

**SONY**

Sony Group ESG Briefing

# **Evolution of Sustainability Management**

**- Value Creation through Sony's Businesses -**

**Senior Executive Vice President, Sony Group Corporation**

**Shiro Kambe**

September 15, 2021

- Hello everyone. I am Shiro Kambe.

## **“Responsibility” and “Contribution” to Society and the Global Environment**

- As Kenichiro Yoshida just stated, for Sony to continue to create social value and evolve, it is necessary for the society and global environment in which we live to be healthy.
- The COVID-19 pandemic which has continued from last year, and the extreme weather events that are occurring around the world, are a stark reminder that the health of the planet is not something we can take for granted.
- How can Sony, as a global company, go about fulfilling our responsibility and contributing to society and the global environment?
- I believe this is becoming an increasingly important consideration.

## **1. Evolution of Sustainability Management**

## **2. Environmental Initiatives**

**Intelligent Vision Sensor**

**The Environmental and Social Contributions of IMX500**

— Eita Yanagisawa, Sony Semiconductor Solutions

## **3. Initiatives Relating to People and Society**

— Mitsu Shippee, Sustainability Dept.

**Social Justice and DE&I activities by Sony Music Group**

— Towalame Austin, Sony Music Group

## **4. Governance to Support Sustainability Efforts**

- Today, I will be focusing on the following points.

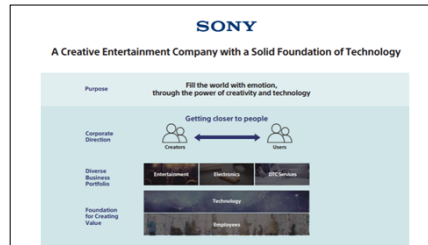
# Evolution of Sustainability Management

## - Dialogue with Stakeholders -



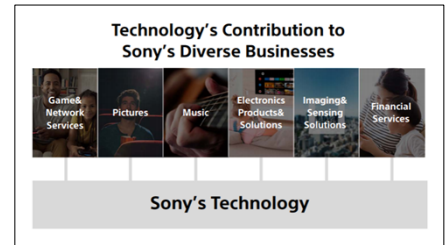
### 1st Briefing (2018)

- Introduced the fundamental perspectives and related initiatives concerning Environment, Society, and Governance



### 2nd Briefing (2019)

- Explained Sony's Value Creation Model  
- Introduced initiatives related to "employees," one of the two pillars necessary for value creation



### 3rd Briefing (2020)

- Held as joint ESG/Technology Briefing  
- Provided explanation focusing on "technology," the other pillar necessary for value creation

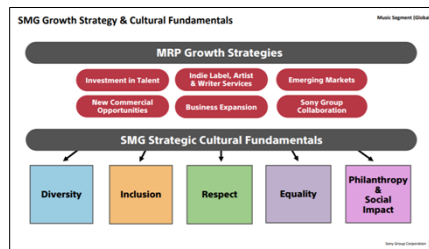
Integrating sustainability initiatives into business activities, and focusing on reinforcing value creation through our businesses

- At Sony, ever since our founding, we have continued to uphold the principle of creating value for the society in which we operate.
- Following Kenichiro Yoshida's appointment as CEO in 2018, he further strengthened Sony's focus on sustainability as a key element of our management approach, and we have reinforced our efforts in line with this direction.
- Reflecting the value we place on dialogue with our stakeholders, and the learnings we gain from these discussions, in 2018 we conducted our first ESG Briefing. We have held the event annually since then, making this our 4<sup>th</sup> ESG Briefing.
- At the first event, we introduced Sony's fundamental approach and initiatives related to the environment, society and governance.
- At our second ESG Briefing, we introduced Sony's value creation model, centered around Sony's Purpose to "fill the world with emotion, through the power of creativity and technology" and our corporate direction of "getting closer to people."
- We also focused on the role of employees, who represent one of the two pillars that form the foundations of Sony's value creation.
- At the third event held last year, we integrated ESG and Technology, and conducted a joint ESG/Technology Briefing.
- The focus of this event was technology, the other pillar supporting Sony's value creation, and it outlined the challenges we are undertaking to contribute to sustainability through technology.

