony worked with five regular battery suppliers to identify cobalt refiners in their supply chains and implemented surveys to verify compliance with the Sony Group Policy for Responsible Supply Chain of Minerals. The surveys comprised on-site assessments by an outside assessment company and document assessments using the Cobalt Reporting Template developed by RMI. The results identified 15 cobalt refiners. Suppliers that were found to be non-compliant with the Sony Group Policy for Responsible Supply Chain of Minerals were asked to make immediate changes to bring them into compliance. Sony will continue participating in the RMI to manage its cobalt supply chain and ensure that it procures cobalt produced in refiners that have been determined not to be contributing to conflicts or serious human rights violation.

▶ Cobalt Reporting Template

Sony recognizes that multi-stakeholder collaboration is the key to identifying and mitigating the adverse human rights impact that can be associated with mineral extraction in high risk areas. Specifically, Sony continuously collaborates with various multi-stakeholder efforts such as the Responsible Cobalt Initiative (RCI) and the Responsible Material Initiative (RMI) in order to participate in the development of the due diligence process and mitigate human rights risks in the supply chain.

In fiscal 2017, to better understand the current situation of artisanal and small-scale mining in the DRC, Sony supported an independent academic research project conducted by the Center for Effective Global Action (CEGA) at the University of Berkeley together with several other companies. The research aims to provide rigorous empirical data on households engaged in artisanal mining, and it involves collecting survey data from households, children, village leaders, and local mineral traders in 150 communities that are representative and cover the full geographical extent of the DRC Copper Belt.

▶ RCI (press release by CCCMC)
▶ RMI website
▶ Research by the University of Berkeley
Management Approach

Materiality Rationale

In recent years, customers and other stakeholders have become increasingly concerned about the protection of consumer rights. Product safety, security, and accessibility are very important in this respect. Sony is expected to provide products and customer services that are high in quality from its customers’ viewpoints.

Basic Approach

True to its Philosophy and Policy for Product Quality and Customer Services, Sony is wholeheartedly committed to improving product and service quality from its customers’ viewpoints in order to both maintain and enhance satisfaction, confidence, and trust. In particular, Sony is working to ensure product quality and improve accessibility and usability, in the conviction that its most important goal is to remain a highly trusted partner to all customers.

Structure

Sony has configured its global quality management system by defining quality management mechanisms across all processes, from product development, planning, design, and manufacturing through sales and customer service. This has included defining the roles, responsibilities, and authority of those responsible for product and customer service quality and establishing guidelines.

In addition, in order to respond effectively to quality problems and customer inquiries, Sony is taking steps around the world to open up Customer Service Centers and reinforce its customer service network.

To foster accessibility and usability, Sony incorporates human-centered design concepts and operates within a structure of intradepartmental cooperation that ties Sony Headquarters with the company’s business units, approaching the planning, design, and testing of its products and services from the viewpoint of the user.

Main Achievements in Fiscal 2017

Here are the main results of fiscal 2017 initiatives:

- Delivers product quality and customer service that exceeds customers’ expectations though a wide range of internal standards
- Startup guides developed with focus on connecting and setting up products, using basic functions
- Customer support staff attended regular training and seminars on new technologies and shared information on problem-solving to ensure truly useful service and information for customers.
- Customer feedback (including on social media) analyzed to improve products and quality
- Convenient instruction manuals posted online to enhance searchability and offer better online support
- Sony took part in an international accessibility conference in the U.S.
- Testing by users with disabilities used to evaluate BRAVIA®, PlayStation®, and other products
- Human-centered design promoted and in-house accessibility seminars held
Looking to the Future

Sony continues to be committed to a fundamental policy of ensuring product safety, security, and accessibility, taking its customers’ viewpoints into consideration in order to deliver product quality and customer service that exceed customers’ expectations. With these aims in mind, Sony will continue making use of its worldwide network to collect and analyze information which can then be reflected in the next releases of products and services.

Activity Reports

- Philosophy and Policy for Product Quality and Services
- Product Quality and Quality Management
- Improving the Quality, Safety and Long-Term Reliability of Products
- Responsiveness and Customer Service
- Accessibility and Usability
Philosophy and Policy for Product Quality and Services

Sony is committed to improving product and service quality from its customers’ viewpoints and works hard to maintain and enhance customer satisfaction, confidence and trust. This effort is driven by Sony’s most important goal: to remain a highly trusted partner to its customers.

Philosophy and Policy

Since the start of its operations, Sony has been firmly committed across all of its businesses to providing customer-oriented, high-quality products and services. This philosophy is set forth in the Founding Prospectus drafted in 1946 by Sony’s co-founder, Masaru Ibuka.

The Sony Group Code of Conduct mandates that Sony continuously strive to comply with or exceed legally mandated standards in all business activities to ensure the safety of its products and services.

Sony has established the Sony Pledge of Quality, which lays out its basic policy on product and customer service quality. This is aimed at reinforcing awareness of Sony’s commitment to ensuring that the quality of its products and customer services exceeds the expectations of its customers around the world.
Product Quality and Quality Management

The Sony Pledge of Quality declares that “Sony employees will always respect our customers’ viewpoints in striving to deliver product quality and customer service that exceed their expectations.” To this end, Sony makes continuous, decisive efforts to enhance product quality and to reinforce its quality management system.

Sony’s Quality Management System Framework

Sony has configured its quality management system by defining quality management mechanisms across all processes, from product planning, development, design and manufacturing to sales and customer service. This has included defining the roles, responsibilities and authority of those responsible for product and customer service quality and establishing guidelines.

Framework of Sony's Quality Management System

Based on this quality management system, Sony is implementing measures on an ongoing basis to improve the quality of its products and services. Examples of such measures are given below.

- Has appointed the Corporate Executive in charge of Product Quality and has tasked this person with coordinating efforts to improve product and customer service quality and ensure timely responses to problems;
- Has appointed Quality Officers within each business unit and has tasked them with promoting activities to improve product quality and spearheading initiatives to enhance the quality of products and services in specific business areas under the direction and supervision of the Corporate Executive in charge of Product Quality and the head of the relevant business unit;
- Has appointed CS Officers to coordinate customer service departments in markets around the world where Sony products are sold and has tasked them with spearheading a network of global-level initiatives under the supervision of the Corporate Executive in charge of Product Quality and the individual in charge of the relevant regional headquarters;
- Has created a framework for promoting business unit- and region-specific initiatives to ensure Sony’s products comply with pertinent laws and regulations;
- Has obtained certification under ISO 9001 for all sites manufacturing electronics products;

For the Next Generation
Responding to the Customer

Sony makes active use of customer feedback to improve its products and customer services. Sony customer information centers promptly and accurately evaluate customer opinions, reports of malfunctions after purchase, questions regarding use, and other feedback. The planning, design and product quality groups work together to improve product quality and strengthen product performance, reporting progress to top management on an as-needed basis.

In order to reinforce these efforts, Sony has since 2015 centralized all customer feedback received at customer information centers and technical support desks. This change allows for feedback to be used group-wide to improve Sony products and provide better information to customers. Sony analyzes customer feedback on social media, as well.
Quality Hotline

It is vital to detect product quality-related problems at the earliest stage possible. To that end, Sony has established the Quality Hotline to gather product quality-related information, including reports of problems, as well as opinions from Sony Group employees. Group employees can use the Quality Hotline, an in-house website, to send messages regarding matters that are too difficult to handle at their workplace such as certain product quality issues. They can also share findings identified during customer use of products and any problems with the quality of product-related customer services as perceived by customers who have made use of those services. Upon investigating a problem to ascertain the veracity of the information received, the Quality Hotline office proposes and introduces measures to prevent previous problems from recurring and precluding potential new problems.

Market Quality Improvements

Sony has established dedicated quality management organizations in each of its business areas that are responsible for improving the quality of pertinent products in each market. At Sony headquarters, information related to quality issues arising in the marketplace is gathered in a timely manner from a broad range of sources in Japan and overseas and reported weekly to headquarters quality management and technical specialists. Based on the reported information, Sony ascertains whether or not issues in the marketplace have been addressed appropriately. In addition to ensuring that such issues are thoroughly addressed, Sony is accelerating its quality improvement performance by promoting measures to prevent recurrence and proactive measures in relation to quality issues.

Responses to Quality Issues

Sony recognizes that ensuring its customers’ satisfaction, confidence and trust is one of its most important management tasks and strives to prevent quality-related problems through the systems and efforts described above. Sony responds swiftly in the event of a quality-related issue, with the relevant departments working together to investigate facts and take appropriate action on a global scale. When such an issue arises, Sony decides upon the need for public announcements and market action for customers and implements any needed steps, after undertaking various studies of the issue, following a process common to all Sony products. This process starts with the gathering of information from customer service centers worldwide and collaboration with concerned local parties to ensure an accurate grasp of the issue. Based on information collected, Sony then works to determine the correct response by identifying the cause of the issue, implementing countermeasures and promptly verifying the effectiveness thereof, and reviewing the issue from the customer's perspective. Sony also cooperates with CS officers at sites in each region to ensure the same level of service is provided to customers the world over.

With regard to methods and media for issuing public announcements of product quality-related issues, Sony examines the effectiveness of the various means at its disposal, including the Internet, e-mail, notification via app, or other electronic media, as well as direct mail, newspaper advertisements or other conventional media.
Improving the Quality, Safety and Long-Term Reliability of Products

Improving the Quality of Products

Sony pursues design-, manufacturing- and parts-related initiatives aimed at improving product quality.

- Design-related quality initiatives
  In the initial stages of the design process, the individual in charge of a particular business unit verifies new technologies and new parts and, from a user’s perspective, determines how a product is to be used. At the conclusion of the design process, the individual in charge confirms the degree to which the intended level of product quality, reliability and usability has been realized. In addition, to ensure that customers are provided with products of a quality worthy of the Sony brand, Sony requires relevant departments including original equipment manufacturer (OEM) and original design manufacturer (ODM) companies to comply with group-wide quality standards. Compliance with these standards is also tested at the end of the design process. Such approaches prevent the occurrence of problems pertaining to new technologies and new product parts, while also ensuring that product designs incorporate consideration of user convenience.

- Manufacturing-related quality initiatives
  In its effort not to receive, manufacture or ship anything with quality-related problems, Sony adheres to a policy of workmanship at all of its manufacturing sites that ensures customers can use Sony products with confidence. Initiatives include setting important targets at each site and implementing Plan-Do-Check-Act (PDCA) processes, thereby facilitating the achievement of such targets and the continuous improvement of product quality. Sony has also established standard product quality rules to ensure Sony products manufactured by OEM/ODM companies are of the same high quality as those manufactured at Sony production sites.

- Parts-related quality initiatives
  Recognizing the importance of parts and determined to manufacture products built for long-term use, Sony carefully selects key parts independently for each of its major product categories and is pursuing focused efforts aimed at increasing the reliability of the parts it uses through cooperation among relevant departments.

Improving Product Safety

Providing reliable products that customers can use safely is top priority for Sony. Accordingly, at every stage of its business activities, including product planning, development, design, manufacturing, marketing, and after-sales service for all products and services, Sony takes steps to comply with safety standards based on laws and regulations while constantly striving to surpass those standards in order to maintain the safety of its products. As part of these efforts, Sony has established a team in charge of product safety assessment from a medical perspective. When developing products employing new technologies, Sony also seeks advice on product safety from a medical perspective from outside experts in order to ensure products do not affect customer health, and this advice is then incorporated into product development, design and engineering. When deemed necessary, Sony also conducts evaluation tests to assess safety with the assistance of a specialized organization.

In addition, Sony strives to ensure that the safety-related explanations and information it provides to customers are accurate, easy to understand, and clearly presented. If a safety-related problem involving a Sony product is reported, Sony immediately collects information and examines the facts, and then takes the steps necessary to rectify the problem.
Improving the Long-Term Reliability of Products

Sony has established a Quality Reliability Lab tasked with enhancing the long-term reliability of its products, supporting Sony’s commitment to deliver safe, durable and reliable products to customers.

The Quality Reliability Lab has assigned specialists to work full time on improving technologies essential to product reliability and continues working to ensure the long-term reliability of products by developing elemental technologies for preventing the deterioration, wear and corrosion of materials and parts, as well as technologies necessary to ensure the reliability of new technologies and products and to evaluate such technologies and products.

The reliability and evaluation techniques, and the information obtained through these activities, are utilized to improve design and parts selection processes. Sony also presents some of its own knowledge on evaluation techniques at academic meetings and industry conferences and gatherings, seeking to go beyond its own walls and contribute to the industry.

Efforts to Improve Quality of Security of Products

With more products connecting to networks, there is a heightened danger of, among others, personal information leaks and the falsification or destruction of data. As a consequence, it is very important to improve the quality of the security of products and network services.

Sony has a function for collecting security risk-related information from outside experts, researchers and other individuals. Sony assigns managers responsible for the software security of products and has a dedicated department for it at headquarters. The department coordinates with business units to address issues with the security of products. Based on the information received, the department led by these managers assesses the impact of risk on customers from a software security perspective and implements appropriate measures.

To deliver products that customers can use with confidence, Sony has a system that will ensure the security of products over their entire life cycle—from planning and shipment to disposal—such as security inspections prior to product shipment using a software vulnerability detection tool. Sony has also established internal guidelines pertaining to the security of products and continues to implement employee training programs to strengthen product security.
Responsiveness and Customer Service

In addition to continuously improving product quality, Sony is taking various steps to improve its responsiveness and its customer service capabilities, in line with its commitment, set forth in the Sony Pledge of Quality: “Sony employees will always respect our customers’ viewpoints in striving to deliver product quality and customer service that exceed their expectations.” In customer service, this includes responding to changing customer needs, and in repair services, building organizations designed to ensure the best possible repair service quality.

System

Sony has assigned CS Officers to coordinate customer service operations in markets around the world where its products are sold. Under the guidance and supervision of the Corporate Executive in charge of Product Quality, and of regional headquarters, Sony has also introduced a set of key performance indicators, such as improvement in rate of repair completion within a predetermined period of time. With the aim of enhancing customer service quality on a global level, Sony has also established a network of bases through which it provides services tailored to the needs of customers in each region.

Training for Customer Support Staff

Committed to providing high-quality services to customers around the world, Sony provides ongoing training for employees and the staff of service partners. In addition to focusing on the acquisition of new service technologies and the sharing of solutions to ensure issues are swiftly and effectively addressed, staff are trained to help customers get the greatest possible enjoyment from their Sony products.

Customer Information Centers and Customer Service Improvements

Sony established its first Customer Information Center in 1963 in Japan to respond to customer inquiries. Today, Sony has Customer Information Centers worldwide, enabling it to provide prompt responses to customer needs that reflect customers’ perspectives, thereby helping Sony to improve the quality of its customer service.

In addition to support via telephone and e-mail, in several regions Sony provides customer support via such means as live Internet chat sessions, support using social media platforms, and online community forums where customers can share information to help each other find solutions. In these ways, Sony tailors its support to meet the increasingly diverse needs of its customers in every region of the world.

In addition, Sony conducts surveys to determine customer satisfaction at various touchpoints, and makes improvements based on the survey results in its efforts to continually improve customer satisfaction.
More Convenient, Eco-Friendly Instruction Manuals

To provide better explanations on how to use its products, Sony is bolstering its online support and providing online instruction manuals for improved searchability and greater convenience so that users are able to quickly find what they are looking for.

The Sony website has a support section that offers not only information on the products themselves but also additional support information on software upgrades and network service updates. This is designed to help users better understand Sony products, software, and services, as well as to enable them, when needed, to troubleshoot as quickly as possible. To accommodate a variety of user environments, Sony also provides support information compatible with mobile devices for greater customer convenience.

When it comes to printed product manuals, Sony provides brief “startup guides” that focus on the information needed to begin using a product, such as how to connect and set up, and how to use the basic functions. For some products sold globally, Sony has developed instruction manuals with minimal text and more extensive visuals, making it possible to include multiple languages in a single manual, which is expected to contribute to environmental protection by reducing paper consumption.

Repair and Service Network

Currently, there are more than 3,700 Sony customer service locations worldwide, including Sony customer service stations and authorized repair agents.

To enhance customer satisfaction, Sony is working to meet customer needs by reducing the number of days required for repairs, overhauling its repair pricing system, and providing collection services for repair items, among other efforts. Sony is reinforcing its customer services and building systems that will enable its service network to respond to customer needs in line with the “One Sony” concept. By strengthening the feedback mechanism for product quality based on repair information, Sony also aims to keep enhancing quality.

Consumer AV Product Service Locations (Fiscal 2017)

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<th>Region</th>
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<td>625</td>
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<td>Others *2</td>
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Note:
*1 Southeast Asia, Oceania, India, South Korea and Taiwan Region
*2 Middle East, Latin America and Africa
Accessibility and Usability

"Accessibility and Usability" is an essential aspect of quality at Sony. Sony aims to create products and services that people can use with ease—indeed, independent of age and disabilities.

Structure

Sony’s accessibility and usability initiatives are overseen by the Corporate Executive Officer in charge of Product Quality. The main implementers are the Quality and Environmental Department and HR Department at Sony headquarters, Sony Global Solutions Inc., and the Quality & Environmental Promotion Division at Sony Global Manufacturing & Operations Corporation, with further cooperation from other related headquarters departments and Sony Group organizations. Products and services are getting more multifunctional and their user interfaces tend to be more complex with advanced technology. Sony employs intradepartmental cooperation on development to deliver products and services that people can use with ease and comfort. In order to deliver a superior user experience, Sony incorporates human-centered design concepts and takes a user-centered approach to the planning, design, and testing of its products and services.

Providing Products and Services That Meet User Needs

Product and Service Development Based on Human-Centered Design

Sony conducts worldwide user research including home visits and user interviews in order to develop products and services that meet users’ essential needs. In order to improve usability factors such as visibility, understandability, and responsiveness, Sony repeats cycles of detecting and correcting problems, employing usability testing from the prototype stage. In addition to pre-release testing, Sony also conducts long-term use surveys after products go on sale to gain an understanding of customer satisfaction and any usability problems that arise when products are used on a day-to-day basis.

In all these ways and more, Sony takes a multifaceted approach to human-centered design to deliver an inspiring user experience.

Formulating Internal Standards and Applying Acquired Expertise

Representatives of product and service designers across the Sony Group meet to formulate UI design standards for the interactions, the use of words and icons on devices and screens and so on. The knowledge gained through usability testing, the expertise of the product development departments, and specific examples of UX design methods are shared across the Group, as well.

UI design standards and expertise are posted on Sony’s internal portal site so that everyone in the Sony Group has access to them. This information is used in product and service development as Sony continues to work to enhance usability for customers.

Employee Education on Human-Centered Design and Accessibility

Sony holds forums and study sessions led by experts to increase employee understanding of human-centered design and accessibility. In March 2018, Sony invited individuals with visual impairments to speak to employees about their day-to-day lives and relationship with Sony products to help employees better understand the needs of people with visual impairments.
Ensuring More Customers Are Able to Use Sony Products and Services

Ease of use for everyone – that is what accessibility means to Sony. Specific examples of this approach to products and services are described on the Sony Accessibility and Usability page at the Sony website.

Sony participates in standardization efforts*1 to enhance accessibility, aiming to take a leading role in the industry.

*1 IEC 62791 Text to speech; IEC TC 110TA16 (active assisted living, accessibility, and user interface); IEC 62944 digital television accessibility.

In March 2018, Sony took part in the CSUN Assistive Technology Conference, one of the largest international conferences on accessibility in the world, held in San Diego, California. The Sony exhibit introduced the accessibility functions of Sony Group products and services, including BRAVIA®, PlayStation®4, and the software Uncharted 4: A Thief’s End for PlayStation®4.

Incorporating User Feedback in Products

Sony also strives to reflect product feedback from diverse users. In developing televisions, Sony implements programs wherein users with visual impairments use products for a designated period of time and provide feedback to improve product design. In developing the system software for PlayStation®4, Sony Interactive Entertainment Inc. uses repeated cycles of user testing to improve the accuracy of the product’s accessibility functions.

> The Challenge of Accessibility Support–Making PlayStation® “The Best Place to Play”

Working to Enhance Sony Website Accessibility

With its focus on improving the quality of its websites, Sony released a set of website accessibility guidelines on July 1, 2007. Over the years since then, the W3C Web Content Accessibility Guidelines (WCAG) 2.0 have become the international standard. Recognizing this, Sony revised its website accessibility guidelines and renamed them the Sony Group Website Accessibility Policy on April 1, 2016. This revision, based on WCAG 2.0, Sony added a compliance clause that requires compliance within a specific period of time to WCAG 2.0 Level A for all items other than those deemed to require reasonable endeavors.

The Sony Group Website Accessibility Policy applies to the public websites of all Sony Group companies and aims to maintain and improve accessibility for users of all Sony Group websites. Sony strives to create and maintain accessible websites that are easy for all individuals to use; whenever changes are made to website content or new pages are created, Sony complies with its Website Accessibility Policy and, as necessary, gives due consideration to the laws, regulations, and guidelines in each country where Sony operates.
Creating an Environment for Carefree Internet Use

Sony Interactive Entertainment Inc. (SIE) aims to make games as popular as music, movies and broadcasting and has been developing the PlayStation® business for users in all age groups.

Console game industry organizations have responded to the proliferation of new game genres by introducing rating systems for customers in Japan, the United States and Europe (CERO, ESRB and PEGI, respectively), based on games’ target age groups. The U.S. system has operated for more than 20 years and won top marks from the public, not only for indicating age categories but also for being the first to add descriptions that detail the contents of a game. PEGI is endorsed by the European Commission as a paradigm of self-regulation in the entertainment industry. In Japan, measures are being promoted to make the system more effective, including, with the cooperation of retailers, the voluntary refusal to sell software rated by CERO for ages 18 and above to underage customers.

To regulate access by underage users, SIE has included a Parental Control function in PlayStation®4, PlayStation®3 and PlayStation®Vita. This function enables customers to adjust access levels and limit children’s access only to appropriate software across the PlayStation® platform.

As Internet use begins at younger and younger ages and Web-connected non-computer devices such as smartphones and tablets proliferate, the impact of harmful websites on children has become a social concern. Internet service provider Sony Network Communications Inc. offers various security services, which protects customer devices from threats such as viruses, hacking, and phishing, to provide a safer environment for families to use the Internet.
Management Approach

Materiality Rationale

Sony’s corporate activities are only possible if the earth, which sustains all life on earth, is healthy. This is why Sony is so determined to fight climate change, preserve resources, manage chemical substances, conserve biodiversity, and take other needed steps to protect the environment. True to this commitment, Sony conducts its business in a sustainable manner and provides environmentally conscious products and services, always seeking to deliver innovation and develop uniquely superior technologies. Sony also works hand-in-hand with stakeholders to help build a more sustainable society.

Basic Approach

Since the early 1990s, Sony has pursued environmental initiatives in accordance with its environmental principles and targets. In April 2010, Sony announced the “Road to Zero,” a new global environmental plan, the goal of which is to realize a sustainable society by achieving a zero environmental footprint throughout the life cycle of its products and business activities by the year 2050. Working toward a zero environmental footprint by 2050, once every five years Sony sets concrete environmental mid-term targets for each stage of the life cycle for its products with respect to climate change, resources, chemical substances, and biodiversity.

Structure

Sony has built and is continually improving its globally integrated environmental management system with the aim of realizing the Sony Group Environmental Vision, achieving the environmental mid-term targets, and complying fully with legal requirements, regulatory demands, and internal policies adopted by the Group. Sony has also established specialized functions at the Sony Group’s environmental headquarters, which is overseen by a corporate executive officer of Sony Corporation.

Main Achievements in Fiscal 2017

Under the Green Management 2020 environmental mid-term targets, Sony put forward specific goals for each stage of the product lifecycle. Here are the main results of fiscal 2017 initiatives:

- **Annual energy consumption of products**: Down 50% (compared with FY2013)
- **CO₂ emissions reduced by using renewable energy**: 154,000 tons-CO₂ (Cumulative total since FY2016)
- **Greenhouse gas emissions at Sony sites**: Down 12% (compared with FY2015)
- **Waste generated at Sony sites**: Down 9% (compared with FY2015)
- **Conducted biodiversity protection and education activities at all Sony sites**
- **CO₂ emissions from logistics**: Down 50% (compared with FY2013)
Looking to the Future

Acting on the basis of Green Management 2020, which sets environmental mid-term targets for fiscal 2016-2020, Sony seeks to strengthen its own internal initiatives, encourage environmental initiatives in its entire value chain, and appeal to consumers and the public to take action. Aware of the risk of growing environmental impact as certain products get bigger and production increases, Sony is adopting even stronger measures to achieve its goal of "zero environmental footprint" by 2050.

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Sony Group Environmental Vision

The Sony Group Environmental Vision presents a philosophy and principles for environmental management activities throughout the global Sony Group with the aim of contributing to the realization of a sustainable society. Since enacting the Sony Global Environmental Policy which is a predecessor of the Sony Group Environmental Vision and the Environmental Action Program, in 1993, Sony has pursued a broad range of environmental initiatives. Concurrent with the formulation of its Road to Zero global environmental plan, in 2010, Sony revised the Sony Group Environmental Vision.

Philosophy

Sony recognizes the importance of preserving the natural environment that sustains all life on the earth for future generations and thereby ensuring that all humanity can attain a healthy and enriched life. In order to realize such sustainable society, Sony strives to achieve a zero environmental footprint throughout the lifecycle of our products and business activities.

Principles

Sony reduces our environmental footprint and prevents environmental pollution throughout the lifecycle of our products and business activities by complying with all applicable environmental regulations and also by continually improving our global environmental management systems. Sony formulates the following goals in four key environmental perspectives and takes proactive actions to achieve those goals.

Climate Change

Sony reduces energy consumption and strives to achieve zero emissions of greenhouse gases generated throughout the lifecycle of our products, service and business activities.

Resources Conservation

In order to minimize resource inputs for our business activities, Sony identifies "Key Resources" and strives to achieve zero usage of those virgin materials. Sony also uses water efficiently, minimizes wastes from sites and maximizes our effort for take back and recycling products from markets.
Management of Chemical Substances

Sony minimizes the risk of chemical substances that we use causing serious harm to human health and the environment. Sony maintains strict control over the chemical substances we use, while, in line with the precautionary approach, taking steps whenever possible to reduce, substitute and eliminate the use of substances that have potentially significant impacts on the environment even in the cases where scientific evidence is not fully proven.

Biodiversity Conservation

Sony protects and utilizes ecosystem services in a sustainable manner, while actively promoting maintenance and recovery of biodiversity through our business and local contribution activities.

* Gases that raise the temperature of the earth's surface by absorbing infrared radiation from reflected sunlight. Seven typical examples are carbon dioxide (CO2), methane, nitrous oxides, hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3)

In order to realize the Environmental Vision, Sony formulates targets and concrete plans and initiates actions to implement, while contributing to a better society through partnerships and communications with internal and external stakeholders.

> For more information, please refer to "Sony Environmental Plan" at the Sony and the Environmental website.
Environmental Plan and Mid-Term Environmental Targets

Since the early 1990s, Sony has pursued environmental initiatives in accordance with its environmental principles and targets. In April 2010, Sony announced the "Road to Zero," a new global environmental plan. This plan consists of the Sony Group Environmental Vision and several sets of mid-term environmental targets, which form key milestones on the road to achieving the Vision.

"Road to Zero," Sony's Global Environmental Plan

As stated in the Sony Group Environmental Vision, Sony strives to realize a sustainable society by achieving a zero environmental footprint throughout the life cycle of its products and business activities. It is this long-term goal that prompted Sony to name its new global environmental plan "Road to Zero." Under this plan, Sony aims to bring its environmental footprint to zero by 2050 and works to achieve incremental mid-term environmental targets toward this end.

Environmental Mid-Term Targets

Sony is working toward its goal of having a "zero environmental footprint" by 2050, setting mid-term (5-year) environmental targets progressively backcasted from 2050, and adjusting fiscal year targets based on current achievement levels. This approach will enable Sony to work steadily toward achieving the zero environmental footprint goal, while making ongoing adjustments based on current progress. In 2011, Sony established the Green Management 2015 environmental mid-term targets (fiscal 2011-2015), which was its first step on the road to a zero environmental footprint, achieving almost all of its targets by 2015. Currently, Sony is implementing initiatives to achieve the goals it has set under the Green Management 2020 environmental mid-term targets (fiscal 2016-2020).
Focusing on Four Environmental Perspectives

Sony’s environmental mid-term targets define concrete targets at each stage of the product life cycle, from the four priority perspectives of climate change, resources, chemical substances, and biodiversity. Sony is working with multiple environmental NGOs and experts to gain feedback on Sony’s initiatives under each priority perspective.