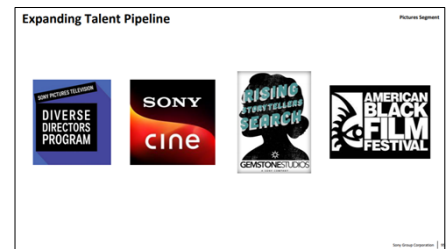
## G&NS



## Music



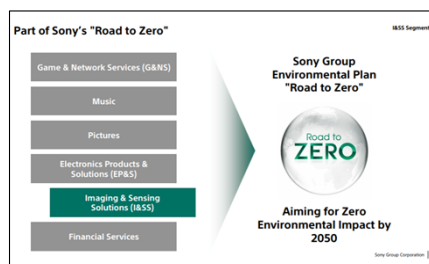
## Pictures



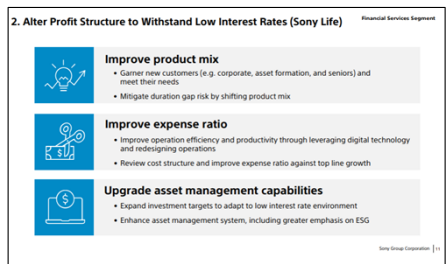
## EP&S



## I&SS



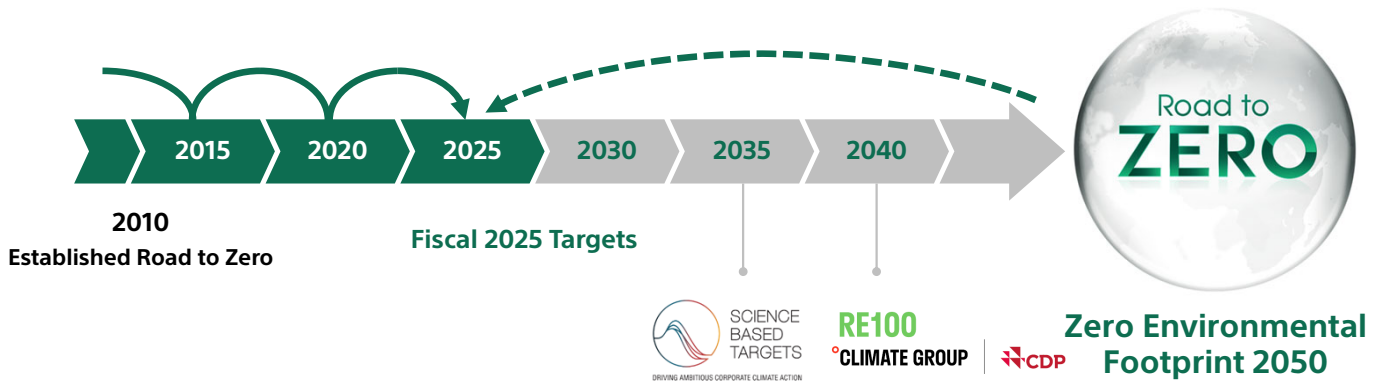
## Financial Services



- We are currently engaged in a wide range of ESG-related initiatives, but over the past three years we have focused particularly on integrating activities that were previously driven by the headquarters, into the operations of our businesses.
- We have thereby reinforced the value we are able to create through each business.
- Although we have defined “technology” and “employees” as the most important materiality topics for the overall Sony Group, the social value created by each of our diverse businesses and the ways of addressing these topics to create social value, differ from business to business.
- At Sony’s IR Day held in May of this year, the executives responsible for our six main businesses presented the key sustainability issues and value creation initiatives that are priorities in each of their respective businesses, as shown in this slide.
- Our sustainability initiatives are not being implemented by certain headquarters departments alone, but collectively by all the diverse businesses across the Sony Group, and each of our employees, who identify with these efforts and also see them as part of their responsibility.
- I am greatly encouraged to see this kind of corporate culture thriving within the Sony Group.
- Now, I would like to talk about the evolution of Sony’s initiatives relating to

sustainability, the environment, people and society, including examples of specific measures being implemented within our businesses.

# Sony's Environmental Initiatives



- First, in relation to the environment.



**Curbing Climate Change**



**Conserving Resources**

**Initiatives Based on 4 Environmental Perspectives**



**Promoting Biodiversity**



**Controlling Chemical Substances**

- The basis of Sony's environmental initiatives is our "Road to Zero" long-term environmental plan, formulated in 2010.
- This plan aims to reduce Sony's environmental footprint to zero by 2050, and we are implementing initiatives within each of our Group companies, manufacturing sites, and also throughout our supply chains and overall product life cycles, based on the four environmental perspectives you can see here.
- This is our "responsibility" that Yoshida referred to.
- In relation to these efforts, I will focus particularly on the Imaging & Sensing Solutions business, also known as the I&SS business, which has a relatively large impact on the environment among Sony's businesses.



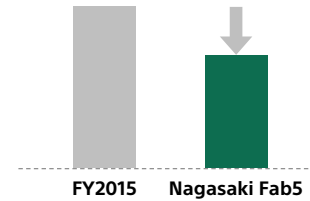
## Energy Conservation Efforts

### Nagasaki Technology Center



### Improved energy efficiency of clean rooms

30% energy reduction compared to FY2015  
(Forecast for FY2021)



### Annual reductions

**CO2: 5900 tons** **Power: 17 GWh**  
(equivalent to 220 million yen)

- As the I&SS business conducts most of the development and manufacturing of its core semiconductor business in-house, power and water consumption at the company's sites is the highest within the Sony Group.
- As a result, the business accounts for around 80% of direct greenhouse gas emissions of the entire Sony Group.
- In order to reduce greenhouse gas emissions at our sites, we are first focusing on conserving energy and improving energy efficiency. The Fab5 at Nagasaki Technology Center, which started operations in April, is a manufacturing site that incorporates various environmental considerations and features the latest energy-saving technology.
- By installing highly-efficient equipment and promoting energy recycling, we estimate that the energy efficiency of clean rooms at Nagasaki Technology Center has improved by 30% compared to fiscal year 2015 levels.
- In addition, we are working to conserve water by collecting and reusing 70% of the water that is used on the production lines.

## Renewable Energy Initiatives

### Kumamoto Technology Center Sony Device Technology (Thailand)



Expansion of solar panel installation



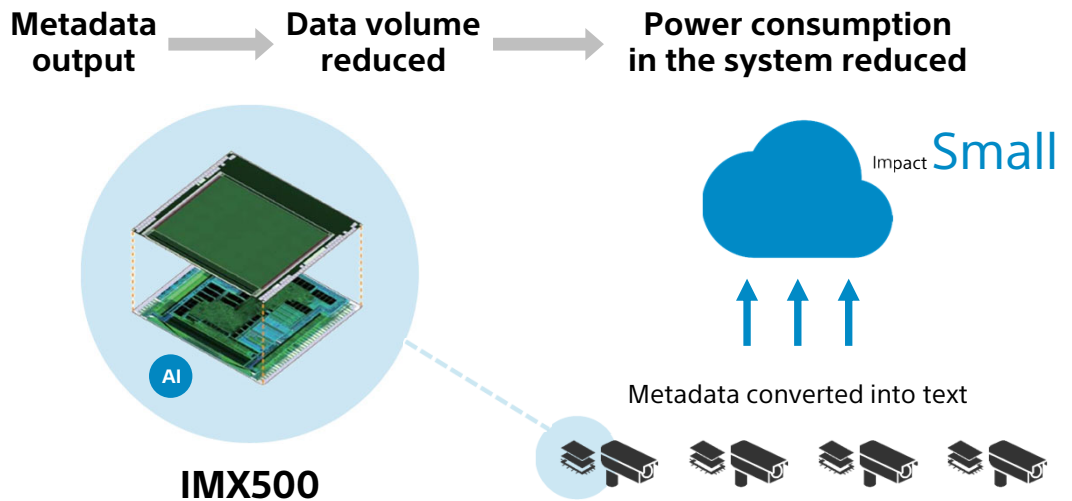
Targeting 100% renewable electricity by the end of this fiscal year through the largest scale installation of solar panels within the Sony Group

(including the purchase of Renewable Energy Certificates)

- We are also moving forward with the introduction of renewable energy.
- We aim to achieve 100% renewable electricity by 2040 for the entire Sony Group.
- In the I&SS business, we are installing additional solar panels at the Kumamoto Technology Center, and are also exploring potential new installations at the Oita Technology Center and the Fab5 at Nagasaki Technology Center.
- In addition, Sony Device Technology (Thailand) will be proceeding with the largest scale installation of solar panels within the Sony Group, and together with the purchase of “Renewable Energy Certificates,” we expect it to run on 100% renewable electricity by the end of this fiscal year.

Contribution

## Intelligent Vision Sensor

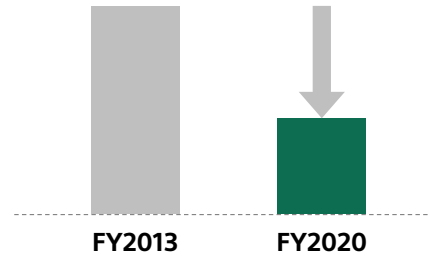


- As this demonstrates, in the I&SS business we consider it our “responsibility” to reduce our environmental footprint, and are making every effort to do so.
- At the same time, in the areas of the Internet of Things (IoT) and mobility where rapid growth is expected, we believe that Sony’s image sensors can “contribute” to solving various social and environmental issues.
- One example is the world’s first intelligent vision sensor equipped with AI processing functionality, which Yoshida introduced earlier.
- The executive in charge of this business will provide more details later.

## Ongoing Efforts to Improve Energy Efficiency



Annual power consumption per product  
Reduced by 54% compared to FY2013 (FY2020)



- We are accelerating our environmental initiatives in businesses other than the I&SS business as well.
- When viewed over the duration of their life cycle, cumulatively Sony products such as TVs and game consoles consume a large amount of power, and we are continually striving to introduce energy-saving measures with regard to these products.
- As a result, we achieved a reduction of 54% in annual power consumption per product in fiscal year 2020 compared to that of fiscal year 2013.