Policies on Four Environmental Perspectives

Sony carries out initiatives under the following policies, which it has outlined for four environmental perspectives of climate change, resources, chemical substances, and biodiversity, in order to achieve its environmental mid-term targets.

Policy on Climate Change

Sony strives to achieve zero emissions of greenhouse gases from its business activities and throughout the life cycle of its products and services. Sony makes its highest priority to reduce energy consumption and greenhouse gas emissions, use energy more efficiently, and switch to energy sources that generate less greenhouse gas emissions, while also promoting renewable energy use. Sony also develops and supplies energy efficient, environmentally conscious products and services, and works with manufacturing subcontractors and suppliers of components and raw materials in an effort to reduce greenhouse gas emissions both directly and indirectly.

Policy on Resources

Sony seeks to minimize the consumption of resources and maximize resource recycling in order to use resources effectively in its business activities and throughout the life cycle of its products and services, while striving to achieve zero consumption of new materials made from “key resources.” Sony minimizes resource consumption by reducing the weight of products and utilizing resources more efficiently in its internal operations. Sony is also working to extend the life of products through quality and durability enhancements, to indirectly reduce resource consumption. In terms of waste, Sony recycles waste generated from internal operations, with the goal of eliminating landfill waste. Additionally, Sony designs products to facilitate recycling and implements ongoing programs to collect and recycle end-of-life products according to the needs of local communities, while also promoting advanced recycling with recycling companies.

* At Sony, “key resources” are designated by taking the following factors into account: resource depletion, resource availability, environment impact of resource extraction, and loss of biodiversity and community impacts from resource extraction.

· Policy on Water Use

Although water circulates around the earth continuously through the water cycle, the amount of water available for use by the planet’s inhabitants is limited. With population growth and other issues putting further pressure on water supplies, the importance of conserving this resource will increase in the years ahead. Taking into account the locations of its sites, as well as regional differences, Sony will continue taking steps to minimize its withdrawal of water and to ensure the water it returns to water sources is of a quality that does not negatively impact the environment.
- Policy on Paper Resources

Recognizing that paper resources are limited, under the Sony Group Paper / Printed Material Purchasing Policy, Sony constantly works to reduce paper consumption while prioritizing the procurement of environmentally preferable paper, such as paper made from resources sourced from certified forests and recycled paper.

> For more information, please refer to “Sony Group Paper / Printed Material Purchasing Policy.” [PDF:306KB]

Policy on Chemical Substances

Sony endeavors to minimize the risk that chemical substances it uses might cause serious harm to human health and the environment. Chemical substances used in Sony products are suitably managed based on available data including national regulations, toxicity, environmental impacts, applications, and content level in components and products. Sony adopts a precautionary approach and takes steps to identify and strive to eliminate substances considered to be high-risk, even in cases where scientific evidence is insufficient, thereby reducing potential impact on the environment. Sony manages the type and application of chemical substances used at business sites, and for high-risk substances sets criteria for managing each substance to either prohibit their use or reduce emissions or amounts transferred. Sony also prohibits the use of certain substances in manufacturing processes in the supply chain which are restricted under international frameworks because of environmental impacts throughout the life cycle.

Policy on Biodiversity

Recognizing the importance of natural capital and the ecosystem services it supplies, Sony endeavors to conserve natural capital and biodiversity, both in its business activities and through community initiatives. Sony has identified the following basic principles\(^2\) to guide its initiatives.

1. Sony recognizes the importance of biodiversity issues. Sony recognizes that biodiversity is an important issue in its business activities, endeavors to reduce the impact of its business activities on biodiversity (both directly and indirectly in the supply chain),\(^3\) and engages in community initiatives that help to conserve natural capital and biodiversity.

2. Sony helps achieve the Aichi Biodiversity Targets by engaging in initiatives to conserve natural capital and biodiversity throughout the life cycle.

3. Sony cooperates with stakeholders where needed in pursuing the above principles.

4. Sony actively discloses information about these initiatives and endeavors to raise awareness about biodiversity.

\(^2\) For Sony’s stance on the consumption of paper resources as it relates to biodiversity, please refer to “Policy on Paper Resources.”

\(^3\) This includes reducing the environmental impact of Sony’s business activities, such as reducing greenhouse gases, conserving resources, and comprehensively managing chemical substances, while also reducing the impact on biodiversity as a result of achieving these environmental targets.
Risks and Opportunities

Understanding and Responding to Business Risks

As a company that strives to help build a sustainable society, Sony believes that addressing environmental issues is crucial to achieving this goal. Sony also recognizes the importance of such efforts from the perspective of business continuity. The failure to take appropriate steps to respond to such issues involves various underlying risks that could negatively impact Sony’s operations. These include risks involving new or amended laws or regulations that could elicit higher carbon taxes, broaden the geographic applicability of emissions trading schemes, or impose tougher energy-saving standards on products. Another example is physical risks, such as the risk of rising sea levels and abnormal weather patterns caused by climate change. There is also the market change brought about by evolving consumer perceptions. Sony realizes that flawed responses to such risks and changes could have major social and financial ramifications. Accordingly, Sony works constantly to assess underlying risks, as well as to ensure it is prepared to respond effectively to those risks that it judges likely to have an impact on its operations. Sony has, for example, established and continues to maintain a system for quickly collecting information on laws and regulations in force in countries around the world and to ensure that its business activities and products comply.

Creating and Expanding Business Opportunities

Addressing environmental issues opens up business opportunities for Sony. For example, the adoption of the Paris Agreement* at the 2015 United Nations Climate Change Conference (Conference of the Parties 21: COP 21) held in December 2015 has increased social awareness of climate change issues, which will raise consumer demand for energy-efficient products. Sony has been improving energy efficiency across a broad range of products, which will further cement the advantage of Sony products amid growing social awareness. In the image sensor category of its devices business, Sony possesses technologies that deliver both high performance and low power consumption. Sony sees significant growth potential for its image sensors. One growing application is for on-board cameras for automobiles. Sony will continue to enhance its products and secure differentiation in the image sensor market, on the strength of its proprietary elemental technologies in areas like power consumption management, signal processing, and recognition algorithms.

*1 The Paris Agreement was adopted at COP 21 to provide an international framework for addressing climate change in 2020 and beyond.
"Green Management 2020" Environmental Mid-Term Targets

Taking Environmental Initiatives to the Next Stage

Sony is working to reduce its environmental footprint to zero by 2050, and has set a series of environmental medium-term targets to get there. As the first step, Sony set the Green Management 2015 environmental mid-term targets which spanned fiscal 2011 to 2015. In April 2016, Sony introduced the Green Management 2020 environmental mid-term targets to be achieved by fiscal 2020. This transition takes Sony’s environmental activities to the second stage of its journey to a zero environmental footprint.

The Process of Formulating Green Management 2020

When formulating Green Management 2020, Sony examined its past environmental activities and conducted a materiality analysis*1 in order to incorporate the viewpoints of stakeholders outside the Sony Group. Based on these results, Sony specified raw materials, energy, atmospheric emissions, effluents and waste, and products and services as priority areas to tackle by 2020. It then designated water, biodiversity, and environmental assessments of suppliers as important issues to deal with. Sony has been addressing all of these issues already, and continues to focus on initiatives to address them through fiscal 2020.

*1 A materiality analysis is a method for identifying and specifying important issues for a company and its stakeholders.

Sony Environmental Materiality Analysis

Note:
- The headings on the axes of the graph are environmental categories defined in the G4 Sustainability Reporting Guidelines from GRI.
Under the Green Management 2020 environmental mid-term targets, while the Sony Group is strengthening its internal initiatives to reduce power consumption in products and decrease greenhouse gas emissions from sites, Sony is expanding the reach of its environmental initiatives to outside the company such as: reaching more than 500 million people worldwide with its campaigns to raise awareness of sustainability issues, and encouraging consumers and other social groups to take action; and working with its component suppliers and manufacturing contractors to reduce their environmental footprint.

Expanding Sony’s Environmental Activities under Green Management 2020

Sony is being recognized by stakeholders for setting goals and taking action under the Green Management 2020 targets. Sony’s climate change targets have been approved by the Science Based Targets initiative*. This, in turn, led to Sony’s involvement in the “Take Action” climate change initiative of the We Mean Business’s, an international coalition of businesses and investors. Starting in fiscal 2017, Sony will also participate in the We Mean Business coalition’s “Improve Water Security” initiative to reduce water risks.

* For more information, please refer to the Science Based Targets website.
*3 For more information, please refer to the We Mean Business website.

Green Management 2020: Target Matrix (abridged version)

Sony organized its activities under Green Management 2020 according to the six stages of the product lifecycle: product/service planning and design, operation, raw materials and components procurement, logistics, take-back and recycling, and innovation. In each of these stages, specific targets are set under the four categories of climate change, resources, chemical substances and biodiversity.

For more information, please refer to "Green Management 2020: Target Matrix (abridged version)." [PDF:34KB]

For more information, please refer to "Sony and the Environment website: Green Management 2020 website"
Green Management 2020 Targets and Progress

Under the Green Management 2020 environmental mid-term targets, which spanned from fiscal 2016 through fiscal 2020, Sony categorized targets and activities accordingly to product lifecycle stage. The targets and progress of activities for each stage are outlined below.

Product/Service Planning and Design

Sony is committed to delivering products and services with low environmental impact in all of its businesses. In electronics, Sony designs and manufactures products to have a low environmental impact throughout the product’s entire lifecycle. In motion pictures, music, and other areas of its entertainment business, Sony makes the most of the content it creates to develop and implement environmental campaigns.
<table>
<thead>
<tr>
<th>Targets (base year: 2013)</th>
<th>Progress in FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td></td>
</tr>
<tr>
<td>Employ environmental features in products</td>
<td>Created environmentally conscious products in major product categories.</td>
</tr>
<tr>
<td>Promote environmentally conscious design throughout the life cycle (during production, in use, at disposal, etc.)</td>
<td></td>
</tr>
<tr>
<td>Raise awareness and inspire action on issues of sustainability from over 500 million people in the world through the entertainment business</td>
<td>Raised awareness and inspired action by reaching an audience of over 1,728 million through events and social media.</td>
</tr>
<tr>
<td>Climate Change</td>
<td></td>
</tr>
<tr>
<td>AC powered devices*:¹ Reduce annual energy consumption by 30% (average reduction rate)</td>
<td>Approx. 50% reduction</td>
</tr>
<tr>
<td>Mobile phones and tablets: Power consumption at no load condition and in battery maintenance mode: No more than 0.03W</td>
<td>All smart phones launched in fiscal 2017 less than 0.03W in no load condition</td>
</tr>
<tr>
<td>DC powered devices*:² Improve energy efficiency and charging efficiency</td>
<td>Improved energy savings and charging efficiency in many models.</td>
</tr>
<tr>
<td>Resources</td>
<td></td>
</tr>
<tr>
<td>Reduce amount of virgin oil-based plastics per product unit by 10% (average reduction rate).</td>
<td>Approx. 2.3% reduction</td>
</tr>
<tr>
<td>Reduce and substitute key resources other than oil-based resources</td>
<td>Reduced certain key mineral resources.</td>
</tr>
<tr>
<td>Aim to minimize resource inputs</td>
<td>Continued to focus on making products smaller.</td>
</tr>
<tr>
<td>Promote design for recycling</td>
<td>Promoted designs with recyclability based on Sony Group Environmental Design Standards. Regularly held training sessions on recycling for designers.</td>
</tr>
<tr>
<td>Chemical Substances</td>
<td></td>
</tr>
</tbody>
</table>
| Eliminate high-risk applications of "Controlled Substances"*³ that are of high concern (polyvinyl chloride, brominated flame retardants, etc.) and use alternative substances*⁴ | Promoted use of alternative substances based on Sony standards for management of chemical substances.  
  - For more information on alternatives for polyvinyl chloride (PVC) and brominated flame retardants (BFR), please see below.  
  > Alternative substances for PVC  
  > Alternative substances for BFR |
| Biodiversity              |                  |
| Promote the use of recycled paper and certified paper | Promoted use of recycled and certified paper based on purchasing policy for paper and printed materials. |

*¹ AC powered devices refer to energy-using products which operate the intended main function with energy input from the main electricity grid  
*² DC powered devices refer to energy-using products which operate the intended main function only with energy input from the battery  
*³ "Controlled Substances" is an abbreviation for "Environment-related Substances to be Controlled," and it refers to substances contained in parts and devices that Sony considers to have significant environmental impact on both humans and the global environment  
*⁴ The list of Sony Mobile Communications (SOMC) controlled substances (the use of which is to be controlled, including polyvinyl chloride, bromine/chlorine compounds, and phthalic ester) applies to all products sold by and bearing the corporate name, on product or packaging, of SOMC.
Operations

Sony is accelerating its adoption of renewable energy at worksites and offices throughout the Sony Group as part of its focus on reducing its environmental impact. Sony has established targets for manufacturing outsourcing contractors and is reinforcing its efforts to reduce environmental footprint. Sony is also actively developing environmental activities that meet local needs.

Sony sites

<table>
<thead>
<tr>
<th>Targets (base year: 2015)</th>
<th>Progress in FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change</strong></td>
<td></td>
</tr>
<tr>
<td>Reduce absolute GHG *1 emissions from Sony's sites by 5%</td>
<td>Approx. 12% reduction</td>
</tr>
<tr>
<td>Use renewable energy equivalent to 300,000 CO2 tons</td>
<td>Approx. 154,000 tons</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td></td>
</tr>
<tr>
<td>Reduce absolute waste generated by 5%</td>
<td>Approx. 9% reduction</td>
</tr>
<tr>
<td>Landfilled waste rate under 1% (excluding waste that Sony cannot control)</td>
<td>Approx. 1.3%</td>
</tr>
<tr>
<td>Reduce absolute usage of water by 5%</td>
<td>Approx. 12% rise</td>
</tr>
<tr>
<td><strong>Chemical Substances</strong></td>
<td></td>
</tr>
<tr>
<td>Take actions for classes 1-4. Detailed groups of chemical substances are defined separately.</td>
<td></td>
</tr>
<tr>
<td>• <strong>Class 1 substances</strong>: Prohibit use</td>
<td></td>
</tr>
<tr>
<td>• <strong>Class 2 substances</strong>: Prohibit use (Exemptions granted for certain applications)</td>
<td></td>
</tr>
<tr>
<td>• <strong>Class 3 substances</strong>: Reduce the amounts released and transferred</td>
<td></td>
</tr>
<tr>
<td>&gt;Reduce the amount of VOCs *2 released to the air by 50% from FY2000 level</td>
<td></td>
</tr>
<tr>
<td>• <strong>Class 4 substances</strong>: Comply with the relevant laws and regulations and use under appropriate control</td>
<td></td>
</tr>
<tr>
<td>• <strong>Class 1 substances</strong>: No use of prohibited substances</td>
<td></td>
</tr>
<tr>
<td>• <strong>Class 2 substances</strong>: No use of prohibited substances</td>
<td></td>
</tr>
<tr>
<td>• <strong>Class 3 substances</strong>: Continued to reduce amounts released and transferred</td>
<td></td>
</tr>
<tr>
<td>&gt;Emissions of VOC into the air: Approx. 60% reduction</td>
<td></td>
</tr>
<tr>
<td>• <strong>Class 4 substances</strong>: Compliance with relevant laws and regulations and use under appropriate control</td>
<td></td>
</tr>
<tr>
<td><strong>Biodiversity</strong></td>
<td></td>
</tr>
<tr>
<td>Implement environmental contribution activities (including conservation activities at Sony's sites) respecting the needs of local communities</td>
<td>Implemented activities to preserve, educate, and raise awareness of biodiversity at all sites as part of local contribution activities.</td>
</tr>
</tbody>
</table>
## Outsourcing contractors

<table>
<thead>
<tr>
<th>Category</th>
<th>Targets</th>
<th>Progress in FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change</strong></td>
<td>Request manufacturing outsourcing contractors with large business transactions to monitor GHG(^*1) emissions and reduce GHG(^*1) intensity by 1% per year</td>
<td>Requested relevant manufacturing outsourcing contractors to reduce and track emissions intensity and surveyed progress.</td>
</tr>
<tr>
<td></td>
<td>Request contractors with large business transactions to continually use renewable energy</td>
<td>Surveyed relevant contractors on introduction of renewable energy.</td>
</tr>
<tr>
<td></td>
<td>Prioritize the use of energy efficient data center</td>
<td>Promoted priority use of energy efficient data center based on internal guidelines.</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td>Request manufacturing outsourcing contractors with large business transactions to monitor volume of water use and reduce water use intensity by 1% per year</td>
<td>Requested relevant manufacturing outsourcing contractors to reduce and track water use intensity and surveyed progress.</td>
</tr>
<tr>
<td></td>
<td>Request manufacturing outsourcing contractors with large business transactions to monitor and reduce volume of waste generation</td>
<td></td>
</tr>
<tr>
<td><strong>Chemical Substances</strong></td>
<td>Request manufacturing outsourcing contractors to respond to Sony’s unified standard that takes into account laws around the world restricting and banning chemical substances used, for products and partially-finished products supplied to Sony</td>
<td>Requested response based on Sony standards for the management of chemical substances.</td>
</tr>
<tr>
<td></td>
<td>Request manufacturing outsourcing contractors to ban from manufacturing processes the use of substances restricted at an international framework that Sony has specified</td>
<td>Requested manufacturing outsourcing contractors to ban the use of substances specified by Sony from manufacturing processes and surveyed status of the use of these substances.</td>
</tr>
<tr>
<td><strong>Biodiversity</strong></td>
<td>Encourage manufacturing outsourcing contractors the environmental contribution activities (including conservation activities at Sony’s sites) respecting the needs of local communities</td>
<td>Surveyed activities undertaken at major manufacturing outsourcing contractors.</td>
</tr>
</tbody>
</table>

\(^*1\) GHG stands for Greenhouse Gas.
\(^*2\) VOC stands for Volatile Organic Compounds.
Raw Materials and Components Procurement

The environmental impact throughout the entire supply chain, including parts suppliers and others, is clearly larger than the environmental impact created by the activities of a single company. Sony is focused on strengthening efforts to reduce environmental impact and achieve concrete results on targets across the entire product lifecycle.

<table>
<thead>
<tr>
<th>Message from the CEO</th>
<th>Targets</th>
<th>Progress in FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change</strong></td>
<td>Request suppliers dealing in component categories that create high environmental impact and/or suppliers involved in large business transactions to monitor GHG*1 emissions, establish their own targets and implement reduction measures</td>
<td>Requested relevant suppliers to reduce and track emissions and surveyed progress.</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td>Request suppliers dealing in component categories that create high environmental impact and/or suppliers involved in large business transactions to monitor water consumption, establish their own targets and implement reduction measures</td>
<td>Requested relevant suppliers to reduce and track water consumption and surveyed progress.</td>
</tr>
<tr>
<td><strong>Chemical Substances</strong></td>
<td>Request suppliers to respond to Sony's unified standard that takes into account laws around the world restricting and banning chemical substances used, for raw materials, components and products supplied to Sony</td>
<td>Requested response based on Sony standards for the management of chemical substances.</td>
</tr>
<tr>
<td></td>
<td>Request suppliers to ban from manufacturing processes the use of substances restricted in an international framework that Sony has specified</td>
<td>Began surveying use of banned substances.</td>
</tr>
<tr>
<td><strong>Biodiversity</strong></td>
<td>Request that consideration be given to biodiversity</td>
<td>Began surveying biodiversity activities.</td>
</tr>
</tbody>
</table>

*1 GHG stands for Greenhouse Gas.

**Logistics**

In order to reduce CO2 emissions associated with distributing products, Sony takes steps to reduce shipping weight by making products lighter and smaller. Sony also pursues alternative shipping methods (modal shift, etc.) by identifying and employing methods that are most efficient and have less impact on the environment.

<table>
<thead>
<tr>
<th>Targets (base year: 2013)</th>
<th>Progress in FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change</strong></td>
<td>Reduce absolute CO2 emissions related to logistics between nations and within regions by 10%</td>
</tr>
</tbody>
</table>
Take Back and Recycling

Sony is focused on recycling-oriented product design and promotes take-back and recycling processing for used products. Meanwhile, Sony seeks to ensure that even items which the company itself is unable to recycle at the present time are recycled, and collaborates with recyclers to clarify the extent to which key resources are being recycled.

<table>
<thead>
<tr>
<th>Resources</th>
<th>Targets</th>
<th>Progress in FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Establish recycling schemes suitable for the needs of local communities, and move ahead with efficient operations</td>
<td>Complied with all legal requirements in all areas where laws and regulations on take-back and recycling are established. Implemented voluntary collection and recycling activities in areas where laws and regulations are not yet established.</td>
</tr>
<tr>
<td></td>
<td>Aim at the high-level return of waste to a form in which it can be used as a resource by acquiring a clear grasp of recycling key resources</td>
<td>Worked with recycling plant to study technology that can recycle waste for use as resources, for key resources that are not yet being fully recycled.</td>
</tr>
</tbody>
</table>

Innovation

Sony has continued to bring entertainment and pleasure to people through creativity and innovation, and this is equally true of its approach to environmental activities. Sony is focused on developing environmental technologies and on contributing to the establishment of technologies that will result in reducing environmental impact.

<table>
<thead>
<tr>
<th>Climate Change, Resources, Chemical Substances</th>
<th>Targets</th>
<th>Progress in FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Promote the development of environmental technologies, and contribute to the establishment of technologies that result in reducing the environmental impact</td>
<td>Promoted technological development such as Triporous™, cooperative agriculture and open energy systems, external sales of Sustainable Oriented Recycled Plastic (SORPLAS™), and new businesses such as support for environment-related business using drones.</td>
</tr>
<tr>
<td></td>
<td>Promote the development of business models that contribute to reducing the environmental impact of the products and services provided in all fields</td>
<td></td>
</tr>
</tbody>
</table>

For the Next Generation
Environmental Management Structure

Sony is implementing and continually improving its globally integrated environmental management system with the aim of realizing the Sony Group Environmental Vision, achieving its mid-term environmental targets and complying fully with legal requirements, regulatory demands and internal policies established for the Group.

Integrated ISO 14001 Certification for the Entire Sony Group

Since the 1990s, Sony sites throughout the world have sought certification under ISO 14001, the international standard for environmental management systems. Acquisition of ISO 14001 certification at all sites was completed in fiscal 2000. Since then, Sony has expanded this effort, establishing a group-wide environmental management system that integrates headquarters with environmental departments, business units and sites globally, while taking advantage of the management systems already operational at each business site, and acquiring integrated ISO 14001 certification for the entire Sony Group in fiscal 2005. As of March 31, 2018, integrated ISO 14001 certification had been obtained by 105 of the Sony Group’s business units and sites around the world.

Specialized Functions for Environmental Management

To deal with the increasingly diverse and complex environmental issues that affect Sony’s operations, such as manufacturing and sales of environmentally conscious products, recycling, and environmental management at sites, Sony has established specialized functions at the Sony Group’s environmental headquarters, specifically in the areas of environmental management related to energy consumed at sites and by products; resource conservation, including recycling; chemical substance management; biodiversity conservation; procurement; logistics; technological development; and communications. The Sony Group’s environmental headquarters is overseen by management, and a Sony Corporation corporate executive officer assumes ultimate responsibility. The president of Sony Corporation and other executives share information on environmental issues of importance to the Sony Group in regularly held executive meetings, as well.

Each of these specialized functions works together with regional offices and departments that specialize in such areas as product quality, customer service, occupational health and safety, and disaster prevention, to achieve a uniform and effective management system. Each specialized function issues targets to the operating units, divisions and sites and reviews their progress. To promote integrated environmental management globally, Sony has established six regional environmental offices to facilitate region-wide environmental management activities, such as a better understanding of local, legal and regulatory trends, effective communication of standards and instructions set forth by headquarters to the regional divisions and sites, and effective performance of audits at all regional business divisions and sites. These are the North America environmental office, Latin America environmental office, Europe environmental office, Japan/East Asia environmental office, China environmental office, and Pan Asia environmental office.

*1 The Europe environmental office supervises divisions/sites in the nations of Europe, Israel, Turkey, Russia, and former Soviet Union (except for Tajikistan, Turkmenistan, and Uzbekistan).
*2 The Japan/East Asia environmental office supervises divisions/sites in Japan, South Korea and the Taiwan Region.
*3 The China environmental office supervises divisions/sites in the mainland China and Hong Kong Region.
*4 The Pan Asia environmental office supervises divisions/sites in Mongolia and other Asia (except for divisions/sites supervised by the Europe environmental office, the Japan/East Asia environmental office, and the China environmental office), Africa, Middle East, Oceania, Tajikistan, Turkmenistan, and Uzbekistan.
Continual Improvement by Using the PDCA Cycle

In compliance with ISO 14001, the global standard for environmental management systems that is based on the rationale of the Plan-Do-Check-Act (PDCA) cycle, Sony's corporate headquarters conducts annual assessments of the environmental impact of the entire Sony Group and, after identifying risks and opportunities, incorporates its findings into mid-range environmental targets and annual plans. In line with these plans, individual business units and sites establish and implement their own annual plans, incorporating essential elements of guiding principles established by the headquarters. Progress on the implementation of these business plans is reviewed regularly by a committee that is headed by the officer in charge of environmental affairs, contributing to ongoing improvement efforts. Awards are given annually at the global level to recognize outstanding activities in core businesses. These activities are counted as part of overall annual performance evaluations for main business units and sites and the results of these assessments are reflected in the bonuses awarded to management-level employees. To gauge the progress of these environmental activities, Sony has developed an online data system for periodically collecting performance data, such as power consumption by products, energy used by sites, and volume of waste generated. To ensure the effective functioning of the PDCA cycle, Sony has created an environmental document structure in line with the requirements of ISO 14001. The structure covers overall elements of environmental management such as management procedures on site and in the business groups, internal environmental communications, and efforts to make products more environmentally conscious.

Another means by which the Sony Group facilitates environmental action is to provide broad environmental education for employees that is tailored to specific objectives or the type of work they perform.
Environmental Audits

Sony has established an integrated environmental audit system that combines three kinds of audits — internal, corporate and external — and aims to facilitate continual improvements to the Sony Group’s environmental management system, prevent environmental accidents at sites, and ensure the reliability of environmental data. In internal audits, business units and sites independently confirm the effectiveness of their own organization’s environmental management system. In corporate audits, headquarters or regional environmental offices conduct audits of business units and sites in order to verify compliance with corporate rules. In external audits, an external certification body conducts audits to determine the effectiveness of environmental management systems throughout the Sony Group.

Sony Group Environmental Audit System

- **Internal Audits**: Division operations assess the effectiveness of the environmental management system in each business unit and site.
- **Corporate Audits**: Headquarters and regional environmental offices audit business units and sites and confirm compliance with corporate rules.
- **External Audits**: An external certification body confirms the effectiveness of environmental management systems throughout the Sony Group.
Overview of Sony's Environmental Impact

Sony’s business activities affect the environment in various ways. This overview looks at Sony’s environmental footprint from the perspective of product life cycles.

Overview of Environmental Impact

The chart below shows Sony’s impact on the environment over the entire life cycle of its business activities, including energy and resources used in business activities, energy consumed by Sony products when used by customers, and the recycling and disposal of products after use. The chart shows the principal environmental impact during fiscal 2017 for items that Sony can recognize and manage directly.

For more information on calculation method, please refer to “Environmental Data Collection Methods and Rationale.”
Assessing Greenhouse Gas Emissions over the Entire Value Chain

The recent escalation of climate change issues has prompted corporations to broaden the scope of efforts to ascertain the greenhouse gas emissions not just of their own operations but also those throughout their entire value chain.\(^1\) Sony has determined emissions from its major component suppliers and manufacturing contractors. Furthermore, based on the level of emissions identified, Sony has estimated greenhouse gas emissions for its entire value chain.\(^2\) The amount of greenhouse gas emissions from Sony’s overall value chain in fiscal 2017 is estimated to be approximately 16.92 million tons. The largest volume of emissions, approximately 10.67 million tons, was from “energy consumed during product use.” The next-largest category was “goods and services procured,” which includes raw materials and components, at approximately 4.66 million tons. Sony plans to build its own system for identifying greenhouse gas emissions over the entire value chain and will work to enhance the accuracy of the system and strengthen management of emissions.

\(^1\) Value chain refers to the entire product life cycle process, from procurement of materials through to manufacturing, use and disposal. It includes upstream and downstream manufacturing processes.

\(^2\) Estimated greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol’s scope 3 accounting and reporting standard and guidelines published by Japan’s Ministry of the Environment.

> For more information, please refer to “Environmental Data.”
**Mid-Term Targets for the Development of Environmental Technologies**

Sony’s Green Management 2020 environmental mid-term targets, which extend through fiscal 2020, include the following targets for technology development (innovation). Under these targets, Sony is changing its business models and developing new businesses, in addition to developing environmental technologies.

**Green Management 2020 Targets for Technology Development (Innovation)**

| Climate Change, Resources, Chemical Substances | • Promote the development of environmental technologies, and contribute to the establishment of technologies that result in reducing the environmental impact  
• Promote the development of business models that contribute to reducing the environmental impact of the products and services provided in all fields |

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Developing the Environmental Technologies of the Future

Triporous™ Plant-Based Porous Carbon Material

Humankind is facing a major challenge with global environmental pollution due to industrialization, and therefore is creating a strong demand for technological solutions. Sony has responded by developing Triporous™, a new carbon material that can be used to enhance water and air quality, and help make improvements on several environmental issues. Triporous™ is made from rice husks and other raw biomass materials that contain silica (a component of glass), which are processed to give the material a unique, fine structure that easily absorbs substances that are otherwise difficult to absorb using existing technology. Triporous™ can be used to make filters that effectively remove pollutants such as high-molecular-weight organic molecules, viruses, and allergens from water and air. In 2014, Sony received The 21st Century Encouragement of Invention Prize from the Japan Institute of Invention and Innovation for developing Triporous™ technology. Japan alone generates more than two million tons of rice husk waste each year. Sony is currently developing technology and practical applications for Triporous™, to help recycle excess biomass (rice husks) and address global environmental pollution.

Synecoculture

Conventional agriculture largely focuses on increasing productivity from a single crop, by plowing top soil, spreading fertilizer, and applying pesticides based on the characteristics of the crop. These practices damage ecosystems and cause other environmental problems. Sony Computer Science Laboratories, Inc. (Sony CSL) is testing applications for synecoculture, a sustainable agricultural practice that balances productivity with the need to reduce environmental impact. Synecoculture eliminates the need for plowing, fertilizing, and pesticide use that impact the environment, by taking maximum advantage of the material cycling that occurs naturally in ecosystems, aiming to create rich ecosystems with a diverse mix of plants that coexist together and grow lushly. Synecoculture requires vast knowledge of plant ecology, and for several years Sony CSL has been conducting tests at a number of farms, cultivating a blend of plants in order to collect data on plant compatibility and soil conditions.

Sony CSL is also using IT to develop systems to support greater social ecological diversity including synecoculture.

> For more information, please refer to “Renewing agriculture to rebuild a broken environment Sony Computer Science Laboratories, Inc.” at the Stories website.
Open Energy Systems

Although renewable energy sources such as solar and wind power generation have been attracting much attention in recent years, there are significant issues to overcome before thinly dispersed renewable energy can be utilized effectively. Sony Computer Science Laboratories, Inc. (Sony CSL) is conducting research on “Open Energy Systems (OES),” a whole new type of bottom-up, distributed electric power system, which mainly uses renewable energy sources. From fiscal 2013 to 2016, Sony CSL collaborated with the Okinawa Institute of Science and Technology Graduate University (OIST) on a joint research project. The research was selected by the Okinawa Prefectural Government to be part of its subtropical and island energy infrastructure technology research subsidy program. Under the project, Sony CSL installed photovoltaic panels and energy storage systems at 19 faculty housing units in the OIST campus, and built a DC-based OES (DCOES) to interconnect the housing with DC power lines. The installation has been used to test automatic power exchange between the housing units since fiscal 2014. Since fiscal 2017, with support for energy infrastructure research that utilizes Okinawa Prefecture’s advanced technologies, Sony has been conducting joint empirical studies with OIST and other organizations to further develop the DCOES system.

> For more information, please refer to “Innovating ways to deliver electricity for everyone” at the Sony and the Environment website.

DCOES Powering 19 Residences in the OIST Faculty Housing Area

The electric power interchange system automatically compensates for imbalances between power generation and electricity consumption across residences, which are interconnected by DC power lines and communication lines.
Environmental Mid-Term Targets for Products and Services

Sony’s Green Management 2020 environmental mid-term targets, which extend through fiscal 2020, include the following targets for product/service planning and design. Under these targets, Sony is working to develop environmentally conscious products in the electronics business and to raise awareness of the environment through the entertainment business.

Green Management 2020 Targets for Product/Service Planning and Design

| Overall | • Employ environmental features in products  
|        | • Promote environmentally conscious design throughout the life cycle (during production, in use, at disposal, etc.)  
|        | • Raise awareness and inspire action on issues of sustainability from over 500 million people in the world through the entertainment business |
| Climate Change | • AC powered devices*: Reduce annual energy consumption by 30% (average reduction rate) (compared with FY2013)  
|        | • Mobile phones and tablets: Power consumption at no load condition and in battery maintenance mode: No more than 0.03 W  
|        | • DC powered devices**: Improve energy efficiency and charging efficiency |
| Resources | • Reduce amount of virgin oil-based plastics per product unit by 10% (average reduction rate) (compared with FY2013)  
|        | • Reduce and substitute key resources other than oil-based resources  
|        | • Aim to minimize resource inputs  
|        | • Promote design for recycling |
| Chemical Substances | Eliminate high-risk applications of “Controlled Substances*3” that are of high concern (polyvinyl chloride, brominated flame retardants, etc.) and use alternative substances |
|        | Apply Sony Mobile Critical Substance directive for all products sold by and marked with Sony Mobile Communication Inc. on the product and/or box. |
| Biodiversity | Promote the use of recycled paper and certified paper |

*1 AC powered devices refer to energy using products which operate the intended main function with energy input from the main electricity grid  
*2 DC powered devices refer to energy using products which operate the intended main function only with energy input from the battery  
*3 “Controlled Substances” is an abbreviation for “Environment-related Substances to be Controlled,” and it refers to substances contained in parts and devices that Sony considers to have significant environmental impact on both humans and the global environment.
Reducing Greenhouse Gas Emissions

Reducing Greenhouse Gas Emissions from Product Usage

Sony products consume electrical power while used by their owners, resulting in indirect emissions of CO₂. Sony has adopted the target of reducing annual energy consumption per product*1 from product use by 30% by fiscal 2020 compared to the fiscal 2013 level. To achieve this, Sony is working to incorporate energy-saving features in a wide range of product categories. In fiscal 2017, annual energy consumption per product was 50% lower than in fiscal 2013. Since setting the target, Sony has made great progress, especially in reducing the power consumption of flat screen televisions and game consoles. Total CO₂ emissions in product use over the lifetime of all products sold in fiscal 2017 were approximately 10.67 million tons, which was 3.8% lower than in fiscal 2016, mainly due to the decreased energy consumption of game consoles.*2

*1 Energy-using products which operate the intended main function with energy input from a commercial power supply
*2 In theory, emissions during product use in the current fiscal year should be calculated from the total quantity of electrical power consumed by previously sold Sony products that are still in use by consumers in the current fiscal year. However, given the difficulty of determining how many previously sold Sony products are still in use by consumers of the total number of Sony products sold to date, Sony uses the total quantity of electrical power consumed while in use over the lifetime of Sony products sold in the current fiscal year as an indicator for CO₂ emissions during use.

![Greenhouse Gas Emissions from Products Use](image)

Reducing Product Power Consumption

Sony sets specific fiscal year targets to reduce product energy consumption in every product category. To achieve these targets, Sony engages in ongoing technology development to improve energy efficiency, while continually studying products for potential improvements and implementing diverse measures to reduce energy consumption. Regulations governing energy efficiency of products, such as the Energy-related Products Directive (ErP) enacted in the European Union in 2010, are enforced in countries around the world, and Sony products are ready for compliance in every country before these regulations go into effect.

Examples of Environmental Activities on Products [link to “Sony and the Environment” website]

- Reducing the Power Consumption of PlayStation®
- Reducing the Power Consumption of Data Projectors
- Reducing the Power Consumption of Speakers with the Use of Magnetic Fluid
Conserving Resources

Reducing Resources Used in Products

Under its targets for minimizing resource inputs, Sony worked to reduce the average mass of products. In fiscal 2017, the total volume of resources used in products was approximately 578,000 tons,¹ which was up some 2% from fiscal 2016 due to increased sales in certain product categories and the impact of the shift to larger products.

¹ Total volume of resources used is the total weight of resources used in products, accessories, instruction manuals, and packaging materials. The weight of total products shipped is used to represent this value.

Using Fewer Resources in Products and Packages

Sony is working to make its products and packages even more lightweight and compact across a wide range of product categories in order to conserve resources.

Examples of Environmental Activities on Products

> Reducing the use of resources in the body of PlayStation®
> Reducing the use of resources in the body of Action Cam
> Reducing the use of resources in the packages for soundbars and home theater systems
> Packaging made with post-consumer recycled PET bottles
Digitization of Product Manuals

Sony is conserving resources by making documentation digitally available for downloading, while working to keep documents readily understandable as documentation volume grows in support more multi-functional products. As a result, customers can more readily view documentation on a variety of devices including PCs, tablets, and smartphones, while the amount of paper used to print documentation is being reduced. Fewer printed pages also mean less carbon emissions from printing and having to ship documentation with products.

Textless Quick Start Guides

As part of initiatives to conserve resources in documentation, Sony has adopted textless quick start guides for Sony Walkman®, headphone, and wireless speaker products sold in markets outside of Japan. These universal quick start guides, included with each product, use illustrations to guide consumers through setup and basic operation, replacing conventional multilingual documentation that used to be written in as many as nine languages. With textless quick start guides, consumers can directly comprehend the instructions without text, thereby reducing the waste generated by unneeded language documents. Since the introduction of the textless quick start guide for Sony Walkman®, headphone, and wireless speaker products in fiscal 2015, Sony has reduced approximately 140 tons of paper. Textless quick start guides also help to reduce the bulk and weight of product packaging. Sony received a Good Design Award 2015 in recognition of its fresh approach to using textless documentation.
Sony Financial Group – Going Paperless

The Sony Financial Group has been reducing the use of paper for contracts and transactions, both to conserve paper resources and reduce mailing, which produces carbon emissions. Sony Life Insurance Co., Ltd. has introduced a paperless application that enables customers to use an electronic signature to complete new contract application procedures as well as various post-contract procedures, such as changing contractual coverage, thereby realizing a reduction in paper usage. Sony Assurance Inc. enables customers to apply for automobile and medical insurance online, eliminating the printing and mailing of application forms. Customers who apply for automobile insurance online can also opt out of receiving a printed copy of their insurance policies, receiving a 500-yen discount off the price of their insurance for going paperless. Sony Bank Inc. encourages customers to switch to electronic delivery of investment trust transactional documents.

> For more information on paperless initiatives at Sony Life Insurance, please refer to “About Life Planner” at the Sony Life Insurance website. (only in Japanese)

> For more information on paperless initiatives at Sony Assurance, please refer to “Environmental Activity Report” at the Sony Assurance website. (only in Japanese)

> For more information on paperless initiatives at Sony Bank, please refer to “Environmental Conservation by Promoting Electronic Delivery” at the Sony Bank website. (only in Japanese)
Reducing Use of Virgin Plastics

Virgin Plastic Used Per Product

Sony has set a target of reducing virgin plastic used per product by 10% from the fiscal 2013 level, by fiscal 2020. To achieve this target, Sony has been working to incorporate recycled plastics into products while also reducing product size. In fiscal 2017, virgin plastic used per product was down 2.3% from the fiscal 2013 level. Since setting the target, Sony has expanded to use of recycled plastics especially in televisions, video players and camcorders and promoted reductions in the size and weight of game consoles to reduce the amount of virgin plastic used.

Incorporating Recycled Plastic

To reduce the consumption of virgin plastic, Sony has expanded the use of recycled plastics in a broad range of product categories by developing recycled plastics while elevating quality and reducing manufacturing costs. Sony recently developed a recycled plastic for audio products that actually improves sound quality while retaining a high percentage of recycled content. This recycled plastic was used in soundbars and home theater systems that were sold in 2016.

In fiscal 2017, the Sony Group used some 18,000 tons of recycled plastic*1 in its products. This amount consisted of approximately 66% recycled plastic content from scraps and other waste materials generated from manufacturing by the Sony Group and other companies, and approximately 34% post-consumer recycled plastic content from used products, containers, and other sources.

*1 Consumption of recycled plastic is based on the gross value including virgin plastic and additives that are mixed with recycled materials.

For more information on recycled plastic in audio products, please refer to “Recycling and better listening experience” at the Sony and the Environment website.

Examples of Environmental Activities on Products (link to “Sony and the Environment” website)

> Using recycled plastic in soundbars and home theater systems
> Action Cam manufactured with recycled plastics
**SORPLAS™, Sony’s Original Flame-Retardant Recycled Plastic**

In 2011, Sony began practical use of Sustainable Oriented Recycled Plastic (SORPLAS™), a flame-retardant recycled plastic made possible by a proprietary compounding technology that combines an original, non-halogen and non-phosphorus, flame retardant—itself produced using a Sony-developed process—and waste plastics (polycarbonate resin) from various sources in an optimal blend. Thanks to Sony’s novel flame-retardant, which makes it possible to impart flame-retardancy by the addition of a very small amount of less than 1% of total content, SORPLAS™ not only surpasses conventional flame-retardant plastics in terms of durability, flame-retardancy and recyclability, but also achieves an outstanding utilization rate of up to 99% waste plastics. The effective utilization of SORPLAS™ has been shown to reduce CO₂ emissions in product manufacturing by up to 80%.*1 Moreover, Sony’s versatile waste-plastic compounding technology makes it possible to tailor SORPLAS™ to the needs of a variety of products. Sony first used SORPLAS™ in its products in 2011 and has since incorporated it into a wide variety of Sony products. Then, in 2014, Sony commenced external sales. Sony will continue to make SORPLAS™ widely available also outside the group, promote resource recycling, and contribute to a society with a reduced environmental impact.

*1 In the case of SORPLAS™ in the BRAVIA™ LCD TV KDL-40EX52H. Based on Sonycalculations, assuming plastic manufacturing (including shipping)

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**Examples of Environmental Activities on Products** (link to “Sony and the Environment” website)

- Leading the development of recycled plastics

> For more information on external sales activities, please refer to “External Sales of SORPLAS™ Recycled Plastic.”
Management of Chemical Substances

Sony’s Proprietary Global Standards for the Management of Chemical Substances

Many of Sony’s electronics products contain between a few hundred and a few thousand parts that are made of a variety of chemical substances, some of which may be classified as hazardous and may harm the environment if they are not properly controlled prior to product disposal.

To prevent such environmental harm, some countries and regions have introduced laws and directives, such as the European Union’s Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive restricting certain chemical substances in products. In Japan, products that contain certain chemical substances are required to carry the J-Moss mark, while in China it is required to disclose information on chemical substances contained in products in line with the Management Methods on the Pollution Control of Electronic Information Products, often referred to as China RoHS.3

In light of the global nature of its markets and supply chains, Sony has established its own global standards for the management of chemical substances, titled “Management Regulations for the Environment-related Substances to be Controlled which are Included in Parts and Materials (SS-00259),”4 taking into account the related laws and regulations around the world and simultaneously the opinions of various stakeholders. In line with these standards, Sony ensures globally consistent management of chemical substances in parts and materials.

Complying with Regulations Governing Chemical Substances in Products

Sony has set up necessary procedures to ensure compliance with the EU’s REACH regulation requirements and revised RoHS Directive. In response to its obligation under REACH to provide information to customers, as well as to the CE marking requirement of the RoHS directive, Sony has adopted the chemSHERPA scheme based on IEC62474.5 This enables Sony to collect data on specified chemical substances in parts and materials purchased from suppliers for management in an internal database.

*1 Directive on the restriction of the use of certain hazardous substances in electric and electronic products (RoHS)
*2 J-Moss refers to Japanese Industrial Standards (JIS) for marking the presence of certain chemical substances in electrical and electronic equipment
*3 Management Methods on the Pollution Control of Electronic Information Products regulates the use of six substances, including lead and mercury, in electronic products and components sold in the Chinese market.
*4 Management Regulations for the Environment-related Substances to be Controlled which are Included in Parts and Materials (SS-00259) refers to Sony standards that are used for giving directions to suppliers on chemical substances for items procured by Sony.
*5 For more information, please refer to “Controlled Substances - SS-00259 for General Use -” at the Sony website.

1 REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is a regulation for managing chemical substances introduced in Europe, whereby companies are required, among others, register, apply for authorization, notify, restrict and communicate information on certain chemical substances.
2 chemSHERPA is a scheme that facilitates sharing information throughout an entire supply chain on chemical substances that may be used in products.
3 IEC62474 is a set of international standards regulating the procedures, content format and other aspects of reporting within the supply chain regarding the presence of chemical substances and certain materials in electrical and electronic goods.
Three Core Principles for Managing Chemical Substances in Products

To guide its efforts to manage chemical substances in products in compliance with Sony's own global standards for management of chemical substances, titled "Management Regulations for Environment-related Substances to be Controlled which are included in Parts and Materials" (SS-00259), Sony has established three core principles:

> For more information on Management Regulations for the Environment-related Substances to be Controlled which are Included in Parts and Materials (SS-00259), please refer to "Controlled Substances -SS-00259 for General Use- " at the Sony website.

Upstream management

In 2002, Sony established the Green Partner Environmental Quality Approval Program, which outlines Sony's Green Partner Standards for chemical substance management. Sony audits suppliers based on these standards. Sony purchases electronic parts only from suppliers who have passed this audit and have been certified as Green Partners. Sony also applies the Green Partner Environmental Quality Approval Program to manufacturing partners. To further enhance the efficiency of the system to manage chemical substances, in autumn 2003 Sony introduced the Green Book, a raw materials database, which was made available to Sony’s direct suppliers via its electronic supplier portal. In the Green Book, Sony has registered only those materials that it has measured and confirmed compliance with the SS-00259 standards for Sony’s designated raw materials such as recycled plastics and wires, and also for molding resins, paints, inks, and other materials that are commonly used by multiple first tier suppliers. To assist REACH compliance, Sony has started to collect information on raw materials listed in Green Book data on the content of certain chemical substances and makes this data available to its suppliers and contract manufacturers.

Management in Quality Control/Quality Assurance processes

New parts and materials are tested to ensure conformity with SS-00259 standards in addition to compliance with conventional quality control standards. Data on the content of certain chemical substances collected from suppliers are thoroughly evaluated for this purpose. By implementing these strict management procedures worldwide, incompliant products are prevented from entering the market.
Utilization of chemical analysis

To prevent prohibited substances from accidentally entering products, Sony requires suppliers to conduct ICP analysis on the specific parts and materials. For some high-risk substances Sony has also implemented internal control systems that involve using, for example, X-ray fluorescence (XRF) and other measurement devices, to Sony sites worldwide, to help confirm that prohibited substances are kept out of products.

Substance Management in Xperia™ Smartphones and Tablets

Sony Mobile Communications Inc. (SOMC) is promoting efforts to manage chemical substances in its Xperia™ Smartphones and tablets. Starting in 2002, SOMC was known as one of the first companies in the industry to phase-out brominated flame retardants (BFRs) in mobile phone (circuit boards, cables and casings). Since then SOMC has continued the journey and phased out BFRs in all parts, and also phased out chlorinated flame retardants (CFRs), polyvinyl chloride (PVC), as well as phthalates, beryllium, and antimony trioxide in plastic and resin. Going forward, SOMC will continue phasing out all brominated and chlorinated compounds as well as antimony.

> For more information on the management of chemical substances for Xperia™, please refer to “Sustainability/Substance control” at the Sony Mobile Communications website.

> For more information on SOMC critical substances, please refer to “Sony Mobile Critical Substance List” at the Sony Mobile Communications website.
Information on Color IQ™ Incorporated in Some Television Models

Some of the televisions sold by Sony employ Color IQ™, a light-emitting semiconductor technology developed by QD Vision, Inc. of the US. Combining QD Vision’s Color IQ™ optical components with Sony’s proprietary display technologies greatly expands the color gamut for display devices and makes it possible to provide a visual experience characterized by more natural, richer colors. The Color IQ™ component contains a very small quantity of cadmium. This cadmium is fixed within a hardened resin which is sealed in glass inside the television. Customers can therefore enjoy high image quality without being exposed to cadmium.

Color IQ™ televisions comply with all applicable environmental laws and regulations in countries and regions where Sony sells them. Sony provides its consumers, authorized repair workshops, and recycling companies with information relating to the Color IQ™ component in order to enable proper collection, handling, recycling, and disposal of the component upon repair or disposal of the televisions, in accordance with applicable local environmental laws and regulations.

* “Color IQ™” and the “Color IQ™” logo are trademarks of QD Vision, Inc.

> For more information, please refer to “Information on Color IQ™ Incorporated in Some Television Models” at the Sony website.

Management of Chemical Substances in Packaging Materials

Sony also takes precautions to increase the safety of its packaging materials and ensure that hazardous substances, including heavy metals, are not mixed into packaging materials by managing materials in line with its proprietary “Management Regulations for Environment-related Substances to be Controlled which are included in Parts and Materials” (SS-00259). The packaging section of SS-00259 is based on, among others, EU directives on packaging and packaging waste.
Reduction and Replacement of Chemical Substances of Very High Concern

Sony defines "Environment-related Substances to be Controlled" (hereafter "Controlled Substances") as certain chemicals that it has determined to have significant impact on both humans and the global environment, including substances that may not be controlled by laws. (Please refer to the list "Controlled Substances Defined by Sony.") Sony either prohibits the use of these substances in parts or phases them out wherever a viable alternative that meets all product quality and technical requirements is available. In its Green Management 2020 mid-term management targets, Sony specifies high-risk applications from collected application- and content-related information, considering the hazardous nature and extent of exposure (volume) as risk factors, and plans to prohibit the "Controlled Substances" in the specified use.

"Controlled Substances" Defined by Sony

- Bis (2-ethylhexyl) phthalate (DEHP)
- Dibutyl phthalate (DBP)
- Benzyl butyl phthalate (BBP)
- Diisobutyl phthalate (DIBP)
- Cadmium and cadmium compounds
- Lead and lead compounds
- Mercury and mercury compounds
- Chromium (IV) compounds
- Polybrominated biphenyls (PBBs)
- Polybrominated diphenylethers (PBDEs)
- Hexabromocyclododecane (HBCDD) and all major diastereoisomers identified
- Polychlorinated biphenyls (PCBs) and specific substitutes
- Polychlorinated naphthalenes (PCNs)
- Polychlorinated terphenyls (PCTs)
- Alkanes, C10-13, chloro (Short Chain Chlorinated Paraffins) (SCCP)
- Tris(2-chloroethyl)phosphate (TCEP)
- Tris(1-chloro-2-propyl)phosphate (TCP)
- Tris(1,3-dichloro-2-propyl)phosphate (TDCPP)
- Fluorinated greenhouse gases (PFC, SF6, HFC)
- Ozone depleting substances (ODS) (CFC, Halon, Carbon tetrachloride, 1,1,1-Trichloroethane)
- Ozone depleting substances (ODS) (HCFCs)
- Perfluorooctane sulfonates (PFOS)
- Perfluorooctanoic acid (PFOA) and individual salts and esters of PFOA
- Tri-substituted organostannic compounds
- Dibutyltin (DBT) compounds
- Diocytlin (DOT) compounds
- Beryllium oxide
- Cobalt dichloride
- Diarsenic trioxide
- Diarsenic pentoxide
- Nickel
- Diisononyl phthalate (DINP)
- Di-isodecyl phthalate (DIDP)
- Di-n-Octyl phthalate (DNOP)
- Asbestos
- Formaldehyde
- Azocoulorants and azodyes which form certain aromatic amines
- Benzenamine, N-phenyl-, reaction products with styrene and 2,4,4-trimethylpentene (BNST)
- 2-benzotriazol-2-yl-4,6-di-tert-butylphenol (UV-320)
- Dimethyl fumarate (DMF)
- Polycyclic aromatic hydrocarbons (PAH)
- Brominated flame retardants (BFR)
- Chlorinated flame retardants (CFR)
- Di-n-hexyl phthalate (DnHP)
- Perchlorates
- Radioactive substances
- Substances in candidate list for authorization of EU REACH regulation
- Polyvinyl chlorides (PVCs) and PVC compounds

Note:
Control level varies depending on application.
Polyvinyl Chloride (PVC)

Improper disposal of PVCs poses a risk of generating hazardous substances. For example, Sony is concerned about the possibility that its small electronic products, in particular, could be collected to obtain valuable materials, and then the unwanted parts could be improperly incinerated and disposed of in landfills, thus causing adverse environmental impacts. In addition, there are also concerns about the environmental and health impact of some of the substances used as plasticizers and stabilizers in PVCs. Although PVCs are not currently regulated by any laws that apply to chemical substances used in electronic products, Sony works to reduce PVC content in individual components.

As a result, Sony does not use PVCs in product packaging materials (with the exception of some packing materials for devices, semiconductors, batteries, and similar items) or in sheets/laminates used for product housings, contactless IC cards, and carrying bags/cases for products (excluding those for professional use). Sony has also successfully replaced PVCs by substitute materials for internal components that are difficult to remove prior to recycling, such as flexible flat cables, insulation plates, and heat-shrink tubes (excluding those for batteries). Also, Sony is working to end the use of PVCs in the housings and internal wiring of small electronic devices (the adoption of alternatives is subject to the ability to resolve issues relating to quality, technology, and supply).

As of the end of July 2018, Sony has replaced PVCs in new products and new models in the following products with alternative substances.

<table>
<thead>
<tr>
<th>PVC-Free Product Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xperia™ Smartphone</td>
</tr>
<tr>
<td>Xperia™ Tablet</td>
</tr>
<tr>
<td>MP3 players WALKMAN®</td>
</tr>
<tr>
<td>IC recorder/ Portable Radio Recorder</td>
</tr>
<tr>
<td>Video Camera Handycam®</td>
</tr>
<tr>
<td>Video Camera Action Cam</td>
</tr>
<tr>
<td>Digital Still Camera Cyber-shot™</td>
</tr>
<tr>
<td>Interchangeable lens digital camera α™</td>
</tr>
<tr>
<td>PlayStation®Vita</td>
</tr>
<tr>
<td>Portable DVD Player</td>
</tr>
<tr>
<td>Portable Blu-ray Disc™/DVD Player</td>
</tr>
<tr>
<td>Memory Stick™</td>
</tr>
<tr>
<td>SxS™ memory card</td>
</tr>
</tbody>
</table>

*1 PVCs have been eliminated from all plastic components in Xperia™ smartphones and tablets, and from the casings and internal wiring (excluding accessories) in products other than Xperia™ smartphones and tablets.

*2 For the names of models in each of the product categories listed above, please refer to "Examples of Polyvinyl Chloride (PVC)-Free Products and Brominated Flame Retardant (BFR)-Free Products."
Brominated Flame Retardants (BFRs)

Some BFRs are harmful to human health and tend to remain in the environment and accumulate in living organisms. As is the case with PVC, improper incineration of BFRs carries a risk of releasing harmful substances into the environment.

Sony has banned the use of components and materials containing any of three specified BFRs – polybrominated diphenyl ethers, polybrominated biphenyls, or hexabromocyclododecanes – and is working to phase out BFRs (the adoption of which is subject to the resolution of issues relating to quality, technology, and supply). Sony has also developed an environmentally sound, bromine-free flame retardant for the manufacture of a polycarbonate plastic flame retardant that is used in such products as the LCD TV Bravia™ XBR-65X900F flat screen TV and the Cyber-Shot™ DSC-HX400V digital camera.