## Reduction of Virgin Plastic Usage



Newly developed  
"Original Blended Material"  
adopted for the packaging of headphones



Reduced plastic usage  
in Xperia™ packaging



Significantly reduced plastic usage  
in PlayStation®5 packaging



Recycled plastic "SORPLAS™"  
introduced in BRAVIA®

- In addition, with the aim of eliminating plastic packaging materials for small-sized products entirely by 2025, we are also working on initiatives such as adopting our newly developed "Original Blended Material" for the packaging of headphones, and reducing plastics in the packaging of Xperia smartphones.
- The use of plastic materials has also been significantly reduced in the packaging of PlayStation®5.
- For the products themselves, we are using more of our "SORPLAS™" Sony-developed flame retardant recycled plastic material in our TVs, which tend to require more plastic usage as they get larger in size.
- We believe that these initiatives will not only reduce our environmental footprint, but also enhance the value of our products in the eyes of consumers.

# Contributing to the Environment through Technology



**Decentralized power system with microgrids at its core  
(OES "Open Energy System")**

## SynecO



**Diversity and functionality of ecosystem  
expanded by humans  
(Synecoculture and other technologies  
related to augmented ecosystem)**

- We are also exploring ways to deploy the environmental technologies developed by Sony across society, either by making them open-source, or through collaboration with other companies.
- The "OES" developed at Sony Computer Science Laboratories, which is the decentralized microgrid system that Yoshida mentioned in his speech earlier, is one such example. Furthermore, SynecO, which was established in April as the inaugural project of "Sony Innovation Fund: Environment," aims to contribute to biodiversity and solutions concerning climate change, through its knowledge and support technologies related to Synecoculture and other augmented ecosystems.
- In fact, the plants you see here are parts of an augmented ecosystem.
- Approximately 50 types of seeds and seedlings are planted in a way that is designed for people to interact with their surrounding environment and learn new things.



## Triporous™ — Produced from Discarded Rice Husks



### Licensed to external partners and introduced in various products

- The jacket and polo shirt Yoshida was wearing in his presentation were also created using Sony environmental technology.
- They use Triporous, a material that we produce from rice husks, which are surplus biomass. Due to its unique micro structure, Triporous has purification properties that enable it to clean water and air.
- We have high expectations that the utilization of this surplus biomass to produce Triporous will help contribute to the realization of a more sustainable society and reduce the impact on our environment.
- We are licensing Triporous to various external partners and it is being used in a range of products such as toiletries, cosmetics and clothes.
- Beyond this, many different initiatives related to protecting the global environment are being implemented by diverse businesses and employees throughout the Sony Group. Please watch the video that we are about to show you now, highlighting some of these initiatives.
- Following the video, Eita Yanagisawa, who is in charge of our IMX500 Intelligent Vision Sensor business, will talk about the contributions this technology can make to the environment and society.

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**Sony Group ESG Briefing**

**Intelligent Vision Sensor  
The Environmental and Social Contributions of IMX500**

**Deputy Sr. GM, System Solutions Business Division  
Sony Semiconductor Solutions Corporation  
Eita Yanagisawa**

**September 15, 2021**

- Hello, everyone. I am Eita Yanagisawa from Sony Semiconductor Solutions Corporation.
- Today I will be talking about the specific approaches we take in making contributions to society and global environmental activities through our businesses and technologies.



## A world in which a variety of IoT devices are connected to the cloud

A huge amount of information and data will flow from various devices to the cloud, causing a data explosion



- I will start by looking at our current operating environment .
- With the spread of IoT, various devices are connected to the cloud, and cloud systems that process and utilize data acquired from these devices in the cloud are becoming more common.
- However, the number of smartphones, household appliances, cars, and other IoT devices connected to networks is expected to grow rapidly going forward, and the amount of data flowing into the cloud through networks is expected to reach a volume that is physically difficult to transmit. In other words, there will be a "data explosion" that exceeds the limits of communication capacity.
- As a result, the amount of electric power consumed by IP traffic and data centers will increase dramatically, and if energy conservation measures are not taken, it is estimated that by 2030, the amount of electric power consumed by devices, data centers, and networks alone will greatly exceed the current amount of electric power consumed globally.
- This means a significant increase in CO2 emissions, which has become a matter of global concern in recent years.
  
- Edge systems are gaining attention as a means of overcoming these various challenges around cloud systems by processing data at the edge without sending it to the cloud.

## The world that we hope to attain with edge systems: 6 Challenges

1. Control of data volume



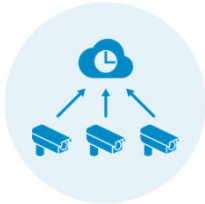
2. Addressing privacy concerns



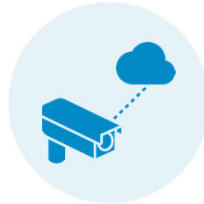
3. Reduction of electric power consumption



4. Improvement of latency



5. Service continuity



6. Strengthening security

Certificates/encryption

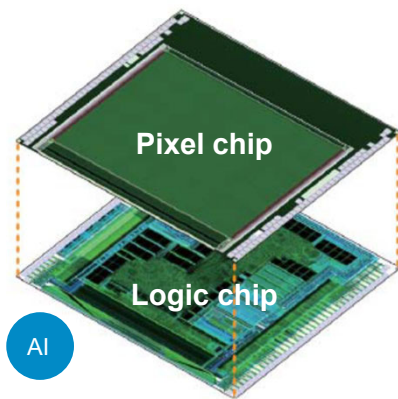
Device authentication



- There are six factors behind the growing interest in edge systems, one of which is the reduction of electric power consumption.