As of the end of July 2018, Sony has replaced BFRs in new products and new models in the following products with alternative substances.

<table>
<thead>
<tr>
<th>BFR-Free Product Categories*1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xperia™ Smartphone</td>
</tr>
<tr>
<td>Xperia™ Tablet</td>
</tr>
<tr>
<td>MP3 players WALKMAN®</td>
</tr>
<tr>
<td>IC recorder / Memory Card Recorder / Portable Radio Recorder / Linear PCM Recorder</td>
</tr>
<tr>
<td>Video Camera Handycam®</td>
</tr>
<tr>
<td>Video Camera Action Cam</td>
</tr>
<tr>
<td>Digital Still Camera Cyber-shot™</td>
</tr>
<tr>
<td>Interchangeable lens digital camera α™</td>
</tr>
<tr>
<td>PlayStation®Vita</td>
</tr>
<tr>
<td>Portable DVD Player</td>
</tr>
<tr>
<td>Portable Blu-ray Disc™/DVD Player</td>
</tr>
<tr>
<td>Memory Stick™</td>
</tr>
<tr>
<td>SxS™ memory card</td>
</tr>
</tbody>
</table>

*1 BFRs have been eliminated from all plastic components in Xperia™ smartphones and tablets, and from the casings and main PWBs (excluding accessories) in products other than Xperia™ smartphones and tablets.

> For the names of models in each of the product categories listed above, please refer to “Examples of Polyvinyl Chloride (PVC) Free Products and Brominated Flame Retardant (BFR) Free Products.”

Sony has banned the use of tris (2-chloroethyl) phosphate, a chlorinated flame retardant identified as carrying risks similar to those associated with brominated flame retardants, as well as phosphoric acid tris (2-chloro-1-methylethyl) ester (TCP) and tris (1,3-dichloro-2-propyl) phosphate (TDCPP).
Phthalates

Sony is working to eliminate specific phthalates (phthalic esters), which are used as plasticizers in PVC, among other substances. Among these specific phthalates, for example, Sony has succeeded in eliminating the phthalates DEHP, DBP, BBP, DIDP, DNOP and DINP*1 from Xperia™ smartphones.

*1 DEHP stands for bis(2-ethylhexyl) phthalate and di(2-ethylhexyl) phthalate; DBPs for dibutyl phthalate and di-n-butyl phthalate; BBPs for benzyl butyl phthalate and butyl benzyl phthalate; DIDP for diisodecyl phthalate; DNOP for di-n-octyl phthalate; and DINP for diisononyl phthalate.

Beryllium Compounds

Sony has designated beryllium oxide as "Controlled Substances" since 2007 and is working to eliminate these substances. No beryllium oxide is used in any of its products. Sony has also succeeded in eliminating beryllium compounds from Xperia™ smartphones.

Arsenic Compounds

In accordance with the 13th edition of the SS-00259, released in 2014, Sony has banned the use of LCD panels containing diarsenic trioxide and diarsenic pentoxide.
Creating Environmentally Conscious Products

Promoting Environmentally Conscious Design

The Sony Group’s mid-term targets include targets for products, which involve the reduction of annual power consumption, the promotion of resource conservation and the management of chemical substances. Business units identify the environmental impact throughout the lifecycle of target product categories and formulate their targets based on the category’s specific characteristics. Then, they execute environmentally conscious design by setting environmental mid-term targets for each product. They review progress against their environmental mid-term targets for each product, and report results to the department in charge of environmental functions at headquarters. In turn, this department evaluates the targets and progress of each business unit, using these evaluations as the basis for its review of the Sony Group’s progress on achieving its environmental mid-term targets. Based on the results of this review, Sony determines areas of focus and revises targets for the subsequent fiscal year. This method enables Sony to execute ongoing environmentally conscious processes for each business unit and product, which in turn ensure the development of environmentally conscious products.
Designing Recyclability into Products

One initiative Sony is taking to ensure that its products are environmentally responsible involves designing them with recyclability in mind. This means, for example, reducing the number of screws, and labeling the material type of plastic used in parts to make it easier to extract resources from used products during recycling. For example, Sony has issued Environmental Design Standards and Guidelines for TVs, which are used when planning and designing new products. These design standards and guidelines reflect the trends in regulations inside and outside of Japan as well as Sony’s mid-term environmental targets. Additionally, Sony conducts an annual review and revision of these guidelines based on industry trends and the latest recycling information, which is gathered via regular sharing of information and opinions with the Green Cycle Corporation, a Sony Group company engaged in the recycling business.

<table>
<thead>
<tr>
<th>Designing environmentally conscious products: Key considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Observe relevant laws in individual countries</strong></td>
</tr>
<tr>
<td><strong>Reduction of energy consumption</strong></td>
</tr>
<tr>
<td>- Aim for zero energy use by products when in standby mode</td>
</tr>
<tr>
<td>- Reduce power use in all modes</td>
</tr>
<tr>
<td>- Enhance the efficiency of AC adapters</td>
</tr>
<tr>
<td>- Incorporate energy-saving features in products</td>
</tr>
<tr>
<td><strong>Resource conservation</strong></td>
</tr>
<tr>
<td>- Reduce materials and number of parts used</td>
</tr>
<tr>
<td>- Use recyclable materials</td>
</tr>
<tr>
<td>- Extend product life</td>
</tr>
<tr>
<td><strong>Management of chemical substances</strong></td>
</tr>
<tr>
<td>- Respond to technical standard for management of controlled substances</td>
</tr>
<tr>
<td><strong>Other</strong></td>
</tr>
<tr>
<td>- LCAS® assess products’ environmental impact over their entire life cycle</td>
</tr>
<tr>
<td>- Disclose pertinent information</td>
</tr>
</tbody>
</table>

*LCAS® is an acronym for life cycle assessment.*

The sliding lock structure reduces the number of screws in some BRAVIA™ LCD televisions launched in 2018.
Utilizing Life Cycle Assessments (LCA)

Product life cycle assessments (LCAs) are a means of identifying and quantifying the environmental impact of products at all stages of their life cycles, which include the manufacture of materials and parts used in products, the assembly and transport of products, product use and standby mode, and end of life (i.e., disposal and recycling). LCAs of major products help us to clarify priorities for product improvement for all product categories and reduce the environmental impact of Sony products.

As shown in the chart titled "Breakdown of CO2 Emissions Over the Life Cycle of Signature Sony Products," we see that the life cycle stages responsible for generating a large portion of a product's CO2 emissions differ depending on the product category. For example, for product categories such as LCD televisions, and Blu-ray Disc™/DVD players, emissions during product use account for a large proportion of total emissions. For this reason, reducing the power consumption of these products during use is particularly important. Conversely, among product categories such as smartphones and digital video cameras, a large portion of CO2 emissions occur at the manufacturing stage and in the production of materials and parts, rather than during use. For these products, such measures as reducing the parts count are crucial in lowering life cycle CO2 emissions. LCA results are reflected in mid-term environmental targets and incorporated into product design.

### Breakdown of CO2 Emissions Over the Life Cycle of Signature Sony Products

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Production</th>
<th>Transport</th>
<th>Use</th>
<th>Disposal / Recycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAVIA® LCD televisions</td>
<td>20%</td>
<td>30%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Blu-ray Disc™ / DVD players</td>
<td>10%</td>
<td>15%</td>
<td>60%</td>
<td>20%</td>
</tr>
<tr>
<td>Security cameras</td>
<td>5%</td>
<td>20%</td>
<td>70%</td>
<td>5%</td>
</tr>
<tr>
<td>Sony Xperia™ Smartphone</td>
<td>20%</td>
<td>30%</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>Handycam® video cameras</td>
<td>10%</td>
<td>10%</td>
<td>70%</td>
<td>10%</td>
</tr>
<tr>
<td>Cyber-shot™ digital still cameras</td>
<td>20%</td>
<td>20%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>WALKMAN® memory-type portable audio players</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Sony calculated the emissions based on the following assumptions:
- Production transportation: 500 kilometers by truck in Japan; by ship or by air for international transport
- Years of use: WALKMAN® memory-type portable audio players: 3 years; Cyber-shot™ compact digital cameras: 2.7 years; Handycam® digital camcorders: 2.4 years; Sony Xperia™ smartphones: 4 years; Security cameras: 7 years; Blu-ray Disc™ / DVD players: 7 years; BRAVIA® LCD television: 10 years

Notes:
- This chart shows the proportion of CO2 emissions at each stage of the life cycle. It does not indicate the degree of environmental impact of these products.
- The assumptions (usage assumptions, shipping distance, mode of shipping, manufacturing site assumptions, etc.) used for calculation of CO2 emissions differ among products.

Examples of Environmental Features in Sony Products

Sony is working on environmentally conscious and recycling-friendly designs and is improving environmental performance in terms of energy and resource conservation in a wide range of product categories. Signature products for these efforts are introduced on the "Sony and the Environment" website.
Environmentally and Socially Beneficial Products and Services

Digital Cinema Systems

Sony developed the HDW-F900, the world’s first digital video camera for cinema production, back in the year 2000. Then, in 2007, Sony released 4K digital cinema projection systems featuring Sony SXRD projectors. These products helped usher in the era of energy- and resource-saving digital cinema, replacing traditional film, which uses water and chemicals for film manufacturing and processing. In addition to conserving resources, digital film distribution to theaters is simplified using hard disks, which is much more efficient than transporting cases of traditional film. In 2013, Sony released the PMW-F55 CineAlta 4K camera, which supports 4K capturing in a compact package that consumes even less power.

Video Conferencing Systems

Corporate meetings that require employees to travel from other locations generate CO2 emissions. The more meetings are held, the more transportation-driven emissions there are. To address this, Sony supplies video conferencing systems to help reduce CO2 emissions associated with employee travel. Sony is improving various aspects of the video conferencing experience, including image and audio quality, while increasing the number of locations that can join a single conference. The goal is to deliver a realistic conferencing experience that enables corporations to adopt video conferencing and reduce employee travel.
Digital Paper

Sony has been offering Digital Paper devices since 2013, featuring displays that use original Sony technology to render fine text so that it appears as sharp and readable as printed text. These devices ship with a stylus that enables users to take notes just as easily and smoothly as when using real paper. Major paper users such as universities, offices and hospitals are adopting this digital paper technology to go paperless and conserve resources.

External Sales of SORPLAS™ Recycled Plastic

Sony commenced external sales of its proprietary Sustainable Oriented Recycled Plastic (SORPLAS™) in 2014. SORPLAS™ is a flame retardant recycled plastic that offers excellent heat resistance, durability, and recyclability. It contains up to 99% recycled materials. SORPLAS™ was first used in Sony products in 2011 and has since been incorporated into a wide variety of Sony products. By now offering SORPLAS™ to other companies, Sony aims to promote the recycling of resources and help reduce the environmental impact of society as a whole. Many companies are interested in using SORPLAS™. It is already being used in a wide variety of products, including televisions, smartphones, lighting fixtures, and office supplies.

> For more information on SORPLAS™, please refer to “Leading the development of recycled plastics” at the “Sony and the Environment” website.

> News Release: Sony commences external sales of SORPLAS™ flame retardant recycled plastic material that achieves high durability and heat resistance, and comprises up to 99% recycled content
**FeliCa™ IC Card Passenger Ticketing Systems**

Sony's smart card passenger ticketing system, based on FeliCa™ contactless IC card technology, is helping to alleviate air pollution in Bangladesh. The city is facing serious air pollution issues due to increasing traffic congestion. The national bus company decided to adopt a FeliCa™ smart card passenger ticketing system in order to encourage the residents of Bangladesh to use municipal buses. The FeliCa™-based system has made it easier for users to get on and off buses. This added convenience has attracted more riders, which is in turn helping to alleviate traffic congestion.

**Supporting Environmental Projects Using Drones**

The Sony Group company, Aerosense Inc., supplies industrial solutions integrating drone technology with cloud services. The company supports local governments and corporations with their environmental projects and operations. In Minamisoma-shi in Fukushima Prefecture, where decontamination work is being done on radioactive substances released into the environment when the Fukushima Daiichi Nuclear Power Plant was damaged in the Great East Japan Earthquake, since May 2016, Aerosense drones have been regularly monitoring a temporary storage facility that holds removed decontaminated substances. The drones inspect for ageing and/or deterioration of the outer surface of the sheet covering these substances at the facility. Since September 2016, Aerosense has also been involved in a project tackling pine wilt disease in protected coastal forests, which is a serious problem across Japan. The Aerosense drones use their cameras to identify damaged trees precisely. This technology is helping to establish new methods of maintaining and managing protected coastal forests.
Reducing Environmental Impact at Suppliers and Outsourcing Contractors

Environmental Mid-Term Targets for Procurement / Outsourced Operation

Sony’s Green Management 2020 environmental mid-term targets, which extend through fiscal 2020, include the following targets for raw materials and component procurement and for contract manufacturers. Under these goals, Sony is working even more closely with component suppliers and contract manufacturers to reduce environmental impacts throughout the lifecycle of its products and services.

Green Management 2020 Targets for Raw Materials and Component Procurement

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change</strong></td>
<td>Request suppliers dealing in component categories that create high environmental impact and/or suppliers involved in large business transactions to monitor greenhouse gas emissions, establish their own targets and implement reduction measures</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td>Request suppliers dealing in component categories that create high environmental impact and/or suppliers involved in large business transactions to monitor water consumption, establish their own targets and implement reduction measures</td>
</tr>
</tbody>
</table>
| **Chemical Substances**       | • Request suppliers to respond to Sony’s unified standard that takes into account laws around the world restricting and banning chemical substances used, for raw materials, components and products supplied to Sony  
                                • Request suppliers to ban from manufacturing processes the use of substances restricted in an international framework that Sony has specified |
<p>| <strong>Biodiversity</strong>              | Request that consideration be given to biodiversity                     |</p>
<table>
<thead>
<tr>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>About the Sustainability Report</td>
</tr>
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<td>Message from the CEO</td>
</tr>
<tr>
<td>Approach to Sustainability</td>
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<tr>
<td>Technological Innovation and Social Value</td>
</tr>
<tr>
<td>Innovation</td>
</tr>
<tr>
<td>Corporate Governance</td>
</tr>
<tr>
<td>Ethics and Compliance</td>
</tr>
<tr>
<td>Respect for Human Rights</td>
</tr>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>Responsible Supply Chain</td>
</tr>
<tr>
<td>Quality and Services</td>
</tr>
<tr>
<td>Environment</td>
</tr>
<tr>
<td>Community Engagement</td>
</tr>
</tbody>
</table>

### Green Management 2020 Targets for Outsourced Operation

<table>
<thead>
<tr>
<th>Climate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Request manufacturing outsourcing contractors with large business transactions to monitor greenhouse gas emissions and reduce greenhouse gas intensity by 1% per year</td>
</tr>
<tr>
<td>- Request contractors with large business transactions to continually use renewable energy</td>
</tr>
<tr>
<td>- Prioritize the use of energy-efficient data center</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Request manufacturing outsourcing contractors with large business transactions to monitor volume of water use and reduce water use intensity by 1% per year</td>
</tr>
<tr>
<td>- Request manufacturing outsourcing contractors with large business transactions to monitor and reduce volume of waste generation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chemical Substances</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Request manufacturing outsourcing contractors to respond to Sony’s unified standard that takes into account laws around the world restricting and banning chemical substances used, for products and partially-finished products supplied to Sony</td>
</tr>
<tr>
<td>- Request manufacturing outsourcing contractors to ban from manufacturing processes the use of substances restricted at an international framework that Sony has specified</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Biodiversity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encourage manufacturing outsourcing contractors the environmental contribution activities (including conservation activities at Sony’s sites) respecting the needs of local communities</td>
</tr>
</tbody>
</table>

> For more information on GHG emissions over the entire value chain, please refer to "Assessing Greenhouse Gas Emissions over the Entire Value Chain."

> For more information on the management of chemical substances of products, please refer to "Three Core Principles for Managing Chemical Substances in Products."

### Working with Component Suppliers and Manufacturing Outsourcing Contractors to Reduce the Impact on the Environment

As part of its efforts to reduce environmental impact across the supply chain, Sony has been working with key component suppliers and manufacturing outsourcing contractors since fiscal 2016 to reduce their environmental footprint. For example, Sony has asked its manufacturing outsourcing contractors to reduce their greenhouse gas emissions and reduce water use intensity by 1% per year, while asking component suppliers to set voluntary reduction targets. Sony also collects data on greenhouse gas emissions and water consumption relating to the manufacturing and shipping of products and components delivered to Sony.

### Prioritizing Energy-Efficient Data Centers

Sony offers a wide variety of network services including gaming, Internet, and streaming services for movies and music. These services rely on data centers with facilities and components for transmitting large volumes of data to ensure seamless services for users. The amount of electricity consumed by data center equipment and facilities is increasing with the growth of network businesses. Sony’s environmental mid-term targets include the target of prioritizing the use of energy-efficient data centers. Sony has been working on this by developing guidelines in fiscal 2016 that were put into effect in fiscal 2017.
Promoting Green Purchasing

Having set internal standards for green purchasing, Sony makes a conscious effort to choose nonproduction materials when procuring printing paper, stationery and OA equipment, among others. Sony employs the same parameters when purchasing finished products, and is mindful when deciding purchasing volume to consider volumes used and inventory levels. In Japan, Sony chooses from among recommended products, giving consideration to environmental impact at all stages of a product’s life, from resource extraction through to production, distribution, use and disposal. Information on recommended products is included in Sony’s purchasing system of nonproduction goods, making it possible for individuals in charge of purchasing decisions to give priority to environmentally conscious products.
# Environmental Mid-Term Targets for Operations

Sony's Green Management 2020 environmental mid-term targets, which extend through fiscal 2020, include the following targets for operations at sites. Under these targets, Sony works to reduce environmental impact by taking energy-saving measures at its manufacturing sites and offices.

## Green Management 2020 Targets for Internal Operations

<table>
<thead>
<tr>
<th>Category</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change</strong></td>
<td>- Reduce absolute GHG emissions from Sony’s sites by 5% (compared with FY2015)</td>
</tr>
<tr>
<td></td>
<td>- Use renewable energy equivalent to 300,000 CO₂-tons</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td>- Reduce absolute waste generated by 5% (compared with FY2015)</td>
</tr>
<tr>
<td></td>
<td>- Landfilled waste rate under 1% (excluding waste that Sony cannot control)</td>
</tr>
<tr>
<td></td>
<td>- Reduce absolute usage of water by 5% (compared with FY2015)</td>
</tr>
<tr>
<td><strong>Chemical Substances</strong></td>
<td>Take actions for classes 1-4. Detailed groups of chemical substances are defined separately.</td>
</tr>
<tr>
<td></td>
<td><strong>Class 1 substances</strong>: Prohibit use</td>
</tr>
<tr>
<td></td>
<td><strong>Class 2 substances</strong>: Prohibit use (Exemptions granted for certain applications)</td>
</tr>
<tr>
<td></td>
<td><strong>Class 3 substances</strong>: Reduce the amounts released and transferred</td>
</tr>
<tr>
<td></td>
<td>&gt; Reduce the amount of VOCs released to the air by 50% from FY2000 level</td>
</tr>
<tr>
<td></td>
<td><strong>Class 4 substances</strong>: Comply with the relevant laws and regulations and use under appropriate control</td>
</tr>
<tr>
<td><strong>Biodiversity</strong></td>
<td>- Implement environmental contribution activities (including conservation activities at Sony’s sites) respecting the needs of local communities</td>
</tr>
</tbody>
</table>
Reducing Greenhouse Gas Emissions

Greenhouse Gas Emissions at Sony Sites

Under the Green Management 2020 mid-term environmental targets, Sony is working to achieve an absolute reduction in greenhouse gas emissions of 5% from the fiscal 2015 level by fiscal 2020. Main efforts toward this end included striving to reduce greenhouse gases such as CO₂ related to energy consumption and cutting emissions of perfluorocarbons (PFCs) and other gases. In fiscal 2017, Sony’s emissions of greenhouse gases (calculated in terms of CO₂) totaled approximately 1.42 million tons. This represents an approximately 2% up from the fiscal 2016 level. Greenhouse gas emissions per unit of consolidated net sales, or emissions intensity, were 0.14 tons of CO₂/million yen in Japan and 0.03 tons of CO₂/million yen outside Japan.

**CO₂ Emissions from Energy Use at Sites**

In fiscal 2017, emissions of CO₂ from energy use at Sony sites*1 accounted for approximately 1.31 million out of the approximately 1.42 million tons of total emissions at Sony, up by about 67,000 tons from fiscal 2016. CO₂ emissions resulting from the use of energy at sites in Japan amounted to approximately 1.06 million tons, an increase of approximately 86,000 tons from fiscal 2016. The main increase was attributable to an increase in device production volumes. CO₂ emissions resulting from energy use at Sony sites include emissions from fuel used by Sony-owned business vehicles. In fiscal 2017, CO₂ emissions resulting from fuel used in vehicles amounted to approximately 22,000 tons.

Going forward, Sony will take efforts to restrict greenhouse gas emissions through infrastructure-related measures, including the installation of high-efficiency equipment and the promotion of energy recycling, and to enhance nonstructural measures, notably the introduction of training programs designed to foster energy-saving leaders.

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*1 Emissions of CO₂ from energy use at Sony sites include CO₂ emissions from fuel use of business vehicles owned by Sony.
Emissions of PFCs and Other Greenhouse Gases

PFCs and other greenhouse gases with high global warming potential are used in cleaning and etching processes in the manufacture of semiconductors. Emissions of PFCs and other greenhouse gases in fiscal 2017 (calculated in terms of CO2) totaled approximately 100,000 tons, down about 27,000 tons from fiscal 2016. The main decrease was attributable to introduction of gas abatement equipment and other reduction initiatives. Sony is taking further steps to reduce emissions, including installing gas abatement equipment.

Promoting Efficient Energy Use

To achieve its fiscal 2020 reduction targets, Sony is working on various energy conservation activities at its sites around the world. A sample of these initiatives follows.

Energy-Efficient Air Conditioning System

Sony Device Technology (Thailand) Co., Ltd. rebuilt its clean rooms used for semiconductor manufacturing to incorporate energy-efficient air conditioning (AC) systems. The systems use the warm air that rises from heat-producing machinery to carry dust particles away from clean room work surfaces. The warm air is circulated through the ceiling to supply fresh air, keeping work surfaces clean with less air flow than a conventional AC system. The new systems reduce CO2 emissions by roughly 67%, saving approximately 2,700 tons of emissions annually compared to a conventional system. The energy-efficient AC systems are also being deployed in the manufacturing lines of Sony Technology (Thailand) Co., Ltd., which is projected to save approximately 560 tons of CO2 emissions annually compared to a conventional AC system.

Using Waste Heat from Air Conditioners in Semiconductor Cleanroom Facilities

Sony Semiconductor Manufacturing Corporation’s Nagasaki Technology Center is working to improve air conditioning systems with the goal of conserving energy in cleanroom facilities used to manufacture semiconductors. Previous systems consumed a great deal of energy blowing clean air into cleanrooms and cooling down waste heat generated by the rooms’ production equipment. Focusing on waste heat generated by this equipment, the center installed waste heat recovery equipment and a two-fluid humidification system to effectively use waste heat to power air conditioning equipment. By releasing mist to humidify and cool the room and facilitate transpiration that traps heat from the surrounding environment, two-fluid humidification establishes a system that is remarkably easy to control to ensure a stable air condition. Cleanroom facilities where semiconductors are manufactured must meet rigorous criteria, including precise humidity levels and temperatures. Utilizing two fluids, this humidification system not only meets these conditions, but also saves energy. The Nagasaki Technology Center capitalizes on the synergistic effect between the two-fluid humidification system and the use of recovered waste heat, which had previously been lost as surplus energy, to significantly reduce energy consumption in its

> For more information, please refer to “Helping to reduce our plant’s footprint” at the “Sony and the Environment” website.
cleanroom facilities. This initiative has become the new model for maintaining cleanroom humidity/temperature in the manufacture of semiconductors by Sony.

The two-fluid humidification system releases mist.

Energy Conservation: Initiatives Driven by Plant Employees

Sony promotes a broad range of energy-saving efforts at its sites around the world. In addition to increasing the energy efficiency of buildings and equipment, in recent years Sony has actively implemented activities for reducing energy consumption suggested by manufacturing site employees. These activities focus on the formulation and implementation of energy-saving solutions for manufacturing sites, which consume more electricity than any other part of Sony’s manufacturing operations. Employees set ambitious project targets and take steps to shed light on energy consumed in different manufacturing processes. This enables employees to identify unnecessary uses of energy in such processes, as well as to develop and test solutions and, having confirmed the effectiveness thereof, to effect ongoing improvements.

Particularly outstanding solutions are subsequently expanded to other sites. These activities were prompted by the effectiveness of the Eco Challenge Project implemented in 2009 at Sony Corporation’s Sendai Technology Center and Sony Storage Media Manufacturing Corporation’s Tagajo site. Similar energy conservation activities are now being implemented at Sony manufacturing sites around the world.

For more information, please refer to “Helping to reduce our plant’s footprint” at the “Sony and the Environment” website.
Use of Renewable Energy

Efforts to Reduce CO2 Emissions by Using Renewable Energy

Sony has adopted the target of reducing cumulative CO2 emissions by 300,000 tons by using renewable energy*1 by fiscal 2020 and is pursuing Green Energy Certificates and renewable energy through the use of solar power systems for all of its business sites worldwide. In fiscal 2017, the total amount of CO2 emissions reduced by using renewable energy at Sony worldwide was approximately 78,000 tons. By region, renewable energy input breaks down to 50,000 tons in Japan and East Asia, 15,000 tons in North America, and 13,000 tons in Europe. Of the electricity used at Sony worldwide, electricity generated by renewable energy accounted for approximately 5%. The cumulative total of CO2 emissions reduced by using renewable energy since fiscal 2016 is 154,000 tons.

*1 Renewable energy includes solar, wind, water, geothermal and biomass. This is energy that comes from sustainable sources.

Japan: Utilizing Green Energy Certificates and Other Carbon Offset Credit Systems

In fiscal 2017, Sony used Green Power Certificates*1 that amounted to 17,640 MWh of green electricity, equivalent to reducing some 9,808 tons of CO2 emissions. Sony also used other renewable energy credits in addition to Green Power Certificates, which were equivalent to reducing some 38,552 tons of CO2 emissions. Sony has signed an agreement that went into effect in fiscal 2017 with TEPCO Energy Partner, Inc. to directly purchase hydroelectric power, and this was equivalent to reducing another 1,193 tons of CO2 emissions.

*1 The GreenPower Certification System was jointly developed in 2001 by Sony and power utilities. The scheme issues green certificates that represent the environmental value of electricity, heat and other renewable energy generated by power plants across Japan. Entities can purchase and trade these green power and green heat certificates. They are considered equivalent to purchasing renewable energy, even if generated at a distant place.
Europe: Using 100% Renewable Electricity

In Europe, Sony has been using renewable electricity since 2002. From fiscal 2008 onward, 100% renewable electricity usage had been achieved by Sony sites*1 in Europe through the direct purchase of electricity generated from renewable sources and through the purchase of Renewable Electricity Certificates if direct purchase of renewable electricity was not possible. In fiscal 2017, Sony used a total of approximately 55,402 MWh of renewable electricity in Europe.

Sony UK Technology Centre (UK TEC) based in Pencoed, United Kingdom is one of several Sony sites in Europe which use 100% renewable electricity. UK TEC generates approximately 147 MWh of renewable electricity from PV solar panels installed at the facility, and it purchases Renewable Energy Certificates for the remainder of its electricity needs.

*1 Sony sites in Europe that have obtained ISO 14001 certification
North America: Promoting the Use of Renewable Energy by Various Regional Group Companies

Beginning April 2008, four of Sony’s sites in the United States— the Pitman (at the time) and Terre Haute plants of Sony DADC U.S., Inc., the New York office of Sony Corporation of America (SCA) and the San Diego office of Sony Electronics Inc. (SEL)—signed Renewable Energy Certificate contracts. Subsequently, the scope of purchases were expanded to cover additional sites, and in fiscal 2017 Green Power Certification purchased by the Sony Group covered more than 30,705 MWh of electricity in the United States and Canada at the following sites: Sony DADC’s Terre Haute plant; Sony DADC’s Bolingbrook distribution center; the New York office of SCA; the Toronto office of Sony of Canada Ltd, and major facilities of SEL. This is enough green power to meet an estimated 25% of these entities’ electricity use in the United States. At the Sony Pictures Entertainment Inc. (SPE) headquarters, approximately 256 MWh of electricity was provided by the company’s own solar power generation system in fiscal 2017.

Solar panels on the roof of SPE’s headquarters
Reducing Waste Generation

Absolute Waste at Sony Sites

Under the Green Management 2020 mid-term environmental targets, Sony implements a variety of measures to reduce waste and use materials more effectively in line with its targets to achieve an absolute reduction in waste at Sony sites of 5% from the fiscal 2015 level. In fiscal 2017, waste at Sony sites totaled approximately 55,000 tons. This represents an approximately 9% increase from the fiscal 2016 level. The main increase was attributable to an increase in device production volumes. Sony reuses packaging materials used when shipping parts—a major component of waste generated by production sites—and pursues reuse and recycling throughout the Sony Group. Waste at Sony sites per unit of consolidated net sales was 0.0033 tons/million yen in Japan and 0.0031 tons/million yen outside Japan.

![Waste at Sites Chart](image)

Landfilled Waste Rate for Sony Sites

In fiscal 2017, the landfilled waste rate for all Sony Group sites was approximately 1.3%. The rate for sites in Japan was 0.2%. The landfilled waste rate for Sony sites—when calculated including waste that Sony is required by law or ordinance to dispose of in landfills—was approximately 1.8%. Sony strives to reduce the rate of waste disposed in landfills by recycling wastes generated by sites.

Management of Industrial Waste

Sony takes precautions to ensure waste from its sites is not inappropriately disposed of. For example, in Japan Sony has set consistent internal standards for selecting waste disposal contractors and inspecting disposal sites on an ongoing basis. It has also established an internal system of accreditation for disposal site inspectors, and is stepping up efforts to minimize risks associated with contracting out waste disposal. To reinforce this system, Sony implements periodic on-site inspections in the waste disposal contractors, thereby ensuring rigorous management procedures.
Waste Reduction

All Sony Group sites are making efforts to cut down on waste. Speaker manufacturer Sony EMCS Penang Tec has taken the initiative to recycle scrap wood left over from the manufacture of speaker cabinets. In the past, wooden planks were disposed as landfill waste because the vinyl sheets attached to the wood made them difficult to recycle. After trying various measures in collaboration with the local government and waste treatment firms, the company found a way to separate the vinyl sheets from the wooden planks and is now able to recycle both the scrap wood and the vinyl sheets. This led to a reduction in the amount of waste disposed in landfills and improved the production plant’s overall recycling rate. In addition, other types of production wood wastes are now also recyclable under this project.

Improving Component Packaging

At all of its sites, Sony works to reduce the amount of waste through overall reviews of the packaging used in components and the optimization of this packaging.

For example, a range of measures are employed to reduce the amount of materials used in component packaging materials and hence curb the amount of waste. These include the complete elimination of protective bags for components, modifications to increase the capacity of containers used to store components, and the switch from disposable containers to multi-use returnable boxes. In particular, Sony is working to standardize the sizes of, and materials used in, returnable containers while aiming to expand the range of items for which such containers are used.

For more information on environmentally conscious initiatives in logistics systems, please refer to “Reducing the Environmental Impact of Logistics.”
Reducing Water Consumption

Water Consumption at Sony Sites

Under the Green Management 2020 mid-term environmental targets, Sony is working to reduce the consumption of water at its sites in line with its target of achieving an absolute reduction of 5%, compared with the fiscal 2015 level, by fiscal 2020. In fiscal 2017, Sony sites used approximately 13.91 million m³ of water, an increase of approximately 20% compared with the fiscal 2016 level. The main increase was attributable to an increase in device production volumes. Water consumption per unit of consolidated net sales was 1.41 m³/million yen in Japan and 0.49 m³/million yen outside Japan.

Sony also takes steps to ensure the quality of wastewater at its sites. In addition to observing related laws and regulations in each of the countries and territories in which it operates, Sony manages wastewater quality using stricter criteria than it is required to. For example, the introduction of sophisticated water treatment facilities has enabled it to reduce BOD and COD levels*1 in wastewater.

*1 Biochemical oxygen demand (BOD) and chemical oxygen demand (COD) levels are common measures of water pollution.

For more information on BOD and COD levels, please refer to "Environmental Data."

Reducing Water Use at Manufacturing Sites

For semiconductor and consumer electronic products, vast amounts of water are needed not only in the manufacturing process but also in the recycling process. At its plants all over the world, Sony is taking a variety of measures to preserve local water resources, including wastewater, recycling and initiatives for reducing water consumption. Examples of these initiatives are described below.
Improvements to Wastewater Treatment System at the Kumamoto Technology Center

Sony Semiconductor Manufacturing Corporation’s Kumamoto Technology Center has adopted improvements to reduce water used for combustion treatment to remove exhaust gas emitted from production lines. This water is recycled using wastewater recovery facilities, but in the case where total organic carbon (TOC) and fluorine concentrations exceed certain levels, the water is detoxified using wastewater treatment facilities and then released into the sewer system, necessitating a fresh supply of water. To reduce the volume of wastewater and fresh water consumption, the Kumamoto Technology Center collaborated with the manufacturer of the water treatment facilities to add biological treatment and ion removal membranes to the water treatment process, for TOC and fluorine removal. The resulting improvement in wastewater quality enabled the facility to increase the volume of water recycling and reduce fresh water consumption by approximately 45%.

Controlling Water Consumption by Improving the Production System at the Nagasaki Technology Center

Sony Semiconductor Manufacturing Corporation completed an initiative for controlling water consumption at Nagasaki Technology Center, a semiconductor production plant, when it installed a new production line intended to boost production capacity. As one part of this initiative, the center began reusing wastewater for gas detoxification equipment, which renders the gases used in the semiconductor production process harmless. A large quantity of industrial water is needed to eliminate the toxins in such gases, and with the installation of the new production line and additional gas detoxification equipment, the amount of industrial water consumption was set for an increase. In response, the center installed a wastewater recovery system to reuse the wastewater from the gas detoxification equipment, enabling it to recover and reuse about 80% of the water. Moreover, the center began using the system to recover and reuse wastewater from other production equipment, allowing it to significantly limit the increase in industrial water consumption related to increased production.
Managing Chemical Substances

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

Reinforcing Standards for Managing Chemical Substances

Under the Green Management 2020 environmental mid-term targets, chemical substances are categorized into four classes. Sony carefully manages and reduces the amount transferred as air, water, or soil emissions and waste. In countries where no legal reporting requirements exist for chemical management, Sony sites apply standards based on Japan’s Pollutant Release and Transfer Register (PRTR) as internal rules. Chemical substances are classified as follows:

Class 1 substances: Prohibit use
- The substances regarded as having a serious impact on the human body or environment (carcinogenity, mutagenicity, toxicity for reproduction, acute toxicity, ecotoxicity, etc.) which are prohibited to be produced or used under international treaties or individual countries’ regulations
- The substances considered to have a high risk of environmental pollution such as soil contamination

Class 2 substances: Prohibit use (Exemptions granted for certain applications)
- The substances regarded as having a serious impact on the human body or environment (carcinogenity, mutagenicity, toxicity for reproduction, acute toxicity, ecotoxicity, etc.), which are subject to regulations that require their registration or to monitor the amounts released and transferred because they are of high risk.
- The substances recognized as needed to be eliminated because they are regarded as high risk in their management after considering the trend of regulations or the social circumstances.

Class 3 substances: Reduce the amounts released and transferred
- The substances having a serious impact on the human body or environment, which are subject to regulations requiring monitoring of the amounts released and transferred.
- The substances which are recognized as needed to be reduced in the amount of release and transfer after considering the trend of regulations or the social circumstances.
- Volatile organic compounds (VOC) other than Classes 1 and 2

Class 4 substances: Comply with the relevant laws and regulations and use under appropriate control
- The substances not classified as Class 1, 2, or 3.
  Note that water and air are not required to be managed as chemical substances.
Sony is working to achieve its targets for reducing the amount of volatile organic compounds (VOCs) released into the air by 50% from the fiscal 2000 level. VOC emissions into the air were approximately 733 tons in fiscal 2017, 60% lower than fiscal 2000 levels and up 11% from fiscal 2016. At its semiconductor fabrication facilities, which are the main source of VOC emissions, Sony is replacing VOCs with alternative substances and reducing VOC use in manufacturing processes. Sony has also been developing compact VOC treatment systems, and it is steadily installing them. In fiscal 2017, handling volume of chemical substances per unit of consolidated net sales were 0.0062 tons/million yen in Japan and 0.0009 tons/million yen outside Japan.

**Example of Reduction in Chemical Substance Usage**

Sony Semiconductor Manufacturing Corporation (SCK) collaborated with an equipment manufacturer to develop a proprietary volatile organic compound (VOC) treatment system as part of efforts to reduce the amount of VOCs released. Conventional VOC treatment systems are installed near ventilation duct outlets. Since such equipment is designed to treat extremely rarefied organic substances, it is very large, making space and cost constraints an issue for semiconductor plants that want to install these types of systems. SCK responded by focusing on production equipment for highly concentrated organic substance and developed a small, fixed condensing-type VOC treatment system in conjunction with an equipment manufacturer. The newly developed system can be installed near production equipment and is able to treat VOCs efficiently.
Ozone-Depleting Substances

Sony succeeded in completely eliminating first-generation chlorofluorocarbons (CFCs) from its manufacturing processes in 1993 and banned the use of second-generation hydrochlorofluorocarbons (HCFCs) at the end of fiscal 2000. Sony business sites currently prohibit the use of ozone-depleting substances stipulated under the Montreal Protocol. Sony uses CFCs as a refrigerant in some air-conditioning units only. Compliance with laws and regulations in each country is ensured, and strict care is taken to prevent leakage of CFCs from these units during maintenance.

Environmental Risk Management at Sony Sites

To carry out effective risk management of chemical substances and emergency responses, the Sony Group has enacted the Sony Group Standards for Site Environmental Risk Management, which set the management standard and give examples of improvement measures. Based on these standards, at each site Sony has implemented accident prevention measures, including prohibiting the burial of tanks for chemical substances and pipes, and various leak prevention measures. In addition, Sony rigorously works to prevent environmental accidents through ongoing improvements to its systems based on regular audits at each site, information sharing among sites and other initiatives. Sony has established a system whereby its sites are required to promptly report environmental accidents to the authorities and to take appropriate countermeasures. No such accidents were reported at any of Sony’s sites in fiscal 2017.

Response to Soil and Groundwater Contamination

In the event that an incident of soil or groundwater contamination is identified at a Sony site in a voluntary check or other assessment, remediation processes are implemented in compliance with pertinent local laws and ordinances. For example, Sony Group companies in Japan deal with the occurrence of contamination of soil and groundwater at Group sites by taking steps in line with the Sony Group Standard for Assessing Soil and Groundwater, an internal document that sets out procedures that comply with Japanese laws and ordinances. This manual stipulates that issues be addressed through the following three phases:

**Phase 1:** Investigate past and present chemical use and confirm the existence or otherwise of used or unused underground tanks, buried piping, other similar equipment, or previous incidents, at the site. Perform an inspection of the site to ascertain whether there is any residual soil or groundwater contamination.

**Phase 2:** Based on the investigations undertaken in Phase 1, carry out an assessment of the areas that are potentially contaminated. Undertake measurements at these locations in line with the Soil Contamination Countermeasures Act.

**Phase 3:** If any contamination is identified based on these results, carry out prevention and remediation procedures.

Incidents of soil and groundwater contamination resulting from operations have been confirmed at two Sony Group sites, as shown below. In response, Sony has been remediating the contamination and submitting regular reports to authorities.
### Progress of Soil and Groundwater Remediation

<table>
<thead>
<tr>
<th>Site</th>
<th>Date Contamination Confirmed</th>
<th>Substance(s) Detected</th>
<th>Cause</th>
<th>Response/Current Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony Global Manufacturing &amp; Operations Corporation Inazawa Site (Japan)</td>
<td>June 2001 (Result of voluntary assessment)</td>
<td>Fluorine</td>
<td>Leak from crack in drainage pipe</td>
<td>The site has discontinued use of the equipment that caused the contamination, removed the contamination, and is monitoring groundwater. Analysis carried out in fiscal 2017 found substances in a concentration of 1.30 mg per liter.</td>
</tr>
<tr>
<td>Sony Corporation’s Atsugi Technology Center (Japan)</td>
<td>March 2015 (Result of voluntary assessment)</td>
<td>Fluorine and its compounds</td>
<td>Leakages in areas where the substances had been previously used</td>
<td>According to the results of reporting to government, the site was designated as an &quot;area that poses no risk of damage to human health&quot; because, despite the fact that soil and groundwater contamination have been confirmed on the premises, there is no likelihood that the contamination has leaked into neighboring sites. The site continues to remove contamination from areas exceeding legal concentrations and to monitor groundwater as directed by the government in August 2016. Designation was partially withdrawn in January 2018. Groundwater is being monitored for contamination. Concentration in groundwater is currently below legal standards.</td>
</tr>
</tbody>
</table>
Guiding Principles for Biodiversity Conservation Initiatives and Case Examples

Guiding Principles for Conservation Initiatives

Sony has established a Basic Policy on Biodiversity Conservation, pledging its commitment to help achieve the twenty Aichi Biodiversity Targets by conserving natural capital and biodiversity through the entire product life cycle.

Sony business sites are intricately connected with the natural environment and ecosystems that surround them. In light of this, Sony is focused on helping to achieve the Aichi Biodiversity Targets by promoting activities to protect biodiversity in these regions and further afield. Sony introduced its Green Star Program in fiscal 2011 as an internal framework for assessing the green performance of business sites and advancing green measures, and categorizes biodiversity considerations and initiatives as outlined below. Sony also communicates with employees about the importance of pursuing initiatives under the Green Star Program as a way to help achieve the Aichi Biodiversity Targets, working to build a shared recognition of the significance of these initiatives that will encourage action.

> For more information on the Basic Policy, please refer to "Policy on Biodiversity."
> For more information on the Aichi Biodiversity Targets, please refer to "Aichi Biodiversity Targets" at the Convention on Biological Diversity website.
## Biodiversity Considerations/Initiatives and Associated Aichi Biodiversity Targets

<table>
<thead>
<tr>
<th>Measures</th>
<th>Main Associated Aichi Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education and awareness</strong></td>
<td><strong>Target 1</strong> Awareness increased: Focus on raising awareness of the value of biodiversity and protective measures</td>
</tr>
<tr>
<td>• Conduct education, seminars, and lectures concerning biodiversity</td>
<td></td>
</tr>
<tr>
<td>• Conduct nature observation programs</td>
<td></td>
</tr>
<tr>
<td><strong>Investigation</strong></td>
<td><strong>Target 5</strong> Habitat loss halved or reduced: Cut the loss of natural habitats, including forests, to at least half; significantly reduce degradation and fragmentation</td>
</tr>
<tr>
<td>• Monitor living things</td>
<td></td>
</tr>
<tr>
<td>• Give consideration to the ecological services related to site and business</td>
<td></td>
</tr>
<tr>
<td>• Grasp status of land use</td>
<td></td>
</tr>
<tr>
<td>• Give consideration to local biodiversity preservation plans</td>
<td></td>
</tr>
<tr>
<td><strong>Improve ecosystems</strong></td>
<td><strong>Target 10</strong> Pressures on vulnerable ecosystems reduced: Protect coral reefs and other ecosystems that are particularly susceptible to environmental changes</td>
</tr>
<tr>
<td>• Improvement of environment for living things</td>
<td></td>
</tr>
<tr>
<td>• Give consideration to ecological network and green corridor</td>
<td></td>
</tr>
<tr>
<td>• Give consideration to three-dimensional vegetation</td>
<td></td>
</tr>
<tr>
<td>• Adoption of local species</td>
<td></td>
</tr>
<tr>
<td><strong>Measures against negative impact</strong></td>
<td><strong>Target 8</strong> Pollution reduced: Control contamination from chemical substances, fertilizers and pesticides to within parameters that are not harmful</td>
</tr>
<tr>
<td>• Measures against alien species</td>
<td></td>
</tr>
<tr>
<td>• Give consideration to bad effects on ecosystems caused by emissions</td>
<td></td>
</tr>
<tr>
<td><strong>Protection and conservation of ecosystem services</strong></td>
<td><strong>Target 9</strong> Invasive alien species prevented and controlled: Control or eradicate invasive alien species</td>
</tr>
<tr>
<td>• Grasp and conserve endangered species</td>
<td></td>
</tr>
<tr>
<td>• Conserve a wildlife sanctuary</td>
<td></td>
</tr>
<tr>
<td>• Groundwater recharge</td>
<td></td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td><strong>Target 11</strong> Protected areas increased and improved: Protect at least 17% of terrestrial areas and 10% of marine areas</td>
</tr>
<tr>
<td>• Ensure the appropriate management and use of chemical substances</td>
<td></td>
</tr>
<tr>
<td>• Ensure the effective use of organic resources</td>
<td></td>
</tr>
<tr>
<td>• Promote procurement that leads to biodiversity</td>
<td></td>
</tr>
<tr>
<td><strong>Cooperation with stakeholders</strong></td>
<td><strong>Target 14</strong> Ecosystems and essential services safeguarded: Restore and safeguard ecosystems that provide natural abundance</td>
</tr>
<tr>
<td>• Cooperation with stakeholders</td>
<td></td>
</tr>
<tr>
<td>• Support for organizations that engage in biodiversity conservation activities</td>
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</tr>
</tbody>
</table>

**Associated targets depend on focus of activities**
Education and Awareness

Promoting initiatives for biodiversity conservation starts with getting people in diverse positions to better recognize and understand the value of biodiversity. With the understanding that awareness leads to conservation, Sony engages in a broad range of biodiversity education and awareness initiatives including organizing nature walks, biodiversity-themed photo contests, environmental education for students, and art competitions, as well as using social media to raise biodiversity awareness. These initiatives will enable Sony to help achieve Target 1 “Awareness increased” of the Aichi Biodiversity Targets.

Wow! Wow! Biodiversity Project

Sony launched the Wow! Wow! Biodiversity Project in fiscal 2015, as a platform for organizing nature appreciation events for the general public and to spread awareness of biodiversity through social media. Sony China joined the project in fiscal 2016 and has been organizing a nature- and biodiversity-themed photo contest and nature walks for the Chinese public. The photo contest held in fiscal 2017 drew 965 entries, which were shared with some 60,000 people through social media, including employees of Sony Group companies in China and their friends. To further spread awareness among the general public, Sony China held a public exhibition of the winning entries at the Shanghai Botanical Garden in conjunction with organizing biodiversity lectures and biodiversity-themed photography workshops using Sony cameras. These events helped to direct attention toward biodiversity and educate the broader public on the importance of biodiversity.

Welcoming Environmental Field Trips from Local Primary Schools

Sony UK Technology Centre manages, within its premises, a nature and wildlife habitat maintained with the help of employee volunteers and provide Forest School sessions at their facility called Environmental Centre. Sony UK Technology Centre is working with local schools and groups to enable each student attending Forest School sessions to have the opportunity to develop an inquisitive and positive relationship with the natural world. In cooperation with the community, the facility welcomes groups from an average of 25 primary schools each year. It has hosted over 10,000 students since 2003, giving them the chance to learn about the environment and the importance of biodiversity.

Other Initiatives

> Wildlife photography contest in the UK (Sony and the Environment website)
Investigation

As part of their environmental conservation activities, various Sony sites survey the natural habitats located on their grounds and in the surrounding areas by monitoring and fixed-point observations. They then reflect the results of these studies in conservation plans, allowing them to carry out activities in consideration of the local ecosystem. The disclosure of the survey results will enable Sony to help achieve Target 19 “Knowledge improved, shared and applied” of the Aichi Biodiversity Targets.

Monitoring Ecosystems Surrounding Offices

The Kunisaki Satellite at the Oita Technology Center of Sony Semiconductor Manufacturing Corporation in Japan monitors red-clawed crab and other marine creatures living along the coast, as well as wildlife living in the forest on the center’s premises, which has been the focus of conservation since the site was established. The site has also been monitoring the status of a group of endangered golden orchid and cephalanthera erecta plants discovered during surveys in 2013. In 2015, the site began monitoring for alien species and has enacted conservation plans to protect the ecosystem on its premises through a variety of measures, including selecting trees to be removed.

An employee monitors growth
Improve Ecosystems

Sony’s business sites endeavor to protect biodiversity through conservation of the environment that provides a habitat where local species can hide and lay their eggs. Business sites carry out various activities intended to preserve the environment in consideration of local ecosystems, from planting local varieties of trees and composting fallen leaves and trimmings to installing birdhouses and constructing ponds and waterways. Sony is also helping to preserve marine habitats that are so important to sea life through conservation efforts for coral reefs and mangrove forests that serve as nesting and feeding grounds. These initiatives are enabling Sony to help achieve Targets 5 "Habitat loss halved or reduced" and 10 "Pressures on vulnerable ecosystems reduced" of the Aichi Biodiversity Targets.

Restoring Thailand’s Ocean Ecosystem

Sony Technology (Thailand) Co., Ltd. (STT) and Sony Device Technology (Thailand) Co., Ltd. (SDT) each began activities in fiscal 2014 and in fiscal 2015 to conserve Thailand’s ocean ecosystem. STT had planted a total of 900 coral larvae colonies by the end of fiscal 2017 and SDT planted 3000 mangrove trees in fiscal 2017 and 200 coral larvae colonies in fiscal 2016. Besides coral reefs, they had also released crab and nurse shark under the guidance of experts, which are local aquatic animals and important to preserve sea of Thailand.

Other initiatives

- Feature: "Sony Forest" Hosts a Blossoming Ecosystem
- Creating Green Space during Sony DADC’s Volunteer Day in Enfield (Sony and the Environment website)
- Participation in Project to Plant 10,000 Trees at Kirishima City (Sony Semiconductor Manufacturing website) (only in Japanese)
- Sony India supports “Trees for Life” – an agro forestry project (Sony and the Environment website)
- Promoting Forest Management Activity at So-net Forest (Sony Network Communications website) (only in Japanese)
Measures Against Negative Impact

The Sony Group has been taking measures to remove non-native species that negatively affect local ecosystems. Furthermore, the Group’s sites work to limit any harmful effects on local ecosystems by using only appropriate amounts of agricultural chemicals and chemical fertilizers at their green spaces in order to prevent soil pollution and the buildup of excessive nutrients in the soil. These initiatives are enabling Sony to help achieve Targets 8 “Pollution reduced”, 9 “Invasive alien species prevented and controlled”, and 12 “Extinction prevented” of the Aichi Biodiversity Targets.

Removing Invasive Alien Species

Sony Precision Devices (Huizhou) Co., Ltd. (SPDH) has been carrying out an initiative for removing invasive species since 2010. In July 2016, SPDH employee volunteers worked with the city of Huizhou’s water and environmental hygiene department to remove water hyacinth, a non-native aquatic plant, from the Dongjiang River. The volunteer group had already removed approximately 40 tons of water hyacinth, which has helped to restore balance to the ecosystem and protect the lush river environment.

Other initiatives

Creating Green Space during Sony DADC’s Volunteer Day in Enfield (Sony and the Environment website)
Protection and Conservation of Ecosystem Services

Sony is working to conserve ecosystem services such as groundwater recharging, as well as identify and protect threatened species, and protect wildlife and flora. These initiatives are enabling Sony to help achieve Targets 11 “Protected areas increased and improved” and 14 “Ecosystems and essential services safeguarded” of the Aichi Biodiversity Targets.

Activities to Protect the Harpy Eagle

Based in Panama, Sony Inter-American, S.A. has been carrying out activities for protecting the harpy eagle (Harpia harpyja), which, while recognized as the national bird of Panama, is also designated as an endangered species. Since 1998, the company has been sponsoring the Harpy Eagle Center, a facility that promotes protection activities. In 2008, it provided the center with several Sony BRAVIA™ LCD televisions that have been combined into a large wall-mounted screen. In 2016, the wall-mounted screen was replaced by a 4K 84” Sony BRAVIA™ LCD television and Sony Home Theater System to show high-definition videos in an effort to raise awareness among visitors of the importance of efforts to protect the harpy eagle.

The harpy eagle

Firefly Protection Project

Sony Global Manufacturing & Operations Corporation’s Kosai Site in Japan has been implementing a project to revitalize the firefly habitat in cooperation with the local government. Fireflies were previously abundant in the woodland area neighboring the Kosai Site, but their numbers have been dwindling in recent years. In response, the company has begun maintaining the woodlands and raising firefly larvae to restock the population.

An emerged firefly

Other initiatives

- Feature: Working on Groundwater Recharge Projects
- Bee Nest Building for Biodiversity (Sony and the Environment website)
- Protecting spawning grounds of the endangered loggerhead turtle in Japan (Movie) (Sony and the Environment website)
Management

Sony works to ensure that chemical substances are properly managed; organic resources are effectively utilized, including composting fallen leaves; and the items it procures have been produced with biodiversity in mind. These initiatives will enable Sony to help achieve Target 4 “Sustainable consumption and production” of the Aichi Biodiversity Targets.

Converting Food Waste into Organic Fertilizer

Sony Technology (Thailand) Co., Ltd. is located in Chon Buri and in 2010 this site had installed a food waste composting facility. Instead of sending the food wastes to landfill, this facility has helped to turn the food wastes into organic fertilizer to grow plants and vegetables at the site, thus eliminating the use of chemical fertilizers. Some of the organic fertilizers produced by the facility are being donated for public use as well.

![The food waste composting facility](image)

Environmentally Preferable Paper Purchasing

Recognizing that paper resources are finite, Sony strives to use paper in an environmentally responsible manner, and it has established a related purchasing policy for paper and printed materials. Accordingly, Sony makes a point of purchasing environmentally preferable paper, such as recycled paper and forest-certified paper.

> For more information on Sony’s policies related to paper and printed materials, please refer to “Policy on Paper Resources.”

Cooperation with Stakeholders

With a view to make its initiatives to protect biodiversity even more effective, the Sony Group seeks the opinions of related experts, NGOs, and other stakeholders while carrying out environmental conservation activities. For example, Sony works with research organizations when conducting studies and nature conservation groups when becoming involved in conservation activities. It also cooperates with governments and NGOs when maintaining the natural environment. In addition, Sony provides support and assistance to organizations involved in protecting biodiversity.

Initiatives

> Participating in the Support Projects of New York City Wildlife Refuge (Sony and the Environment website)
> Participating in the Forest Conservation Project in Sumatra
Feature: "Sony Forest" Hosts a Richer Ecosystem

Kohda Site conserves natural woodlands on the grounds to create "Sony Forest" with local cooperation

Since its inception in 1972, the Kohda Site of Sony Global Manufacturing & Operations Corporation in Japan has had the goal of creating a park-like factory with lush greenery, and has conserved the natural forest on the site, naming it "Sony Forest." Since 2008, Sony has been building an owl-friendly environment at the forest. Bird feeders, bird houses and spaces where the owl can fly, for example, have been set out continually since that time. As a result, a family of owls built a nest at Sony Forest in 2016, with three chicks hatching that year and more hatching every year since. While the owls are the most notable residents, the vibrant ecosystem at Sony Forest is also home to bush warblers, Japanese white-eyes, Japanese pygmy woodpeckers, and many other small birds, as well as raccoon dogs, mice, and other small animals.

The Kohda Site has also contributed to the local community by building a walking path and installing athletic equipment in the forest for locals to use. It is used for outdoor educational purposes by many local elementary school students. In 2015, Sony participated in the Kagayake Aichi Sustainability Research Institute,*1 an Aichi prefectural government project. The researchers, who are local university students, planned and executed PR measures to publicize the Sony Forest throughout the area. The activities associated with this project have raised environmental awareness among employees and raised public awareness of the rest of the environmental activities taking place at the Kohda Site.