# Intelligent vision sensor

IMX500 is the world's first intelligent vision sensor equipped with AI processing functionality



## Main functions on the logic chip

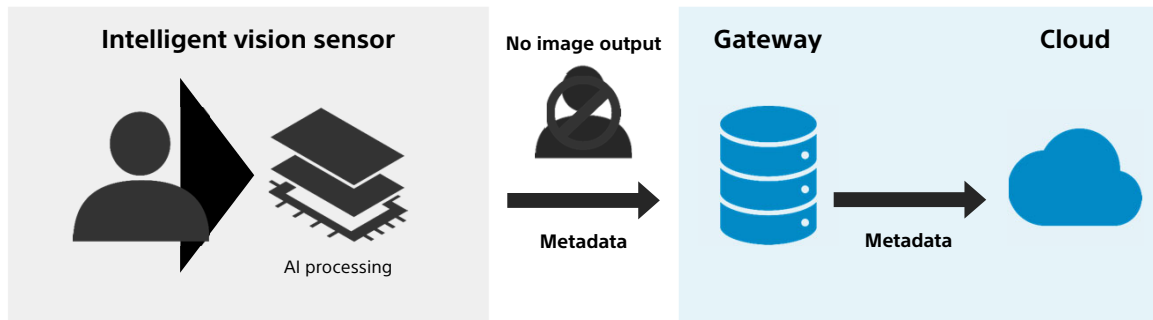
- Conventional image sensor operation circuit
- ISP which processes the image signal
- Original DSP dedicated to AI signal processing
- Memory for the AI model

→Eliminates the need for high-performance processors, and reduces the number of peripheral components

- In view of these six factors, we have developed the intelligent vision sensor IMX500 as a powerful first step toward realizing a world of edge systems through our sensors.
- IMX500 uses a stacked configuration consisting of a pixel chip and a logic chip, which is a core technology of Sony's image sensors, and is equipped with AI-driven image signal processing functionality on the logic chip.

# Advantages of the intelligent vision sensor IMX500

Addressing privacy concerns with edge systems

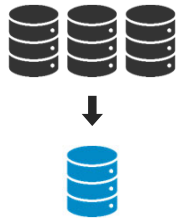


**Images (personal information) are not output to the gateway/cloud, allowing for careful handling of personal information**

- Processing data within the image sensor means that the sensor outputs only semantic metadata information, which not only addresses privacy concerns and improves latency, but also significantly reduces data volume flowing to the cloud.
- Lowering data volumes reduces the load on IP traffic and data centers, which in turn contributes to a reduction in CO2 emissions.

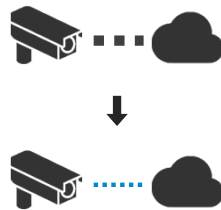
# Advantages of the intelligent vision sensor IMX500

Reduces power consumption by minimizing data volume



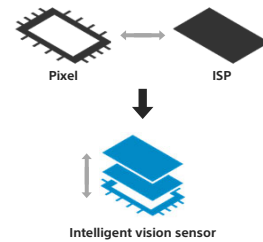
## Reduced power consumption at data centers

Data volume (traffic) can be reduced (1/7400), which reduces the amount of power consumed during processing/storing and facility maintenance



## Reduced power consumption from IP traffic

Transmits only the metadata, which reduces the network traffic (1/7400)



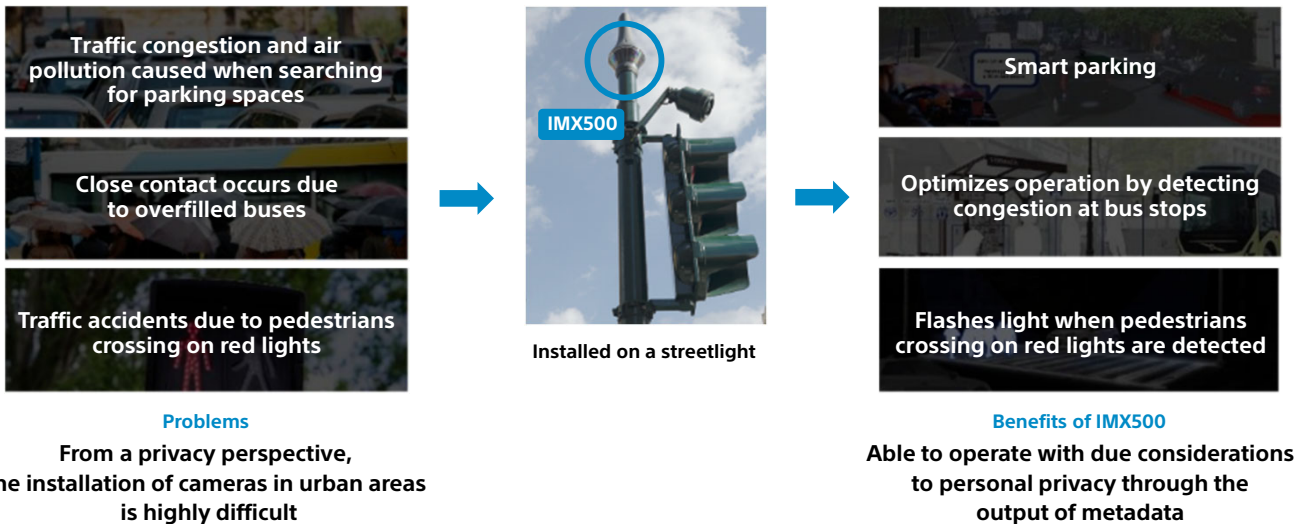
## Improved power efficiency through stacking technology

Less power used due to shorter transmission line distances

- I will also introduce an example from the perspective of solving social issues.
- This June, we began a trial in Rome, Italy with the aim of helping address the social issues faced by the city using smart cameras equipped with IMX500.
- Traffic congestion and accidents have long been a serious problem in the city of Rome. Smart cameras equipped with IMX500 hold great promise for solving these issues.

## Example of IMX500 business negotiation —Rome—

PoC for smart cameras (IMX500) began in June 2021 to help address social issues in the city of Rome



- Through the Co-Innovation Lab launched as part of the strategic partnership between Sony and Microsoft, we have supported the development of a solution by U.S. company Nomad Go to reduce power consumption by making air conditioning systems in buildings more intelligent.
- Nomad Go's solution uses IMX500 and Microsoft Azure to detect the occupancy rate in areas such as meeting rooms and common spaces in commercial facilities, office buildings and other locations, and heats, cools, and ventilates the room exactly as needed. Whereas conventional air conditioning systems are controlled by a timer and will keep running regardless of the presence or absence of people, IMX500 provides a more intelligent solution that contributes to reducing the amount of energy used, and the resulting CO2 emissions.

# Co-innovation lab initiative with Microsoft

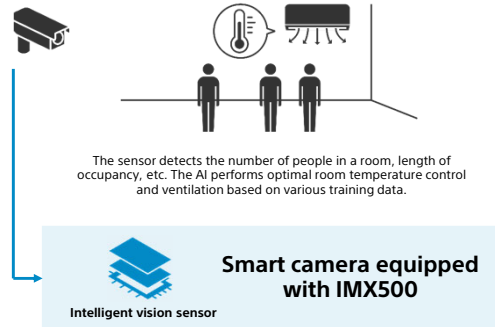
Support for Nomad Go's climate change solution



Commercial buildings account for 39% of global carbon dioxide (CO2) emissions

With the Nomad Go system, waste of consumed energy and CO2 emissions are **reduced by 38% or more**

## Nomad Go System



By incorporating smart cameras into the Nomad Go system, it is possible to extract only the necessary data using high-speed in-sensor AI processing as to lower the barriers to market entry

- In order to contribute to society and the global environment through our businesses, I believe that we must develop them taking a long-term view, and thoroughly consider how we can contribute to solving social and environmental issues through these businesses.
- If we can demonstrate that Sony's technology can provide "smart solutions" to the issues faced by cities and the world, there will be greater opportunities for us to provide our solutions and services, and contribute more to overcoming the challenges that we face as a society .
- Those of us in charge of Sony's intelligent vision sensor business with its great potential to address many issues, recognize that we have an important responsibility, and hope to leverage this technology to its full capacity so that we can contribute to a sustainable social and global environment.
- Thank you for your attention.

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# Initiatives related to People and Society

Senior General Manager, Sustainability Dept.  
Sony Group Corporation  
Mitsu Shippee

September 15<sup>th</sup>, 2021

- Hello, everyone. My name is Mitsu Shippee.
- I'll be talking about Sony's initiatives concerning people and society.





- As stated in its Purpose, Sony's goal is to create value for the society in which we live, through an array of businesses centered on people. Sony is fostering diversity, equity, and inclusion (DE&I) throughout the entire Group, where differences in background, gender, and ability are viewed as strengths.
- The Group is also promoting initiatives aimed at fostering diversity and social justice in its engagement with greater society.

## Initiatives to enhance accessibility

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**Realizing inclusive design  
that incorporates the voices of diverse employees and users**

- One example is the utilization of technology and creativity to enhance the accessibility of Sony's products, user interfaces (UI), and services.
- Sony conducts interviews with employees and users with disabilities during the product planning and development process.
- With the feedback we receive from this user research and usability testing, we improve our products, UIs, and services, thereby incorporating the needs of diverse customers.