*1 For more information, please refer to the Kagayake Aichi Sustainability Research Institute website (only in Japanese)
Certified as top-level greening activities in Japan

In recognition of Sony Forest activities, the Kohda Site received Superlative Stage certification under SEGES*1 from the Organization for Landscape and Urban Green Infrastructure in 2011, making it the first site in Japan to earn this honor. Moreover, in 2017, the Kohda Site received Green Legacy*2 certification in recognition of its ongoing activities. The Kohda Site is also conducting a nature conservation project using Sony Forest, in cooperation with other local companies. Seedlings of native species in the area are essential in conservation of the local ecosystem, and Sony Forest has preserved many trees unique to the area, including the konara oak and the Japanese clethra. The Kohda Site’s nature conservation project entails collecting seeds of trees within Sony Forest, raising them until they become seedlings, and then donating them to local administrations and NPOs for forestation projects. This project was certified as an exemplary project in 2015 by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J).

*1 The Social and Environmental Green Evaluation System (SEGES) is an accreditation system run by the Urban Green Space Development Foundation. SEGES evaluates the environmental conservation activities of businesses that aim to help improve society and the environment, and recognizes outstanding initiatives by businesses.

*2 Green Legacy certification is the highest-level SEGES label awarded in recognition of corporate greenspaces that satisfy the following conditions:
1) Continuous SEGES accreditation for ten or more years
2) Three consecutive renewals of Superlative Stage certification for greenery grown in the space
3) Recognized as a model for other corporate greenspaces to follow
Feature: Working on Groundwater Recharge Projects

Kumamoto TEC Continues Groundwater Recharging Initiatives

At Sony Semiconductor Manufacturing Corporation’s Kumamoto Technology Center (Kumamoto TEC), a large volume of water (groundwater) is used in semiconductor production. Kumamoto area, home to Kumamoto TEC, has always been blessed with abundant groundwater resources. However, the decline in groundwater has been a deep concern in recent years, and has been attributed to a decrease in the area of land used for rice paddy cultivation and an increase in the land used for residential purposes. Kumamoto TEC recognizes the importance of groundwater as natural capital, and is involved in continuous efforts to recharge groundwater using neighboring paddies in cooperation with local environmental NPOs as part of its responsibility as a local business. From May through October, Kumamoto TEC uses its water facilities to help fill unused rice paddies with river water, thus allowing the extra water to penetrate into the soil and ultimately replenish the aquifer.

*1 Groundwater recharge refers to the process of water on the surface of the ground (rainwater, riverwater, etc.) permeating the soil and replenishing the groundwater in the aquifer.

"Groundwater recharge" using rice fields

Rice grown in paddies on farmland used to recharge groundwater

Efforts to recharge groundwater using paddy fields
Recharged Groundwater Lauded as an Advanced Example of Biodiversity Conservation

Groundwater recharge efforts at Kumamoto TEC began in fiscal 2003, and in fiscal 2017, 2.31 million m³ more water than Kumamoto TEC’s yearly water usage (including tap water and groundwater) was recharged. Activities such as these are called payment for ecosystem services (PES)*1, and they are an important part of protecting natural capital and biodiversity. These efforts have also been noted as an advanced example in the Annual Report on the Environment, the Sound Material-Cycle Society and the Biodiversity in Japan 2014 published by the Ministry of the Environment in Japan. In 2018, these efforts were also recognized as a Japan Committee for United Nations Decade on Biodiversity (UNDB-J) Cooperation Project for its collaboration with the local community to protect biodiversity. Kumamoto TEC is also involved in initiatives to encourage employees to purchase the agricultural crops produced in the groundwater recharge farming areas, thus helping to support local farmers and conserve groundwater resources.

*1 PES stands for “payment for ecosystem services.” It means compensating the ecosystem with something equivalent in value or working to conserve the ecosystem in a way that compensates for the services received.

Kumamoto TEC groundwater recharge efforts are a UNDB-J recommended project.
The Green Star Program

In fiscal 2011, Sony launched the Green Star Program, an in-house system for assessing the environmental performance of Sony Group sites worldwide. Under the program—one of several initiatives designed to ensure achievement of the ultimate goal of Sony’s “Road to Zero” global environmental plan—each site’s activities are evaluated comprehensively through quantitative and qualitative assessments from four key perspectives: climate change, resource conservation, chemical substance management and biodiversity conservation. The achievement levels are indicated by number of stars.

Implementation of the Green Star Program shows how well each site is performing and elucidates their strengths and weaknesses, thus indicating what needs to be done next. The program is useful as a tool for ongoing efforts to make improvements.

Sony’s Green Management 2020 environmental mid-term targets run through fiscal 2020. Sony has been working to achieve them under updated evaluation standards since fiscal 2016. Progress against the mid-term environmental targets is indicated by up to as many as seven stars.

Example of qualitative assessment criteria

<table>
<thead>
<tr>
<th>Climate change</th>
<th>Monitor and analyze energy use with an appropriate monitoring system; adopt highly efficient systems and equipment for effective operation; and promote activities to improve energy savings in the manufacturing process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources</td>
<td>Waste Reduce generated waste; promote resource recovery and recycling; and ensure proper management of waste disposal contractors</td>
</tr>
<tr>
<td></td>
<td>Water Monitor and analyze water use; take steps to promote the efficient use of water and reduce water consumption, etc.</td>
</tr>
<tr>
<td>Chemical substances</td>
<td>Properly manage handling of chemical substances; monitor and analyze handling amount and amount released and transferred; and reduce volume used and replace with alternative substances</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>Implement biodiversity conservation plans that give consideration to the characteristics of regional ecosystems; promote land use and green space management that take the importance of biodiversity into account</td>
</tr>
</tbody>
</table>
Progress Toward Achieving Mid-Term Targets for Logistics

Environmental Mid-Term Targets for Logistics

In its Green Management 2020 environmental mid-term targets, which run through the end of fiscal 2020, Sony set the following target for logistics. To meet the target, Sony pursues initiatives to reduce shipping weights by designing more compact, lighter products, as well as to optimize shipping efficiency (smaller product packaging, better load efficiency, improved parts packaging, joint shipping) and switch to modes of transportation with less environmental impact (modal shift, use of fuel efficient vehicles).

| Climate change | Reduce absolute CO₂ emissions related to logistics between nations and within regions by 10% (compared with FY2013) |

CO₂ Emissions from Transport of Finished Products

Under the Green Management 2020 environmental mid-term targets, which run through fiscal 2020, Sony reduced CO₂ emissions generated by transportation in fiscal 2017 by approximately 199,000 tons (both international and intraregional transportation*1), an approximate 50% reduction from fiscal 2013 and an approximate 10% reduction from fiscal 2016. These results are due to switching to low-emission modes of transport and shortening transportation routes, as well as increased load efficiency achieved by downsizing product packaging and improving component packaging.

*1 Some countries and regions are excluded from “intraregional transportation.”
Reducing the Environmental Impact of Logistics

Sony is reducing energy consumption from transport and packaging materials in all aspects of logistics, from international freight transport to the movement of goods at business sites. Discussed here are just a few of the ways in which Sony is reducing the environmental impact of logistics.

Promoting Modal Shift

As a part of its efforts to reduce environmental impact from the transport of finished goods, Sony promotes modal shift, switching the modes of transport it uses from air to sea and from truck to railroad.

Modal Shift in International Transport

Sony's efforts to advance modal shift also include transport in overseas markets. In Brazil, Sony has been switching from air and truck transport to marine transport for freight destined for Sao Paulo shipped out of the Manaus Plant of Sony Brasil Ltda. Since fiscal 2015, nearly all freight over this route has been shipped by marine transport, significantly reducing CO2 emissions from transport.

Sony Electronics Inc. (SEL) in the United States has optimized the use of rail transport for product shopping from the West Coast to reduce CO2 emissions generated during transport. In addition, SEL has been recognized as a SmartWay High Performers Shipper by the U.S. Environmental Protection Agency since 2016, based on its use of environmentally responsible logistic partners and its environmental performance.
**Modal Shift in Japan**

In Japan, Sony has promoted modal shift from truck to rail transport. For large-sized products such as BRAVIA™ LCD TVs or Blu-ray Disc™/DVD recorders, in particular, Sony proactively uses railroad, which accounts for more than 15% of all long-distance (500km or more) domestic transport. These efforts have gained recognition. Sony has been certified by the Japanese Ministry of Land, Infrastructure, Transport and Tourism as a certified company in the "Eco Rail Mark" system since 2011, while BRAVIA™ LCD TVs and Blu-ray Disc™/DVD recorders have earned product certification. Sony also promotes domestic sea transport. In fiscal 2017, CO2 emissions attributable to the transport of products in Japan were approximately 340 tons lower than would have been the case if products had been transported by truck.

**Improving Transport Efficiency with Intra-Industry Collaboration and Milk Runs**

Efficient transport realized by maximizing loading volume per truck reduces environmental impact. Sony seeks to improve transport efficiency by utilizing various modes of intra-industry collaboration such as cooperative transport and milk runs.* Sony has been using cooperative transport by truck in some regions of Japan. In China, Sony has been improving transport efficiency, which helps to reduce CO2 emissions, using a combination of transport solutions such as milk runs* and round trips.

* In a milk run, a truck follows a route to collect parts from several suppliers, thereby improving transport efficiency compared with the routing method of separate runs to each supplier.
Raising Transport Efficiency by Improving Shipping Boxes

At Sony DADC US Inc., warehousing, packaging, returns processing and distribution of assorted media had previously used regulation-size boxes. Space inside the boxes was often left unused depending on the shipment size and number of orders. Cushioning material was also needed inside the empty spaces to protect the goods during transport, which resulted in additional expenditures for materials. In response to these circumstances, the Bolingbrook Distribution Center improved the boxes by redesigning them into a shape optimally suited for the size and amount of products for shipment. Ultimately, the Distribution Center eliminated the wasted space in the boxes, increased the rate of products shipped, and substantially improved transport efficiency. The initiative also helped to reduce the amount of cushioning material used.

Promoting the Use of Reusable Bands for Products and Parts Transport in Manufacturing Sites and Warehouses

To keep stacked cartons from collapsing during transport of products and parts in manufacturing sites and warehouses, Sony employs reusable bands as one of packaging materials. This has contributed to the reduction of use and disposal of packaging materials such as stretch films.
Product Recycling Policy and Performance

Sony’s Product Recycling Policy

Sony subscribes to the principle of individual producer responsibility (IPR), that is, the idea that a producer bears responsibility for its products over their entire life cycle. Accordingly, Sony is focused on recycling-oriented product design, collection and recycling used products, and building global recycling systems that suit the needs of individual countries and regions. Sony recognizes its social responsibility as a manufacturer to deal with its used products and actively promotes product collection and recycling, and complies with recycling laws and regulations in countries and regions around the world.

Environmental Mid-Term Targets for Take-Back and Recycling

Sony’s Green Management 2020 environmental mid-term targets, which extend through fiscal 2020, include the following targets for product take-back and recycling. Under these targets, Sony promotes easy-to-recycle product design and continues take-back and recycling programs of end-of-life products around the world. Sony aims to achieve even more advanced recycling through efforts such as recycling materials that have not been recycled in the past and is working with recycling companies to acquire a clear grasp of recycling key resources.

Green Management 2020 Targets for Take-Back and Recycling

<table>
<thead>
<tr>
<th>Resources</th>
<th>Establish recycling schemes suitable for the needs of local communities, and move ahead with efficient operations.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aim at the high-level return of waste to a form in which it can be used as a resource by acquiring a clear grasp of recycling key resources.</td>
</tr>
</tbody>
</table>

Product Recycling Initiatives

In the treatment of used products, Sony complies with recycling laws and regulations in countries and regions around the world, including Japan’s Home Appliance Recycling Law, the EU’s Waste Electrical and Electronic Equipment Directive (WEEE Directive), state recycling laws on waste electrical and electronic equipment in the US, China’s Management Regulations for Recycling and Disposing of Consumer Electronics and Electronic Waste, and India’s recycling laws on electronic waste. Sony has set up its own voluntary collection system for used products. For example, Sony Mobile Communications Inc. (SOMC) promotes the recycling of used mobile phones worldwide and distributes detailed information on the collection and recycling of used mobile phones in 43 countries. In 19 of these countries, SOMC has its own voluntary collection system.

For more information on recycling of used mobile phones worldwide, please refer to the Sony Mobile Communications website.
Sony’s Recycling Record

In fiscal 2017, Sony collected approximately 75,000 tons of end-of-life products (as of July 2018). Sony’s overall take-back record peaked in fiscal 2010, and fell in the ensuing years through fiscal 2013, due to the impact of Japan’s eco-point incentive program for home appliances. Since fiscal 2013, the figures have been fairly consistent.

Notes:
- The figure for fiscal 2017 is as of July 2018.
- Japan / East Asia refers to the Japan, Korea and Taiwan region.
- The Sony overall take-back record does not include Sony Interactive Entertainment and Sony Mobile Communications products.

Take-Back of End-of-Life Products Record
(Thousand tons)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Japan / East Asia</th>
<th>North America</th>
<th>Europe</th>
<th>Pan Asia</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>07</td>
<td>68</td>
<td>91</td>
<td>112</td>
<td>125</td>
<td>164</td>
</tr>
<tr>
<td>08</td>
<td>75</td>
<td>125</td>
<td>66</td>
<td>74</td>
<td>91</td>
</tr>
<tr>
<td>09</td>
<td>68</td>
<td>125</td>
<td>77</td>
<td>68</td>
<td>112</td>
</tr>
<tr>
<td>10</td>
<td>75</td>
<td>68</td>
<td>74</td>
<td>77</td>
<td>125</td>
</tr>
<tr>
<td>11</td>
<td>68</td>
<td>75</td>
<td>68</td>
<td>77</td>
<td>112</td>
</tr>
<tr>
<td>12</td>
<td>75</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>75</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>75</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Latin America
- Pan Asia
- Europe
- North America
- Japan / East Asia
Improving Product Recyclability

Working with the Sony Group’s Specialized Recycling Company

As one of its strategies for resource efficiency, Sony works to increase the recyclability of its products. When examining various related measures, Sony receives feedback from Green Cycle Corporation, a Sony Group company specializing in the recycling business. Green Cycle Corporation presents ideas and proposals for improvements to Sony headquarters departments with environmental responsibilities, including how to make it easier to disassemble products and separate materials, based on the expertise it has gained through recycling used electronic products and personal computers. Practical measures incorporating those ideas are then drawn up and submitted to design departments for each product category. Meanwhile, Sony supports the efforts of Green Cycle Corporation to improve its recycling technologies while sharing the latest information on product manufacturing.

Green Cycle Corporation also offers company tours that ordinary customers can participate in.
Holding Workshops on TV Recycling

Sony has been regularly holding workshops on TV recycling since 2006 at Green Cycle Corporation. Its product designers, mechanical designers and other employees in various positions participate. The workshops aim to reaffirm the importance of and need for considering recyclability in product designs, and to ensure those ideas are later applied when creating products. During the workshops, the participants first observe a television disassembly line onsite, and then try to take apart an LCD television themselves. Afterwards, line managers at Green Cycle Corporation explain current challenges and needs, and then exchange ideas with the participants in a discussion. Participants then apply what they have learned when designing products that will be sold worldwide, with a first-hand understanding of the difficult work of disassembling products and ways to make it easier, as well as an appreciation of the importance of reusing materials that have been separated from used products.

Employees disassemble an LCD television
Recycling Activities in Japan

Sony recycles televisions and personal computers in line with applicable recycling-related laws in Japan. Sony also bears the cost of recycling lithium-ion batteries and other small rechargeable batteries, as well as packaging materials, as required by law.

Recycling of Television Sets

Japan’s Home Appliance Recycling Law, which came into effect in April 2001, initially covered four major home appliances: televisions, refrigerators, washing machines and air conditioners. In April 2009, the law was revised to also cover LCD and plasma televisions and clothes dryers. Among applicable products, Sony manufactures televisions\(^1\) (CRT, LCD and plasma models). The Home Appliance Recycling Law requires consumers to pay collection, transport and recycling fees when disposing of applicable home appliances, retailers to take back such appliances and return them to manufacturers, and manufacturers to recycle these appliances.

Sony has established a nationwide cooperative recycling network with four other manufacturers. As a consequence, Sony-manufactured televisions are now recycled at 15 recycling plants across Japan. One of these plants is operated by Green Cycle Corporation, which manages a recycling business as a Sony Group company.

In fiscal 2017, Sony recycled approximately 165,000 CRT televisions and 223,000 flat-screen televisions. The Home Appliance Recycling Law obliges manufacturers to maintain recycling rates of at least 55% for CRT televisions and at least 74% for flat-screen televisions. Sony has consistently exceeded these rates since fiscal 2001. In fiscal 2017, the recycling rate for Sony-manufactured CRT televisions was 76%, while for Sony-manufactured flat-screen televisions it was 89%.

\(^1\) Sony-manufactured televisions include products bearing the Aiva brand manufactured in and before 2005.

<table>
<thead>
<tr>
<th>Television Recycling in Japan (Fiscal 2017)</th>
<th>Units</th>
<th>CRT televisions</th>
<th>LCD and plasma televisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of products brought into designated collection locations</td>
<td>Thousand</td>
<td>169</td>
<td>228</td>
</tr>
<tr>
<td>Number of products recycled</td>
<td>Thousand</td>
<td>165</td>
<td>223</td>
</tr>
<tr>
<td>Total weight of products processed</td>
<td>Tons</td>
<td>3,954</td>
<td>4,267</td>
</tr>
<tr>
<td>Total weight of recycled products and materials</td>
<td>Tons</td>
<td>3,021</td>
<td>3,833</td>
</tr>
<tr>
<td>Recycling rate</td>
<td>%</td>
<td>76</td>
<td>89</td>
</tr>
</tbody>
</table>
Notes:
- Figures have been truncated.
- The number of products recycled and total weight of products processed refer to the number and weight of products for which recycling processes were implemented in fiscal 2017.
- The number of products brought into designated collection locations and number of products recycled do not include products for which responsibility for recycling is undecided owing to, for example, the entry of incorrect information in tracking sheets.

CRT television Recycling Performance

<table>
<thead>
<tr>
<th>Year (Fiscal)</th>
<th>Total weight of products processed (Ton)</th>
<th>Total weight of products recycled (Ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>07</td>
<td>87</td>
<td>25.7</td>
</tr>
<tr>
<td>08</td>
<td>90</td>
<td>31.0</td>
</tr>
<tr>
<td>09</td>
<td>90</td>
<td>28.2</td>
</tr>
<tr>
<td>10</td>
<td>91</td>
<td>65.4</td>
</tr>
<tr>
<td>11</td>
<td>78.5</td>
<td>49.9</td>
</tr>
<tr>
<td>12</td>
<td>78</td>
<td>11.8</td>
</tr>
<tr>
<td>13</td>
<td>78</td>
<td>9.5</td>
</tr>
<tr>
<td>14</td>
<td>77</td>
<td>8.1</td>
</tr>
<tr>
<td>15</td>
<td>76</td>
<td>7.5</td>
</tr>
<tr>
<td>16</td>
<td>76</td>
<td>4.8</td>
</tr>
<tr>
<td>17</td>
<td>76</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Note:
- Figures have been truncated.

LCD and plasma Television Recycling Performance

<table>
<thead>
<tr>
<th>Year (Fiscal)</th>
<th>Total weight of products processed (Ton)</th>
<th>Total weight of products recycled (Ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>09</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>10</td>
<td>0.9</td>
<td>0.7</td>
</tr>
<tr>
<td>11</td>
<td>1.3</td>
<td>1.5</td>
</tr>
<tr>
<td>12</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>13</td>
<td>2.0</td>
<td>2.5</td>
</tr>
<tr>
<td>14</td>
<td>2.5</td>
<td>3.1</td>
</tr>
<tr>
<td>15</td>
<td>3.1</td>
<td>3.6</td>
</tr>
<tr>
<td>16</td>
<td>3.6</td>
<td>3.8</td>
</tr>
<tr>
<td>17</td>
<td>3.8</td>
<td></td>
</tr>
</tbody>
</table>
Parts and Resources Recycled from Televisions

Total weight of parts and resources which were processed to become possible to be transferred for profit or free of charge for use as parts or materials in other products.

Resources Recycled from CRT Televisions (Fiscal 2017)

- Iron: 451 Tons
- Copper: 161 Tons
- Aluminum: 3 Tons
- Nonferrous and ferrous compounds: 6 Tons
- CRT glass: 1,415 Tons
- Other Valuable resources: 983 Tons

Notes:
- Figures have been truncated.
- Other valuable resources include plastics, among others.

Resources Recycled from LCD and Plasma Televisions (Fiscal 2017)

- Iron: 1,875 Tons
- Copper: 46 Tons
- Aluminum: 192 Tons
- Nonferrous and ferrous compounds: 11 Tons
- Other Valuable resources: 1,707 Tons

Notes:
- Figures have been truncated.
- Other valuable resources include plastics, among others.
Recycling of Personal Computers

Although Sony sold off its personal computer business in July 2014, it is collecting and recycling its PC products in Japan that are no longer used by households and businesses, including long-time corporate users, in accordance with Japan’s Act on the Promotion of Effective Utilization of Resources. Items being recycled are desktop PC units, notebook PCs, CRT displays, and LCDs.

The many used computers made by Sony are being recycled with close attention to information security, with hard drives being physically destroyed in a dedicated work space at Green Cycle Corporation. In fiscal 2017, Sony collected and recycled the total amount of approximately 28,000 units, for a total weight of approximately 175.8 tons. From these items, about 126.7 tons of materials were reused, including metal, plastic, and glass parts.

![Notebook PC being dismantled](image)

### Personal Computer Recycling in Japan (Fiscal 2017)

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>Desktop PC units</th>
<th>Notebook PCs</th>
<th>CRT displays</th>
<th>LCDs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of products brought into plants</td>
<td>Thousands</td>
<td>3.0</td>
<td>14.2</td>
<td>1.6</td>
<td>9.7</td>
</tr>
<tr>
<td>Total weight of products processed</td>
<td>Tons</td>
<td>34.6</td>
<td>39.5</td>
<td>30.8</td>
<td>70.7</td>
</tr>
<tr>
<td>Total weight of recycled products and materials</td>
<td>Tons</td>
<td>25.7</td>
<td>27.7</td>
<td>18.6</td>
<td>54.6</td>
</tr>
<tr>
<td>Recycling rate</td>
<td>%</td>
<td>74.1</td>
<td>70.1</td>
<td>60.3</td>
<td>77.3</td>
</tr>
</tbody>
</table>

Note: Figures have been truncated to one decimal place.
Recycling Activities in Europe

Take-back legislation in Europe - in particular, the European Union (EU) Directives on Waste Electrical and Electronic Equipment (WEEE)*1, Batteries*2 and Packaging*3 - requires manufacturers to organize and finance the collection and recycling of end-of-life products and packaging.

Sony takes full responsibility for its take-back obligations in all applicable European countries. This is exemplified by our strong commitment to actively create a competitive market for professional recycling activities in Europe.

As such, in December 2002, Sony joined forces with Braun GmbH, AB Electrolux and Hewlett Packard Europe S.A., to form the European Recycling Platform (ERP). The aim of ERP was to establish efficient and cost-effective systems for the collection and recycling of end-of-life electrical and electronic products to enable member companies to fulfill their obligations as manufacturers. Sony continuously strives to find the best recycling partners across Europe.

Sony’s Recycling Compliance Systems

Sony utilizes authorized collection schemes for the collection and recycling of WEEE, batteries and packaging across Europe. These conduct regular on-site audits of all contracted recyclers to ensure compliance and prevent illegal shipments outside the EU. Sony engages authorized partners that undertake recycling on behalf of manufacturers to ensure our products are recycled in a compliant manner, in accordance with European Directives and country specific regulations.

In 2017, Sony financed the costs of recycling around 50,119 tons*1 of end-of-life products and packaging in Europe. In collaboration with other manufacturers, Sony discloses relevant information on components that require special treatment for product categories placed on the market in Europe for recyclers to facilitate safe recycling.

*1 Directive 2012/19/EU on waste electrical and electronic equipment (WEEE)
*2 Directive 2006/66/EU on batteries and accumulators and waste batteries and accumulators
*3 Directive 94/62/EC on packaging and packaging waste

*1 End-of-life products and packaging in 2017 does not include WEEE and packaging for Netherlands.
Recycling Activities in North America

Sony Electronics Inc. (SEL) in the United States and Sony of Canada Ltd. continue to contribute to the development of the recycling infrastructure in North America. All recycling and support activities are committed to a responsible recycling process that complies with a growing mandate of state and provincial legislation.

North America

Promoting the Sony Take Back Recycling Program

In the United States, Sony Electronics Inc. (SEL) continues to operate its voluntary recycling sponsorship program and compliance programs in states with take back regulations. On September 15, 2007, the company introduced the Sony Take Back Recycling Program, which aims to further encourage consumers to recycle and dispose of electronics equipment in an environmentally sound manner. Developed in collaboration with waste administration and recycling companies in the United States, the program allows consumers to drop off Sony products at designated collection centers free of charge. In fiscal 2017, these collection centers and through compliance channels collected approximately 11,261 tons (24,775 thousand pounds) of used consumer electronics. SEL aims eventually to provide a collection center within 32km (20 miles) of the homes of 95% of the country’s population. SEL in 2017 recycled 0.31Kg (0.67 pounds) for every 1Kg (2.20 pounds) sold which measures progress towards the goal of recycling the equivalent weight of recovered consumer electronics for every new product sold.
Recycling Program Website

SEL provides a website through which consumers may search for the optimal method of returning and recycling used electronics products (including non-Sony products). The site enables consumers to learn about state specific recycling programs. It also includes various ways of bolstering the recycling rate, including a search function for the nearest take-back recycling center. For consumers whose closest center is more than 40km (25 miles) away, Sony products up to 11kg (25 pounds) are taken back by free-post and recycled free of charge.

As of March 2018, SEL has cumulatively collected approximately 108,516 tons (239 million pounds) of electronics equipment scrap, thereby contributing to reduced use of natural resources. In the future, through the site, SEL plans to promote higher rates of used electronics collection and conduct educational campaigns on appropriate recycling methods of used products.

As a member of the Call2Recycle program*, SEL recycles rechargeable batteries free of charge in line with Call2Recycle’s recycling scheme.

* Call2Recycle is a nonprofit public service organization that conducts and manages rechargeable battery recycling programs and provides related consulting services in the United States and Canada.

For more information of the collecting stations of used electronics products, please refer to the Sony Take Back Recycling Program website.

For more information of the drop-off locations for rechargeable batteries, please refer to the Call2Recycle website (external).

Recycling Responsibly

In addition to conducting its own independent audits of recyclers and the downstream processing firms to which they subcontract, SEL has set forth a recycling policy whereby all recyclers it does business with must obtain Responsible Recycling (R2) or e-Stewards certification. R2 and e-Stewards are certification systems for recyclers organized in part by the U.S. Environmental Protection Agency (EPA) that evaluate such factors as environmental management performance and workplace environment. SEL participates in the EPA Sustainable Material Management program Electronics Challenge since its program inception.
Canada

Working with Provincial Governments to Set Up Electronics Equipment Recycling Programs

Since first provincial program was launched in 2004, Sony of Canada Ltd. (Sony Canada) has worked with provincial governments to set up recycling programs for end-of-life electronics equipment. From 2008 through 2015, Sony Canada operated an expanded recycling program for small electronics equipment across Canada by enabling consumers to take such products to its retail partners across the country. More recently, provincial programs matured to deliver appropriate collection opportunities for consumers through http://epra.ca/. In addition, Sony Canada supports other recycling programs for packaging and battery and supports small distributors fulfill their recycling obligation.

In accordance with electronics recycling standards set forth by Electronics Product Stewardship Canada (EPSC), which prohibits the export of waste to countries not in the Organisation for Economic Co-operation and Development, Sony Canada conducts its own independent audits of recyclers and the downstream processing firms which they subcontract.

> For more information, please refer to “Recycling your Sony products” at the Sony Canada website.
Recycling Activities in Pan Asia

The operations of Sony in the Pan Asia region stretch from Africa to New Zealand. Throughout the region, Sony offices and manufacturing locations continually work to ensure that the recycling needs of the local community are met. In terms of national electronic waste recycling legislation, India and Australia are two key countries where Sony actively works with local partners to ensure that local requirements are met.