## Creating an inclusive work environment to enhance employee potential

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**Employees with mental and intellectual disabilities participate as important members for image annotation work that affects the accuracy of AI functions such as image recognition**

- Sony is also devoted to creating an inclusive work environment where employees can pursue their careers regardless of any disabilities they may have.
- We share our founder's belief in "creating workplaces that do not offer charity, but rather creating an environment that makes it possible for people with disabilities to make products that are better than those made by people without them."
- We strive to create work styles and environments throughout Sony's businesses that enable each employee to grow and be motivated to contribute.
- For example, the software and product development teams for the mirrorless single-lens reflex camera  $\alpha^{\text{TM}}$  (Alpha<sup>TM</sup>) and other products include employees from Sony Kibou/Hikari Corporation, who are engaged in image annotation that determines the precision and accuracy of image recognition and other AI functions. Employees with mental and intellectual disabilities participate in manufacturing these high-quality products, while making the most of their individual strengths to take on challenges.

## Leading inclusion in the society

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**Selected as an "Iconic Leader" in The Valuable 500 international initiative**

- In December 2019, Sony also signed on to "The Valuable 500," a World Economic Forum initiative focused on the inclusion of people with disabilities.
- In addition, out of the 500 companies that signed up, Sony was selected as one of 13 Iconic Leaders, tasked with leading its respective country, region, and industry in these efforts.
- Sony will not only encourage the active participation of our own disabled employees and enhance the accessibility of our products and services, but will also lead the effort to include people with disabilities in the global society as a whole.

## GLOBAL SOCIAL JUSTICE FUND

Initiatives of Sony Group Companies



SONY MUSIC

Supports anti-racism initiatives that foster equal rights to advance bipartisan solutions in the areas of civic engagement, criminal justice reform and education.

SONY

Provides support by utilizing technology and marketing expertise, and provides training and educational opportunities in STEM fields.



SONY PICTURES

Established Sony Pictures Action, the studio's multi-pronged racial equity and inclusion strategy dedicated to social justice, authentic storytelling and reform.



Sony Interactive Entertainment

Supports and provides opportunities for the next generation of underrepresented talent to pursue a career path in the gaming industry.

- Treating all people with dignity and respect is one of Sony's most important codes of conduct, and we have built a corporate culture which finds strength in the diversity of our businesses and employees.
- In June last year, we established the 100 million US dollar "Global Social Justice Fund," in light of the momentous social justice movement sparked by the protests against racism and calls for change in the United States.
- Through this fund, Sony Group companies will support organizations that are working to protect human rights, correct racial discrimination, and provide education and training to people who lack opportunities in our society, and join forces with external organizations to implement meaningful initiatives.
- To date, about 70% of the 100 million US dollars endowed have been earmarked and we will continue to implement initiatives through the Global Social Justice Fund.
- Towalame Austin from the Sony Music Group will talk about the specific initiatives later.

## Creator support

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### **Supporting both the physical and mental health of the creators who bring *Kando* to society**

- I would also like to talk about the support we offer to creators, who are responsible for the Kando essential to Sony's entertainment business.
- As our society grows ever more unstable against the backdrop of the COVID-19 pandemic, it is becoming increasingly important to offer a physically and mentally healthy environment in which creators can immerse themselves in their work.
- As an example, the Sony Music Group outside of Japan is already working with NPOs and other organizations to provide support to artists in the US, the UK and other countries.
- In Japan, Sony Music has launched a project to support both the mental and physical health of artists and creators signed to exclusive management contracts with Sony Music, as well as the staff who support them.
- We will continue to share updates on these activities moving forward.
- Sony will continue to provide various support so that diverse and talented individuals can maximize their creative potential.



## Sony Global Relief Fund for COVID-19



- Finally, I would like to talk about another global fund that we established in 2020.
- The COVID-19 pandemic has caused our social environment to change abruptly, and restrictions imposed on people's movement have had an enormous impact on their lives and businesses.
- In April 2020, Sony set up the "Sony Global Relief Fund for COVID-19," a 100 million US dollar fund that supports the frontline workers fighting COVID-19, children who represent our future, and people in the creative community who have been deeply impacted by the pandemic.
- Currently, about 80% of the 100 million US dollars have been earmarked for these initiatives.
- By category, support for creative communities accounts for about 60% of the funding, while about 30% has been allocated to healthcare-related support.
- We believe that support channeled through this fund will contribute directly and indirectly to a wide range of areas, including healthcare, education, and the creative community.
- Direct support was provided to around 5,500 organizations, in the form of donations from Sony Group companies to international organizations and non-profit organizations (NPOs), as well as donations of medical-use face shields and aibo (Sony's

autonomous entertainment robot) to medical institutions, and donations of KOOV™ coding kits to educational institutions in Japan, the United States and China.

- About 50 organizations in the Sony Group are involved in these initiatives, in many cases by Group employees contributing their own ideas.
- Thus, the initiatives not only encouraged social contributions through our businesses, but also enhanced the engagement of our employees.