India: Working with a Local Partner to Collect and Recycle E-Waste

In order to ensure compliance with local legislation, Sony India has partnered with a leading third party recycling company to provide recycling services for e-waste. In fiscal 2017, Sony India collected approximately 522 tons of e-waste, including generated service waste, through the recycling partner. Additionally, Sony India has focused on creating a broad network of e-waste collection points, thereby making it easier for customers to turn in their e-waste. As of the end of March 2018, 26 collection points across the country had been established. Sony India plans to review the results of this initiative at the end of its financial year and formulate future plans accordingly.

For more information on the recycling of Sony products in India, please refer to "Electronic Waste ("E-Waste") Management" at the Sony India website.

Australia: Participating in the "Government-Accredited Recycling Partner" System

Since March 2012, Sony Australia has been taking part in a recycling system with partners accredited by the Australian federal government under new home appliance recycling legislation. The company has been making a concerted recycling effort over this period of time. From July 2017 through June 2018, the company recycled roughly 2,186 tons of discarded home appliances.
Recycling Activities in Latin America

Sony has offices in a number of Central and South American countries, including Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Peru. These offices operate recycling programs designed to meet the needs of their particular areas. Here we introduce a joint project operated throughout Latin America as well as representative examples of Sony commitment to recycling initiatives.

Sony Joint Project: Green Service Program

Since 2010, Sony sales companies in Latin America—including Sony Mexico, Sony Inter-American, Sony Colombia, Sony Peru, Sony Chile, Sony Argentina and Sony Bolivia gradually launched the Green Service Program. Under this initiative, using participating companies’ service networks, products and components that are under warranty but discarded during repair are appropriately treated. Also the e-waste generated by Sony sales companies’ facilities in Latin America are appropriately treated under this program as well. This program marks a shift in focus from simple disposal to the proper management and repair of products, helping Sony fulfill its responsibility to reduce the environmental impact of its products after they are sold and respond to the expectations of customers. In fiscal 2017, approximately 167 tons of scrap were collected and processed appropriately. Going forward, the companies will continue to implement the Green Service Program.

Supporting the Electronic Waste Recycling Program "Live the Change (Vive el Cambio)"

"Live the Change" (Vive el Cambio) is an environmental campaign operated by Sony Group companies in Latin America. This campaign is designed based on the Sony Stores retail platform, aiming for direct contact with customers, in an effort to educate them about the benefits of product recycling to ensure efficient use of precious natural resources, while at the same time actively collaborating with Sony on the new paradigm of "Circular Economy" for a sustainable future. Launched on Earth Day in 2014, with a current presence in 2 countries in Latin America and with a total of 13 collection points, the initiative is encouraging Sony customers to bring in their Sony Mobile phones and small Sony products for recycling. During fiscal 2017 a total of about 0.47 tons of products have been collected.
Recycling Activities in China

Compliance with Regulations on Recovery Processing of Waste Electrical and Electronic Products (China WEEE)

In 2011, China enacted the Regulations on Recovery Processing Waste Electrical and Electronic Products. Popularly known as “China WEEE,” the regulations that mandate the recycling of five types of products: televisions, refrigerators, washing machines, air conditioners and PCs. As a manufacturer of two of the products—televisions and PCs—Sony is affected by these regulations, which oblige manufacturers and importers to contribute to a fund that is used to cover the cost of processing of waste electrical and electronic products. In compliance with the regulations, Sony (China) Limited makes regular contributions to the fund.

Sony (China) Spearheads Project to Recover and Recycle End-of-Life Broadcasting Equipment

Since 2009, Sony (China) has promoted a project aimed at recovering and recycling end-of-life broadcasting equipment. Since the 1990s, Sony has sold broadcasting equipment in China, including U-matic video recording systems. Sony (China) collects end-of-life equipment directly from broadcasters free-of-charge and delivers them to a recycling company that specializes in commercial equipment, ensures they are dismantled and recycled appropriately. Sony (China) also submits a report on the recycling of these products to broadcasters. In addition, Sony (China) gives broadcasters free pass to attend lectures on HD technology at Sony Academy of Imaging Technology according to the number of end-of-life broadcasting equipment it collects from them.

Through this project, Sony (China) aims to build a cooperative industry-wide circle of cooperation by getting individuals from across the broadcasting industry involved in environmental activities.
Environmental Communication Activities

Sony provides a wide variety of stakeholders with environmental information in an accurate, timely and continuous manner. Sony also holds events with environmental themes and actively promotes environmental education with the aim of encouraging greater general awareness of environmental issues.

Raising the Environmental Awareness of Employees

Sony shares information on environmental issues with employees of the global Sony Group via a dedicated environmental website. Environmental education via e-learning is mandatory for all Group employees in Japan and has also been introduced at overseas sites. In addition, Sony presents its environmental initiatives to employees in environmental education courses and events held at sites around the world. In China, for example, Sony Digital Products (Wuxi) Co., Ltd. set up an Environment, Health, and Safety hands-on education facility in 2016 to provide visitors with an interactive environmental learning experience.

Employee Communication Campaign on the Environment

“Center Stage: Living Green” is an employee communication campaign that celebrates members of the Sony Music group who take steps to live a greener lifestyle. Topics have included participating in Meatless Mondays, growing vegetables and raising backyard chickens, and reducing water consumption. In March 2015, the campaign recognized Global Citizen Earth Day 2015, highlighting the participation of Sony Music Entertainment artists Usher and Train, and challenged employees to join Sony Global Volunteer Day. Living Green will continue to encourage eco-conscious colleagues and artists alike to share their stories, promote achievable lifestyle choices, and foster a community of Green Living.

*1 Meatless Mondays is an environmental initiative that encourages people to refrain from eating meat once per week and reduce consumption. It arose in response to increased consumption of meat around the world in recent years, which has led to a number of problems including environmental destruction resulting from the cultivation of livestock feed and the release of the greenhouse gas methane from cattle, sheep, and other livestock.
Taking Advantage of Sony Events to Raise Environmental Awareness

Since 2015, Sony Electronics Inc. (SEL) in the United States has worked with partners to conduct an environmentally conscious Sony Open in Hawaii, a PGA Tour event.¹ In advance of the tournament, SEL supported a consumer electronics recycling event as well as a beach cleanup event. During the tournament, spectators are encouraged to recycle their waste as well and to use public transportation, bicycles, and other low-impact means of transportation to attend the event. Styrofoam containers were phased out from food serving at the event with support from vendors, sponsors, Waialae Country Club and others. The Sony Open in Hawaii has been recognized by receiving the Hawaii Green Event Certification by the State of Hawaii for three consecutive years.

¹ PGA Tour is the US men’s professional golf tour.

> For more information, please refer to “Sustainability is a New Tradition at Sony Open in Hawaii” at the Sony and the Environment website.

Environmental Initiatives Leveraging Music, Artists, and Events

The Sony Music Group actively engages in protecting the environment through Sony Music artists participating by way of music to send messages that raise awareness of environmental issues and also incorporating environmentally conscious measures for the various events we host and promotional materials we create. In 2017, for example, Sony Music artists Toshinobu Kubota and Sayuri performed at Munakata Fes, a music event supporting environmental protection activities for Okinoshima island in Fukuoka, speaking to the audience in their own words about the importance of protecting the environment. At AnimeJapan 2017, one of the largest anime events in the world, stickers for environmental conservation featuring original designs from the anime film Black Butler: Book of the Atlantic produced by the Sony Music group company Aniplex Inc. were distributed to help raise environmental awareness. Sony Music also works to reduce the environmental impact of the events it produces. For example, FreFlow®, a wireless pen light system for concert audiences jointly developed by Sony Music Communications Inc. and Sony Engineering Corporation, was improved to be an added feature at concerts for Sony Music artist “Kana Nishino”. The transmission system was reconfigured to make the cherished pen light editions sold during previous Kana Nishino tours compatible with the system when used at later concerts. By making these pen lights reusable, Sony Music concerts have found a way to incorporate environmental considerations by way of resource circulation, as well as to create a special sense of unity between the audience and the artist by increased number of penlights illumination surrounding them.
Management of Risks Related to Chemical Substances

As a company that uses chemical substances, Sony discloses information on emissions of such substances and exchanges views on safety and environmental issues with residents in the vicinity of its sites, as well as with local authorities, with the aim of reinforcing mutual understanding. For instance, Sony Semiconductor Corporation actively participates in local community events and organizes its own interactive events at all of its in-plant. The company also holds tours of its manufacturing plants, during which it explains to visitors how wastewater is processed by environmental-related equipment.
Stakeholder Engagement

Sony is active in a wide range of fields, and its stakeholders have diverse expectations. In order to promote a healthy, spiritually abundant, sustainable society, Sony is deeply committed to stakeholder engagement, a process whereby it seeks to earn greater trust from stakeholders and cooperate with them to achieve common aims. Described here are two of the more notable examples of this approach.

Participation in the WWF’s Climate Savers Programme

In July 2006, Sony joined the Climate Savers Programme, established by the World Wide Fund for Nature (WWF), a leading international environmental NGO. Under the Climate Savers Programme, the WWF partners with leading corporations to establish targets for reducing absolute emissions of greenhouse gases that are meaningful, rather than simply expedient for corporations. Progress toward the achievement of these goals is monitored by the WWF, as well as by an independent body. Participation in the program has enabled Sony to set more ambitious targets, and monitoring by the WWF and an independent body has enhanced the transparency of Sony’s various environmental initiatives.

Sony’s participation in the Climate Savers Programme includes meeting the climate change targets set in its Green Management 2020 group environmental mid-term targets.

> For more information, please refer to “Partnership and Participation in Multi-stakeholder Frameworks.”

“Climate Savers” logo
Membership in the Consortium for Sustainable Paper Use

In November 2013, Sony became a founding member of the Consortium for Sustainable Paper Use (CSPU), the aim of which is to encourage environmentally preferable and socially responsible paper use—usage of forest-certified paper and recycled paper—by both companies and society at large. The consortium was established by a group of companies promoting progressive initiatives in the area of sustainable paper use in collaboration with World Wide Fund for Nature (WWF) Japan and Response Ability, Inc. Through participation in the consortium, Sony is advancing the practical application of measures to ensure sustainable paper use and to disseminate information and promote public awareness. Consortium members exchange information regularly and interview non-member companies with the goal of promoting the consortium-wide application of particularly outstanding initiatives.

With regard to certified-forest paper, Sony promotes the use of FSC-certified paper*, which is not merely in conformance with the regulation, but is in fact highly valued as a means of supporting forest sustainability. For example, Sony uses FSC-certified paper in its corporate publications and other printed materials, including company brochures, shareholders meeting notices, calendars, and business cards. In fiscal 2015, moreover, use of this paper was expanded to include product catalogs and envelopes. Sony used 363 tons of FSC-certified paper in fiscal 2017.

* FSC-certified paper is any paper product made from wood that has been certified by an international body called the Forest Stewardship Council, which aims to promote forest preservation.

"CSPU" logo

*CSPU* logo
Environmental Data

For the following data, please refer to "Environmental data file."

- Greenhouse Gas Emissions
- Eco-Efficiency
- Environmental Cost
- Environmental Data for Products
- Product Recycling Data
- Environmental Data for Site
- Emissions of Air and Water Pollutant (Worldwide)

> Environmental data file [Excel: 543KB]

Others

> Environmental Data Collection Methods and Rationale
> Overview of Environmental Impact
> Examples of Polyvinyl Chloride (PVC)-free Products and Brominated Flame Retardant (BFR)-free Products
> ISO14001 Certified Sites
> Independent Verification Report
> History of Environmental Activities
> Response to CDP (Carbon Disclosure Project) Investors by Sony Corporation [Excel: 467KB]
## Environmental Data Collection Methods and Rationale

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Other Data Collection Methods and Rationale
Worldwide Data Collection System

Sony uses a cloud-based data collection system to monitor and manage the progress of the environmental impact of all sites in the Sony Group. This system permits headquarters to collect data monthly from sites around the world.

Persons in charge at each site input data concerning energy, water, waste, chemical substances and environmental costs into the data collection system, which is then checked and approved by supervisors. Data administrators at six environmental offices around the world also check the data. To ensure efficient collection and tabulation, in addition to checks at several points during the process, data checks are executed by the system at data input, thereby reducing the possibility of errors.
Scope, Collection Period, and Accuracy of Compiled Data

Collection Period: April 1, 2017-March 31, 2018

In principle, data for results was compiled in the period stated above. Estimates have been used, however, at some sites where the impact on overall results is deemed to be extremely minor.

Scope of Data Collection

Site data: All ISO 14001-certified sites as of March 31, 2018

Among Sony Group consolidated sites, all manufacturing sites, distribution sites with 100 or more employees, and non-manufacturing sites with 1,000 or more employees are, in principle, expected to obtain ISO 14001 certification.

Product data: Data covers all products manufactured by the Sony Group and sold outside the Group. Accessories, semi-manufactured products and components are included. Weight data includes the weight of packaging materials.

Data Accuracy

Site data: Chemical substance data and environmental cost data collected from certain sites may be slightly less accurate than other data.

Product data: Data for some semi-manufactured products, components, and some products produced and sold overseas may be slightly less accurate than other data.
Greenhouse Gas Related Data Collection Methods and Rationale

Greenhouse Gas Emissions from Sites

Quantity of power, heat, and fuel usage and quantity of greenhouse gases used for manufacturing process, within facility and others are collected.

CO₂ emissions from energy consumption (energy-related)

CO₂ emissions from energy consumption are calculated by multiplying the quantity of electrical power, heat and fuel (including fuel for motor vehicles, etc.) used at sites by the CO₂ conversion rate.

Emissions of PFCs and other greenhouse gases (non energy-related)

Emissions of PFCs and other greenhouse gases are converted to CO₂ by multiplying greenhouse gas emissions from each site by global warming potentials. Global warming potentials are based on the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

CO₂ conversion rates

- Electricity
  - Japan: Rates for fiscal 2014 provided by the Federation of Electric Power Companies in Japan
  - Countries other than Japan: Rates for 2013 provided by the International Energy Agency (IEA)
- Fuel and Heat
  - Worldwide: Rates based on Japan’s Law concerning the Promotion of the Measures to cope with Global Warming

Total CO₂ Emissions from Product Use

CO₂ emissions from product use are calculated by multiplying the quantity of electrical power consumed throughout the lifetime of products sold in the current fiscal year by the CO₂ conversion rates. (In other words, it is not the actual quantity of CO₂ emitted in the current fiscal year.) CO₂ emissions from product use are calculated by the following equation.

Sales x (Operating power consumption x Hours of operation per year + Power consumption during standby time x Standby time per year) x Years of product use x CO₂ conversion rate

In theory, emissions during product use in the current fiscal year should be calculated from the total quantity of electrical power consumed by previously sold Sony products that are still in use by consumers in the current fiscal year. However, given the difficulty of determining how many previously sold Sony products are still in use by consumers of the total number of Sony products sold to date, Sony uses the total quantity of electrical power consumed while in use over the lifetime of Sony products sold in the current fiscal year for CO₂ emissions during use.

The hours of operation per year, standby time per year, and years of product use are calculated based on data obtained by various surveys. In Japan, Sony uses the 2014 CO₂ conversion rate provided by the Federation of Electric Power Companies of Japan. Outside of Japan, it uses the 2013 country-specific CO₂ conversion rates provided by the International Energy Agency (IEA).
CO₂ Emissions from Logistics

Total CO₂ emissions from logistics include emissions arising from international logistics and logistics within over 40 countries and regions such as Japan, the United States, Europe, and Asia associated with Sony Group’s electronics products. For logistics within Japan, CO₂ emissions from parts logistics are partially included.

CO₂ emissions from logistics are primarily calculated by multiplying ton-kilometers transported (weight of goods transported x distance traveled) by the CO₂ conversion rate. In certain instances, CO₂ emissions arising from transport by truck are calculated by multiplying the amount of fuel used (fuel consumption per kilometer x number of kilometers traveled) by the CO₂ conversion rate. For international transport by ship, the calculation uses the weight of goods transported including the weight of shipping containers.

For international transport, the CO₂ conversion rate used to calculate CO₂ emissions is based on the emissions intensity supplied by the GHG Protocol. For regional transport, priority is given to using the rate supplied by the region or country. For Japanese domestic transport by truck, CO₂ emissions calculations multiply the weight of freight transported by two factors: the amount of fuel used per unit of freight transported, as defined in the Law concerning the Rational Use of Energy, and the emissions factor of fuel type used, as defined by the Law concerning the Promotion of Measures to Cope with Global Warming. For transport in the United States, Sony uses the emissions rate supplied by the SmartWay Transport Partnership, which is administered by the U.S. Environmental Protection Agency (EPA).

CO₂ Emissions from Employee Business Trips

Emissions are calculated for business trips undertaken by employees in central departments, which account for the largest share of business trips taken by employees of Sony Corporation and Sony Group Electronics Business companies in Japan, Europe and North America and for business trips taken by employees from some electronics-related companies in Asia and the Middle East. (In the case of Japan and North America, some music-related companies are included.)

CO₂ emissions are calculated by multiplying the distance traveled by the number of employees traveling using the basic unit of output proposed by the GHG Protocol.

Reducing Greenhouse Gas Emissions by Using Renewable Energy

Sony’s efforts to reduce greenhouse gas emissions by using renewable energy include using electrical power produced from renewable energy sources, purchasing electrical power produced from renewable energy sources, and purchasing green energy certificates and other carbon offset credits. The greenhouse gas emissions reduction achieved by using renewable energy is calculated by multiplying the renewable energy used by the CO₂ conversion rate.
## Overview of Calculation for Scope 3 Emissions

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<th>Category</th>
<th>Overview of Calculation</th>
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</thead>
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<td>Category 1 Purchased goods and services</td>
<td>Emissions associated with raw materials and parts for use in electronics products sold by and the goods purchased by the Sony Group, from the extraction of resources through to production, as well as emissions related to certain data center use.</td>
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<tr>
<td>Category 2 Capital goods</td>
<td>Emissions associated with the production of capital goods invested in by the Sony Group.</td>
</tr>
<tr>
<td>Category 3 Fuel- and energy-related activities (not included in scope 1 or scope 2)</td>
<td>Emissions associated with procurement of fuels and energy consumed by Sony Group sites.</td>
</tr>
<tr>
<td>Category 4 Upstream transportation and distribution</td>
<td>Emissions associated with the transportation and storage of electronics products sold by the Sony Group and purchased parts.</td>
</tr>
<tr>
<td>Category 5 Waste generated in operations</td>
<td>Emissions associated with the treatment and disposal of waste generated by Sony Group sites.</td>
</tr>
<tr>
<td>Category 6 Business travel</td>
<td>Emissions associated with travel (by air) for business purposes by Sony Group electronics group companies employees, mainly in Japan, Europe, and North America.</td>
</tr>
<tr>
<td>Category 7 Employee commuting</td>
<td>Emissions associated with employees' commutes from their homes to their workplace.</td>
</tr>
<tr>
<td>Category 8 Upstream leased assets</td>
<td>Not applicable (accounted for in other categories)</td>
</tr>
<tr>
<td>Category 9 Downstream transportation and distribution</td>
<td>Emissions associated with the distribution of electronics products sold by the Sony Group from retailers to consumers.</td>
</tr>
<tr>
<td>Category 10 Processing of sold products</td>
<td>Emissions associated with the assumed post-sale third-party processing of electronics products sold by the Sony Group.</td>
</tr>
<tr>
<td>Category 11 Use of sold products</td>
<td>Emissions associated with the consumption of electricity over their lifetime by electronics products sold by the Sony Group.</td>
</tr>
<tr>
<td>Category 12 End-of-life treatment of sold products</td>
<td>Emissions associated with the assumed end-of-life recycling or disposal of electronics products sold by the Sony Group.</td>
</tr>
<tr>
<td>Category 13 Downstream leased assets</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Category 14 Franchises</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Category 15 Investments</td>
<td>Emissions associated with the business activities of companies in which the Sony Group has invested.</td>
</tr>
</tbody>
</table>
Resource Related Data Collection Methods and Rationale

Volume of Waste Generated at Sites
Total volume of industrial waste and non-industrial waste.

Volume of Waste Landfilled from Sites
Of the waste generated at sites, the weight sent to landfill.

Volume of Water Consumption/Discharged
- The volume of water consumption represents the total volume of water used at sites (municipal water, industrial water, well water); for municipal water and industrial water, purchase volume is substituted for the purpose of calculation.
- The volume of water discharged represents the sum of discharges of water to rivers and to sewerage. For Sony sites where it is not possible to accurately grasp actual discharge volume, a calculation based on the volume of water used x average per-site rate for volume of water discharged is substituted.

Product Resource Input
Total volume of resources used in products, accessories, manuals and packaging materials. Total weight of products shipped is used as a substitute.

Volume of Reused/Recycled Materials
Total volume of reused/recycled materials and vegetable-based plastics used for products, accessories, manuals and packaging.

Volume of Resource Recovery from End-of-Life Products
Volume of products collected from recycling multiplied by the reused/recycled ratio.
Volume of products collected from recycling is the weight of recycled products in Japan/East Asia, Europe, North America, Pan Asia, and Latin America.
Some amounts calculated based on the recycling expenses are included.
The reused/recycled ratio is the volume reused/recycled compared with the total volume collected. The amount of collected end-of-life products is substituted under the current situation.
Other Data Collection Methods and Rationale

Volume of Chemical Substances Handled/Emitted

Class 3 and Class 4 chemical substances for which the amount handled annually is 100kg (Class 3)/1,000kg (Class 4) or more are subject to reporting.

- The volume of chemical substances handled represents the volume of chemical substances used at sites; purchase volume is substituted when exact volume of usage cannot be determined.
- Volume of chemical substances released from sites in relation to their operation; calculations are based on purchase volume x distribution coefficient.

Emissions of Water Pollutants (BOD, COD)

Concentrations in water emitted x volume of water emitted. Sites that are requested by law and/or by other demands such as contracts are subjected to this data collection.

Emissions of Air Pollutants (NOx, SOx)

Volume calculated by multiplying emission volume by emission concentration. Sites that are requested by law and/or by other demands such as contracts are subjected to this data collection.
Overview of Environmental Impact
# Examples of Polyvinyl Chloride (PVC)-free Products and Brominated Flame Retardant (BFR)-free Products

Examples of PVC-free Products and BFR-free Products: Model Name (As of July 2018)

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Polyvinyl Chloride(PVC)</th>
<th>Brominated Flame Retardant(BFR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Models</td>
<td>Model Name (*1)</td>
<td>Model Name (*2)</td>
</tr>
<tr>
<td>Xperia™ Smartphone</td>
<td>All models</td>
<td>All models</td>
</tr>
<tr>
<td>Xperia™ Tablet</td>
<td>All models</td>
<td>All models</td>
</tr>
<tr>
<td>MP3 players WALKMAN*</td>
<td>NW-A45 / A45HN / A46HN / A47</td>
<td>NW-A45 / A45HN / A46HN / A47</td>
</tr>
<tr>
<td></td>
<td>NW-S51S/513K/S315/S315K</td>
<td>NW-S51S/513K/S315/S315K</td>
</tr>
<tr>
<td></td>
<td>NW-E393 / E394 / E395</td>
<td>NW-E393 / E394 / E395</td>
</tr>
<tr>
<td></td>
<td>NWZ-B183F / B183</td>
<td>NWZ-B183F / B183</td>
</tr>
<tr>
<td></td>
<td>NWZ-W5413 / W5414</td>
<td></td>
</tr>
<tr>
<td>IC recorder</td>
<td>ICD-UX565F / UX560F / UX560</td>
<td>ICD-UX565F / UX560F / UX560</td>
</tr>
<tr>
<td></td>
<td>ICD-SX2000</td>
<td>ICD-SX2000</td>
</tr>
<tr>
<td></td>
<td>ICD-TX650</td>
<td>ICD-TX650</td>
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<tr>
<td></td>
<td>ICD-TX800</td>
<td>ICD-TX800</td>
</tr>
<tr>
<td></td>
<td>ICD-PX370 / PX470 / PX470F</td>
<td>ICD-PX370 / PX470 / PX470F</td>
</tr>
<tr>
<td></td>
<td>ICD-PX240</td>
<td>ICD-PX240</td>
</tr>
<tr>
<td></td>
<td>ICD-BX140</td>
<td>ICD-BX140</td>
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<tr>
<td>Memory Card Recorder</td>
<td>ICD-LX31</td>
<td></td>
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<tr>
<td>Portable Radio Recorder</td>
<td>ICZ-R110</td>
<td>ICZ-R110</td>
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<tr>
<td></td>
<td>ICZ-R250TV</td>
<td></td>
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<tr>
<td>Linear PCM Recorder</td>
<td>PCM-D100</td>
<td></td>
</tr>
<tr>
<td>Video Camera Handycam*</td>
<td>HDR-CX40</td>
<td>HDR-CX40</td>
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<tr>
<td></td>
<td>FDR-AX700</td>
<td>FDR-AX700</td>
</tr>
<tr>
<td></td>
<td>HDR-CX405</td>
<td>HDR-CX405</td>
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<tr>
<td></td>
<td>HDR-CX440</td>
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<td>HDR-CX470</td>
<td>HDR-CX470</td>
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<td>HDR-PJ410</td>
<td>HDR-PJ410</td>
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<td>HDR-PJ440</td>
<td>HDR-PJ440</td>
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<td>HDR-PJ675</td>
<td>HDR-PJ675</td>
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<tr>
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<td>HDR-PJ680</td>
<td>HDR-PJ680</td>
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<tr>
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<td>FDR-AX40</td>
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*1: Model Name of PVC-free Products
*2: Model Name of BFR-free Products
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<th>FDR-AX45</th>
<th>FDR-AX53</th>
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For the Next Generation
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<td>About the Sustainability Report</td>
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<tr>
<td>Message from the CEO</td>
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<td>Approach to Sustainability</td>
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<td>Technological Innovation and social value</td>
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<td>Respect for Human Rights</td>
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<td>Employees</td>
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<td>SBP-256E / 128E / 64E</td>
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*1 Parts in which PVC is eliminated are as below (excluding accessories):
- Xperia™ Smartphones: in all plastic components.
- Products other than Xperia™ Smartphones: in casings and internal wiring.

*2 Parts in which BFRs are eliminated are as below (excluding accessories):
- Xperia™ Smartphones: in PWBs, casings and cables.
- Products other than Xperia™ Smartphones: in casings and main PWBs.
ISO14001 Certified Sites

Since the early 1990s, Sony sites throughout the world have sought certification under ISO14001 and this was achieved in early fiscal year 2002. In fiscal year 2003, Sony further developed this activity by implementing a Group-wide, globally integrated environmental management system. In fiscal year 2005, all Sony Group sites, including the Sony Group’s headquarters, which represents the core of this management system, acquired integrated ISO14001 certification in accordance with the fundamental requirements of this integrated management system.

*1 ISO certification covers all Sony Group manufacturing sites, distribution sites with 100 or more employees and non-manufacturing sites with 1,000 or more employees.
List of ISO14001 Certification - Jurisdiction under Japan/East Asia Regional Environmental Office

ISO14001 Global Environmental Management System (GEMS) Certification

(As of March 31, 2018)

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<th>Headquarters/Business Unit</th>
<th>Name of Organization</th>
<th>Acquired (Global EMS)</th>
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<td>Sony Visual Products Inc.</td>
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<td>Sony Video &amp; Sound Products Inc.</td>
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<td>Sony Imaging Products &amp; Solutions Inc., Professional Products Group, Professional Solutions and Services Group, Medical Business Group, Felica Business Division</td>
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<td>Sony Interactive Entertainment Inc.</td>
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<td>Sony Mobile Communications, Inc.</td>
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<td>Sony Strage Media Solutions Corporation</td>
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## List of ISO14001 Certification - Jurisdiction under Europe Regional Environmental Office

### ISO14001 Global Environmental Management System (GEMS) Certification

(As of March 31, 2018)

#### Manufacturing Sites

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<td>Sony Music Entertainment UK Limited</td>
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<td>Sony DADC Czech Republic, s.r.o.</td>
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List of ISO14001 Certification - Jurisdiction under North America Regional Environmental Office

ISO14001 Global Environmental Management System (GEMS) Certification
(As of March 31, 2018)

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<td>Sony Service and Operations of America</td>
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List of ISO14001 Certification - Jurisdiction under Latin America Regional Environmental Office

ISO14001 Global Environmental Management System (GEMS) Certification

(As of March 31, 2018)

Manufacturing Sites

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**List of ISO 14001 Certification - Jurisdiction under Pan Asia Regional Environmental Office**

**ISO 14001 Global Environmental Management System (GEMS) Certification**

(As of March 31, 2018)

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List of ISO14001 Certification - Jurisdiction under China Regional Environmental Office

ISO14001 Global Environmental Management System (GEMS) Certification
(As of March 31, 2018)

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<td>Shanghai Epic Music Entertainment Co., Ltd.</td>
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<td></td>
</tr>
<tr>
<td>Sony DADC China Co., Ltd.</td>
<td>1</td>
<td>2010/04</td>
</tr>
<tr>
<td>Beijing SE Potevio Mobile Communications Co., Ltd*1</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

*1 Stand alone certificate

Non-Manufacturing Sites

<table>
<thead>
<tr>
<th>Name of Organization</th>
<th>Number of Certified Sites</th>
<th>Acquired (Global EMS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony (China) Limited.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sony Supply Chain Solutions (China) Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sony Global Information System (China) Co., Ltd.</td>
<td>9</td>
<td>2005/03</td>
</tr>
</tbody>
</table>
Independent Verification Report

Purpose and Scope of Verification

Sony has obtained third-party verification since fiscal 2001 to ensure the credibility of data reported and facilitate the ongoing improvement of its environmental management. Since fiscal 2003, Sony has sought independent verification from the Bureau Veritas (BV) Group, the external auditing organization for the Sony Group’s global environmental management system. In fiscal 2017, Sony asked the BV Group to undertake independent verification of the reliability of data collection and reporting processes, as well as the accuracy and the appropriateness of conclusions drawn from such data, at production sites, non-manufacturing sites, design sites and Sony’s headquarters. Furthermore, amount of greenhouse gas emissions is verified in accordance with ISO14064-3 since fiscal 2011.

Independent Verification Report
Greenhouse Gas Emissions Verification Statement

To: Sony Corporation

Sony Corporation has engaged the Sony Global Sourcing to audit its greenhouse gas (GHG) emissions data and prepare a Greenhouse Gas Emissions Verification Statement (GVE) for the fiscal year ending March 31, 2018.

Date of Issue:
March 31, 2018

1. Scope of Verification:
The scope of the verification is the Sony Corporation's greenhouse gas emissions data for the fiscal year ending March 31, 2018.

2. Methodology:

2.1 Data Sources:
The greenhouse gas emissions data was obtained from the following sources:

- Internal reports and databases
- External data providers
- Supply chain data

2.2 Emission Categories:

- Scope 1: Direct emissions from owned or controlled facilities
- Scope 2: Indirect emissions from purchased electricity, heat, and steam

2.3 Emission Calculations:

- Scope 1 and 2 emissions were calculated using the methodological framework established by the Intergovernmental Panel on Climate Change (IPCC).

3. Issues and Limitations:

- Limited data availability and accuracy
- Challenges in data collection and reporting

4. Conclusion:

The verification was performed in accordance with the provisions of the Intergovernmental Panel on Climate Change (IPCC).

Sony Corporation

[Signature]

Date: March 31, 2018
## History of Environmental Activities at Sony

### 1970-

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>April</td>
<td>Establishes Environmental Conference, chaired by the President</td>
</tr>
<tr>
<td>1976</td>
<td>April</td>
<td>Promotes prevention of hazardous materials use and occupational health and safety in Sony Group operations in Japan</td>
</tr>
<tr>
<td>1976</td>
<td>May</td>
<td>Establishes Environmental Science Center</td>
</tr>
<tr>
<td>1976</td>
<td>May</td>
<td>Hazardous waste materials and working environments of Group operations in Japan are evaluated</td>
</tr>
</tbody>
</table>

### 1980-

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>April</td>
<td>Sony Corporation of America begins environmental audits</td>
</tr>
<tr>
<td>1989</td>
<td>March</td>
<td>Convenes special committee to study measures to eliminate CFC use</td>
</tr>
</tbody>
</table>

### 1990-

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>August</td>
<td>President’s Policy on the Environment is disseminated among Sony Corporation staff</td>
</tr>
<tr>
<td>1990</td>
<td>October</td>
<td>Organizes Sony Environmental Conservation Committee</td>
</tr>
<tr>
<td>1991</td>
<td>October</td>
<td>Formulates policy for product assessment</td>
</tr>
<tr>
<td>1991</td>
<td>November</td>
<td>Signs business charter for sustainable development of the international chamber of commerce</td>
</tr>
<tr>
<td>1993</td>
<td>January</td>
<td>Inaugurates Environmental Fund System, a program supporting development of environmental protection technologies</td>
</tr>
<tr>
<td>1993</td>
<td>March</td>
<td>Sony Global Environmental Policy and Environmental Action Program is formulated</td>
</tr>
<tr>
<td>1993</td>
<td>April</td>
<td>Use of fluorocarbons for cleaning is completely phased out from the Sony Group’s production processes worldwide</td>
</tr>
<tr>
<td>1994</td>
<td>February</td>
<td>Launches Sony Environmental Award program</td>
</tr>
<tr>
<td>1994</td>
<td>April</td>
<td>Establishes Corporate Environmental Affairs Department</td>
</tr>
<tr>
<td>1994</td>
<td>April</td>
<td>Establishes Center for Environmental Technologies (CET) at the Sony Research Center (operated until 1999)</td>
</tr>
<tr>
<td>1994</td>
<td>May</td>
<td>Launches Greemplus Project to promote environmental consideration with respect to products</td>
</tr>
<tr>
<td>1994</td>
<td>July</td>
<td>Guidelines for acquiring ISO environmental certification are established and introduced</td>
</tr>
<tr>
<td>1995</td>
<td>May</td>
<td>Sony Kohda Corporation becomes the first Sony company in Japan to acquire ISO 14001 certification</td>
</tr>
<tr>
<td>1996</td>
<td>July</td>
<td>Sony Deutschland’s Service Division becomes the first non-manufacturing site in the Sony Group to acquire ISO 14001 certification</td>
</tr>
<tr>
<td>Year</td>
<td>Month</td>
<td>Event</td>
</tr>
<tr>
<td>------</td>
<td>-----------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>1997</td>
<td>October</td>
<td>Revises Sony Environmental Action Program and formulates Green Management 2000</td>
</tr>
<tr>
<td></td>
<td>December</td>
<td>Four sites in Singapore become the first non-manufacturing sites in Asia to acquire ISO 14001 certification</td>
</tr>
<tr>
<td>1998</td>
<td>September</td>
<td>Establishes environmental R&amp;D laboratory in the Environmental Center Europe, Germany</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>Establishes the Green Management 2002 Sony Mid-Term Environmental Action Program</td>
</tr>
<tr>
<td>1999</td>
<td>February</td>
<td>Completes the process of acquiring ISO 14001 certification at all 38 manufacturing sites in Japan</td>
</tr>
</tbody>
</table>

### 2000-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>April</td>
<td>Incorporates environmental factors into Network Companies' evaluations</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>Formulates Guideline for the Environmental Risk Management</td>
</tr>
<tr>
<td></td>
<td>October</td>
<td>Establishes the Sony Environmental Vision</td>
</tr>
<tr>
<td>2001</td>
<td>March</td>
<td>Revises Sony Mid-Term Environmental Action Program; Formulates Green Management 2005</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>Japan's Home Appliance Recycling Law becomes effective and the 14-plant recycling network of Green Cycle Corporation, where Sony is the principal shareholder, begins processing four types of appliances</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>Environmental evaluation standards are extended from Electronics to Game, Music and Pictures businesses</td>
</tr>
<tr>
<td></td>
<td>September</td>
<td>Begins using the Green Power Certification System</td>
</tr>
<tr>
<td></td>
<td>October</td>
<td>PS one game console shipments temporarily halted in the Netherlands due to containing cadmium above the legal limit</td>
</tr>
<tr>
<td>2002</td>
<td>March</td>
<td>Formulates Sony Technical Standards, SS-00259 &quot;Management Regulations for the Environment-related Substances to be Controlled which are included in Parts and Materials&quot;</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>Completes ISO 14001 certification process at all manufacturing sites worldwide</td>
</tr>
<tr>
<td></td>
<td>June</td>
<td>Initiates &quot;Sony Group Environmental Month&quot;</td>
</tr>
<tr>
<td></td>
<td>July</td>
<td>Introduces Green Partner Environmental Quality Approval Program</td>
</tr>
<tr>
<td>2003</td>
<td>July</td>
<td>Revises Sony Mid-Term Environmental Targets (Green Management 2005)</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>Revises Sony Environmental Vision and renames it &quot;Sony Group Environmental Vision&quot;</td>
</tr>
<tr>
<td>2006</td>
<td>March</td>
<td>Finishes putting in place the globally integrated environmental management system it commenced in fiscal 2004</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>Establishes Green Management 2010</td>
</tr>
<tr>
<td></td>
<td>July</td>
<td>Begins participation in World Wide Fund for Nature (WWF)'s Climate Savers Programme</td>
</tr>
<tr>
<td>2007</td>
<td>November</td>
<td>Use of renewable energy at Sony DADC Austria's Anif Plant reaches 100%</td>
</tr>
<tr>
<td>2008</td>
<td>April</td>
<td>Launches a scheme to support forest conservation efforts in Nashiro, Akita prefecture using a Green Power Certification system purchase contract</td>
</tr>
<tr>
<td></td>
<td>June</td>
<td>Announces the energy-saving KDL-32E1 LCD television</td>
</tr>
<tr>
<td></td>
<td>September</td>
<td>Commences pilot program to collect small e-waste in the city of Kita-Kyushu</td>
</tr>
<tr>
<td>2009</td>
<td>January</td>
<td>Announces new VS/VE6/VES series of BRAVIA™ LCD televisions with energy-saving features, including a &quot;Presence Sensor&quot; and &quot;Energy Saving Switch,&quot; that facilitate a substantial reduction in</td>
</tr>
</tbody>
</table>
June
- Releases mercury-free alkaline button battery (LR)

July
- Achieves use of 100% renewable energy at European sites; percentage of total energy used by Tokyo headquarters building accounted for by renewable energy reaches 50%

October
- Sony Chemical & Information Device Corporation’s Kanuma Plant wins Minister of Economy, Trade and Industry Award for “Resource Recycling Techniques and Systems”

November
- Announces at presentation to the media that it has positioned “the environment” as one of four key strategic priorities

2010-

February
- Announces VAIO W series of “eco body model” PCs with features that evoke Sony’s commitment to environmental conservation, including components that are 80% made with recycled plastic and carrying case made from 100% recycled PET materials

April
- Announces new “Road to Zero” global environmental plan, revises Sony Group Environmental Vision and formulates “Green Management 2015,” a new set of mid-term environmental targets for the Sony Group

October
- Presentation on groundwater recharge for idle rice paddies (project undertaken by Sony Semiconductor Kyushu Corporation’s Kumamoto Technology Center) given at COP10 Biodiversity Conference

2011

February
- Develops SORPLAS™, plastic made 99% from recycled materials, for use in the bezel (screen rim) components of BRAVIA™ LCD televisions

March
- Sony Forest, maintained by Sony EMCS Corporation’s Kohda Site, earns Superlative Stage (top rank) certification under the Social and Environmental Green Evaluation System (SEGES) in Japan

April
- Launches 1.2 kWh-capacity energy storage modules containing rechargeable lithium-ion batteries made with olivine-type lithium iron phosphate

June
- Begins implementation of “Green Star Program” which assesses the environmental performance at each site

2012

February
- Developed “authentication outlets” that let a user proactively manage his/her use of electric power

September
- Xperia™ P smartphone receives European Green Smart Phone award from the European Imaging and Sound Association

December
- The DSC-HX30/20 series of Cyber-shot™ digital still cameras and BDV-N790W Blu-ray Home Theater System are honorees in the Eco-Design and Sustainable Technologies category at the CES Innovation Awards 2013

2013

March
- Sony Electronics Asia Pacific Pte Ltd. presented with the 2013 Green Luminary award by Channel NewsAsia, which praised Sony’s medium- to long-term commitment to sustainability under the Road to Zero initiative, innovative environmentally conscious materials such as SORPLAS™ and local CSR activities involving both employees and the community

March
- Sony Semiconductor Corporation’s Oita Technology Center earns top-rank Superlative Status certification under Japan’s Social and Environmental Green Evaluation System (SEGES)

November
- Sony Service and Operations of Americas receives Mexico’s Index National Environmental Award 2013 for its environmental activities and performance

2014

January
- Sony EMCS Malaysia KLT Tec’s environmental management system and activities to reduce environmental footprint receive two Prime Minister’s Hibiscus Awards from the Malaysian Ministry of Natural Resources and Environment (MNARE)

February
- The television advertisement “Water Rock” showcasing one of Sony’s environmental initiatives – receives the Grand Prix award at the 15th Environmental Communication Awards in Japan in the environmental television advertisement category
<table>
<thead>
<tr>
<th>Month</th>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>2014</td>
<td>Sony EMCS Malaysia KLTec selected as 2nd runner up for the 2014 ASEAN Energy Awards in the Large Industry Category of the Energy Management in Building Industry for its Sustainable Energy Management Program</td>
</tr>
<tr>
<td>December</td>
<td>2014</td>
<td>Sony Electronics Inc. receives the Sustainable Materials Management from the United States Environmental Protection Agency for its initiatives for recycling waste from electronic goods</td>
</tr>
<tr>
<td>2015</td>
<td>March</td>
<td>Sony EMCS Kohda Site certified by Japan Committee for the United Nations Decade on Biodiversity (UNDB-J) as exemplary project for activities that create seedlings of domestic tree species in the Nishi-mikawa district and build owl-friendly forest environment</td>
</tr>
<tr>
<td>May</td>
<td>2015</td>
<td>Establishes Green Management 2020 environmental mid-term targets</td>
</tr>
<tr>
<td>October</td>
<td>2015</td>
<td>Sony EMCS Kohda Site receives 3rd Green Society Award for environmental activities such as corporate greening and biodiversity protection</td>
</tr>
<tr>
<td>October</td>
<td>2015</td>
<td>Sony EMCS (Malaysia) KLTec wins ASEAN Energy Award for second consecutive year</td>
</tr>
<tr>
<td>2016</td>
<td>March</td>
<td>Recognized for exemplary long-term goals in the Low-Carbon Cup 2016, an event supported by the Ministry of the Environment, the Ministry of Education, Culture, Sports, Science and Technology, and other Japanese organizations</td>
</tr>
<tr>
<td>April</td>
<td>2016</td>
<td>Sony Open in Hawaii golf tournament certified as Kela (Excellent) Level Green Event by State of Hawaii</td>
</tr>
<tr>
<td>October</td>
<td>2016</td>
<td>Angry Birds for a Happy Planet campaign featuring characters from The Angry Birds Movie by Sony Pictures Entertainment receives the award for Excellence in Advertising at the 2016 Environmental Media Awards</td>
</tr>
<tr>
<td>2017</td>
<td>October</td>
<td>Kohda Site of Sony Global Manufacturing &amp; Operations Corporation recognized by the Social and Environmental Green Evaluation System (SEGES) program with Green Legacy certification</td>
</tr>
<tr>
<td>2018</td>
<td>March</td>
<td>Wow!Wow! Biodiversity Project (Sony Corporation) and groundwater recharge project (Sony Semiconductor Manufacturing Corporation’s Kumamoto Technology Center) certified as exemplary projects by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J)</td>
</tr>
</tbody>
</table>

Note: Organization names appear as they were at the respective dates; some may not be current.
Community Engagement

Management Approach

Materiality Rationale

In Sony’s Founding Prospectus, co-founder Masaru Ibuka set “contributing to Japanese culture through technology” and “the promotion of education in science among the general public” as primary goals. Sony has focused on science education for children, who will shape the next generation. In keeping with Ibuka’s vision, Sony continues to implement activities designed to contribute to society.

Basic Approach

Following the course set by Sony co-founder Masaru Ibuka, activities are adapted to meet current and local needs in helping to solve the various issues facing regions where Sony operates around the world. Putting its “For the Next Generation” CSR philosophy into action, Sony makes the most of its unique technological and service assets in the areas in which it is particularly strong. Recognizing the affinity of this approach with the UN Sustainable Development Goals, Sony aims to contribute to the resolution of a wide range of global social issues through tapping into the power of entertainment and applying its technologies, for example, supporting education in countries and regions throughout the world, and emergency relief in response to major disasters.

Structure

In addition to global projects, which are spearheaded by Sony Corporation, Sony Group companies worldwide and the Group’s five foundations cooperate with stakeholders such as international organizations and NGOs to promote initiatives tailored to local needs. Sony encourages employees to play an active role in these types of activities, as well.

Main Achievements in Fiscal 2017

Here are the main results of fiscal 2017 initiatives:

- Community engagement expenditures were 2.3 billion yen.
- A total of 70,000 employees took part in Sony’s global in-house volunteer program known as “SOMEONE NEEDS YOU.”
- Sony Science Program workshops were held approximately 90 times, attracting 3,000 participants.
- Workshops on refugee issues were held in conjunction with sporting events, to raise awareness among employees
- Sony partnered with an NGO to operate an Emergency Disaster and Recovery Fund for Children
- Education support initiatives were conducted in China and India
- The Sony Foundation Australia assisted teenagers and young adults who are battling cancer.
Looking to the Future

Sony will continue to make the most of its products, technologies, services, innovations, the capabilities of Sony Group employees, and its partnership with stakeholders to address various social needs. As part of this effort, Sony will also be working to help achieve the Sustainable Development Goals (SDGs), particularly those which are related to Sony’s community engagement.

Activity Reports

Policy, Framework and Main Scope of Community Engagement

Results of Community Engagement Initiatives

Volunteer Systems for Employees

Disaster Assistance
Policy, Framework and Main Scope of Community Engagement

Vision of Sony’s Founder

In Sony’s Founding Prospectus, co-founder Masaru Ibuka set “the promotion of education in science among the general public” as a primary goal. He was convinced that enhancing scientific literacy would be critical for the recovery of post-war Japan and that science education for children was the key. In 1959, 13 years after Sony’s establishment, he set up the Sony Fund for the Promotion of Science Education to support elementary schools in the pursuit of science education excellence.

Policy of Community Engagement

The philosophy of “For the Next Generation” goes all the way back to the vision of Sony co-founder Masaru Ibuka, and it still guides Sony’s community engagement everywhere Sony does business. Sony makes the most of the products, technologies, services, and innovations of the Sony Group, as well as the strengths of Sony Group employees and its partnerships with stakeholders, to engage with communities. Sony’s main efforts to contribute to the United Nations Sustainable Development Goals (SDGs) focus on goals: 4, “Quality education,” 5, “Gender equality,” 9, “Industry, innovation and infrastructure,” and 17, “Partnerships for the goals.” Sony is helping to address diverse global issues in many ways: using the power of entertainment, employing technology to solve social issues, supporting education in fields such as science, technology, engineering, art and mathematics (STEAM) in various countries and regions with the Sony Science Program, and providing emergency relief and assistance in large-scale disasters.

> Approach to Sustainability
Framework for Community Engagement

Sony’s global projects are spearheaded by its headquarters in Tokyo. In addition, Sony Group companies worldwide, along with five foundations and two museums, are involved in initiatives tailored to local needs. All of these efforts are guided by the Sony Group’s community engagement policy, and often include cooperation with international organizations including NGOs. Employees are also encouraged to play an active role in their communities by participating in volunteer and fundraising, and other programs.
Sony Museums and Foundations

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

Sony Museums

Sony ExploraScience (Tokyo and Beijing)

In these Sony science museums, visitors can actually see, touch and enjoy the principles and laws of science in action as they experience the progress and fascination of digital technology.

• Sony ExploraScience (Tokyo)
• Sony ExploraScience (Beijing)

Sony Foundations

• Sony Education Foundation (Japan)
• Sony Music Foundation (Japan)
• Sony Foundation Australia Limited (Australia)
• Sony Canada Charitable Foundation (Canada)
• Stichting Sony Europa Foundation (Pan-Europe)
Results of Community Engagement Initiatives

In fiscal 2017, the Sony Group contributed approximately 2.3 billion yen*1 to community engagement initiatives. By category, approximately 50% of the expenditure went to supporting education, including science education. The next highest areas of expenditure went to contributing to local communities and emergency disaster relief, notably for the Mexico earthquake in September 2017.

*1 Cumulative figure. In addition to donations, sponsorships and independent program expenses (including facility operation expenses), this amount includes the market value of products donated.

By region, approximately 44% of the total expenditure was in Japan, followed by 26% in the United States and 16% in the Mainland China and Hong Kong region.
Sony Science Program

The Sony Science Program offers programs and workshops for children to encourage the next generation to gain skills in applying the power of science to make the world a better place. Sony held approximately 90 workshops in fiscal 2017, giving more than 3,000 children the opportunity to create crafts and make inventions with Sony products and services. Also in fiscal 2017, Sony’s hands-on science museums in Tokyo and Beijing, called Sony ExploraScience, attracted some 260,000 visitors.*1 Sony also partnered with a non-profit organization to launch a new initiative to bring science workshops to elementary schools in remote regions and organize after-school activity classes.

*1 Including participants for workshops carried out outside the museums

Global Refugee Crisis

Sony recognizes the urgency of the global refugee crisis and is working to raise awareness. In addition to being a corporate sponsor of the UNHCR Refugee Film Festival since 2007, Sony holds workshops and events to raise awareness of the refugee crisis among Sony Group employees. In fiscal 2017, Sony engaged in initiatives to raise employee awareness of the refugee crisis through sporting events.

Community Initiatives across the Globe

Education Initiatives in Asia

Sony Group companies and affiliates outside of Japan are engaged in diverse education initiatives. Sony (China) Limited has been implementing the Sony Dream Classroom project since 2013, which donates school supplies and classroom equipment such as projectors to elementary and junior high schools in communities across China. The program also conducts science workshops in classrooms, with more than 90,000 children having participated in more than 80 cities and communities in China.

Sony India Pvt. Ltd. cooperates with a local NGO to operate the Hole in the Wall program, which has installed computer learning stations for children in some 40 impoverished and agricultural communities in India. The computer learning stations are programmed with software for learning mathematics and English.
Community Engagement by Sony Australia Foundation

The Sony Australia Foundation funds a program to assist teenagers and young adults who are battling cancer. This demographic falls between the children's and adult's hospital systems and tends to receive insufficient social care, which causes isolation. In some cases, they do not receive sufficient medical treatment targeting their special needs, and this is reflected in the lower survival rates compared to other age groups. The Sony Australia Foundation is funding and building You Can Centres in hospitals around Australia for young people to provide hubs for accessing support services and connecting with others who are also battling cancer. Centres are open in Perth and Melbourne.

Initiatives Leveraging Sony Products, Services and Content

Charity Auction of the Entertainment Robot "aibo"

Sony held a charity online auction in December 2017 which raised 6.88 million yen from the sale of 11 limited-edition aibo robotic dogs. Sony also donated 4.06 million yen, raising a total of 10.94 million yen in funds for the World Wide Fund for Nature (WWF), supporting the conservation of nature and rare wild species.

VR CAMP with PlayStation®VR in WASEDA

In March 2018, Sony Interactive Entertainment Inc. held the two-day event "VR CAMP with PlayStation®VR in Waseda," partnering with Life is Tech!, which offers educational programming sessions for junior and senior high school students. The camp was also supported by the laboratory of Professor Takashi Kawai of the Department of Intermedia Art and Science, School of Fundamental Science and Engineering, Faculty of Science and Engineering, Waseda University. It took place at the Nishiwaseda Campus of Waseda University. Thirty-six students attended and created their own virtual reality game for PlayStation®VR using the Unity game engine.

Picture This Festival, a Short Film Contest

Sony Pictures Television Networks launched a global campaign, The Picture This Festival for the Planet, a contest that engaged filmmakers and change-makers from more than 70 countries, who created short films to share their unique vision of a sustainable future for people and the planet. The campaign is one of the ways that Sony is raising awareness of the Sustainable Development Goals (SDGs) in partnership with the United Nations Foundation.
Volunteer Systems for Employees

Employee Participation in Social Contribution Initiatives

Sony uses a three-step approach to engage its employees in social contribution initiatives: raising awareness of social issues, encouraging volunteering, and leveraging job skills.

Employee volunteer promotion program: "SOMEONE NEEDS YOU"

Sony has a global in-house volunteer program known as "SOMEONE NEEDS YOU" (the name developed using the letters S, O, N and Y), the aim of which is to encourage employee involvement in efforts to help local communities. Under this program, Sony Group companies create volunteer programs tailored to local needs and encourage continued employee participation in the community. In fiscal 2017, a total of 70,000 Sony Group employees*1 participated in volunteer initiatives.

*1 Cumulative participants in fundraising initiatives, blood drives and other activities.

Leave for volunteer purposes

To support employee participation in volunteer activity initiatives, Sony Corporation has an employee volunteer support system, making it easier for employees to participate in volunteer activities by allowing them to use accumulated holidays for initiatives requiring extended leaves of absence.

Charitable donation systems for employees

Sony has put several systems in place for encouraging employees to donate money for emergency relief and other worthy causes, including matching gift programs. Employees can donate money by bank transfer or by using electronic money with Sony’s Felica™ contactless IC card system.

Related information:
> Organizational Structure
Disaster Assistance

Sony provides humanitarian aid in response to large-scale disasters and emergency crises around the world, taking into account the degree of urgency and its relationship with the region.

Emergency Disaster and Recovery Fund for Children

In October 2016, Sony Corporation, in partnership with the NGO Save the Children Japan, co-established an emergency disaster and recovery fund which will provide immediate support upon the sudden onset of natural disasters or humanitarian crises as well as medium- to long-term recovery support to children across the world. The fund aims to ensure immediate humanitarian aid to children, particularly in the areas where support is scarce despite the magnitude of disaster.

Supporting the reinforcement of countermeasures in case of emergencies

In 2013, Save the Children made a manual specifically for children called "Psychological First Aid for Children" (PFA for children), based on the Psychological First Aid manuals issued by the World Health Organization (WHO), etc. "PFA for Children" is designed to reduce the initial distress of children who have recently been exposed to a traumatic event, by following their stage of cognitive development. Since 2014, Sony has been supporting Save the Children’s training programs and public awareness activities as usual aiming that "PFA for children" can be utilized by anyone in case of disaster occurrences to provide a safe and secure environment for children. Save the Children conducted the training session for 58 times in 2017, with a total of 4,361 participants from 2014 July to the end of 2017.

Northern Kyushu Heavy Rains (July 2017)

The Emergency Disaster and Recovery Fund for Children disbursed 2 million yen for Save the Children’s emergency relief to assist children affected by heavy rains in northern Kyushu. The funds were used to replace damaged air-conditioning equipment and mats at after-school daycare facilities used by children during the summer.

2017 Central Mexico Earthquake

The Emergency Disaster and Recovery Fund for Children disbursed 5 million yen to assist children affected by the 2017 Central Mexico earthquake. Additionally, Sony Group companies in Mexico donated 2.5 million Mexican pesos (about 15 million yen), for a total of approximately 20 million yen from Sony group companies.*1 The funding was used to operate Child Friendly Spaces, help rebuild homes, and enable volunteers trained by Save the Children to help children by applying the Psychological First Aid for Children manual.

*1 Total amount donated as of June 2018
External Evaluation and Recognition of CSR Activities

External Evaluation of CSR Activities

In recognition of its ongoing CSR initiatives, Sony is included in the FTSE4Good Index and the FTSE Blossom Japan Index, which was launched in July 2017. These investment indices identify companies around the world that are leaders in environmental, social, and governance (ESG) performance.

![FTSE4Good](image1)

![FTSE Blossom Japan](image2)

In recognition of its environmental initiatives, Sony Corporation was awarded the highest A List rating in the climate change and water security categories by the UK non-profit CDP. Sony earned the recognition in October 2017 for the third consecutive year for climate change and second consecutive year for water security.

*1 The rating system is a 4-rank scale (A, A-, B, B-, C, C-, D, D-). The A List is made up of the companies awarded the highest performance rank of "A."

![CDP A List 2017 Climate](image3)

![CDP A List 2017 Water](image4)

> External Evaluation (Employees)
## External Awards Received for CSR Activities (Fiscal 2017)

* Organization names appear as they were at the time of award receipt.

### Fiscal 2017 (in order received)

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> External Awards Received for CSR Activities (since fiscal 2000)
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