## GLOBAL SOCIAL JUSTICE FUND

**Sony Music Group**

**Towalame Austin**

**Executive Vice President,  
Philanthropy and Social Impact**



- I would like to conclude my presentation with a video introducing a message from Towalame Austin, EVP of the Philanthropy and Social Impact at Sony Music Group, followed by an overview of the “Global Social Justice Fund,” which I mentioned earlier. Please enjoy the video.

\*Remarks from Towalame Austin, Sony Music Group

Thank you for having me here today. As EVP of Philanthropy and Social Impact for Sony Music Group (SMG), I want to walk through our Company's most recent support programs and initiatives.

As we know, racial injustice is a worldwide issue that affects our employees, artists, songwriters, consumers, and society at large. Hence, we've taken a firm stance on driving support – both monetarily and by taking action through authentic partnerships and community involvement.

To that end, in a short minute, we will share the Global Social Justice Fund recap video that highlights the impact the fund has had for more than 300 community partners. Partnerships that include our work with Sony Music UK and 3T, founded by Nao, designed to train 10 Black women for roles in the live music and production sector. The National Museum of African American Music, which allows us to partner on curricula, courses and certifications dedicated to Black music culture and business. As well as Silence the Shame, a workplace and community wellness training program designed for artists, songwriters, employees and the greater music industry.

Globally, Sony Music has supported and continues to support the communities that need it most, inside and outside the music industry. Additionally, we have supported organizations dedicated to ending violence against minorities and communities who have been disproportionately impacted by hate crimes and racist sentiment. In addition, with the unfortunate rise in COVID-19 cases, we continue our COVID-19 relief efforts for the homeless, food insecure and music-industry.

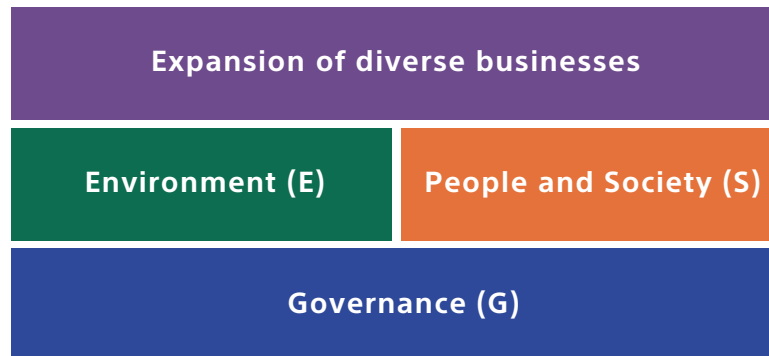
Internally, we continue to recognize and value the importance of diversity, equity and inclusion in helping us meet our business goals and consistently work to enable our employees to thrive and strengthen our position as an exceptional place to work.

Looking ahead our department will push forward on environmental sustainability initiatives for SMG, using a newly developed committee to design environmental programs.

With that said, I ask you to take a minute to watch our Global Social Justice Fund recap video.

Thank you.

## Governance in Support of Sustainability Efforts

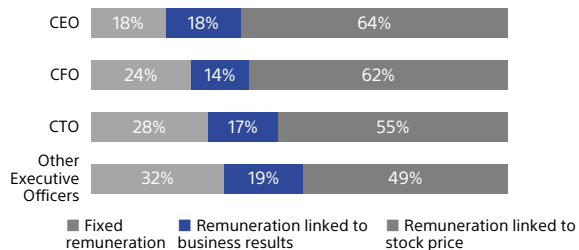


**To carry out business activities alongside initiatives concerning Environment (E), People and Society (S), based on solid Governance (G), with the aim of enhancing long-term corporate value**

- So far, we have concentrated mainly on E and S, that is, the initiatives concerning the global Environment, as well as People and Society.
- Lastly, I would like to touch upon G, that is, Governance.
- Corporate governance is essential to ensuring management transparency and enhancing mid-to long-term corporate value, but in recent years, there are increasing expectations for its role in the support and promotion of environmental and social initiatives.

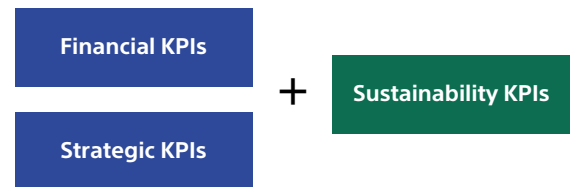
# Governance in Support of Sustainability Efforts

**Performance evaluation/  
remuneration system for executives**



**Introduced key performance indicator for initiatives related to social value creation and sustainability as part of the evaluation pertaining to the remuneration linked to business results for Senior Executives**

**Business performance evaluation/KPIs**



**Set KPIs for initiatives addressing sustainability issues in each business, and incorporated those KPIs as part of their business performance evaluations**

- In addition, from fiscal year 2021, we are incorporating initiatives that address sustainability issues into the Mid-Range Plans of each of our businesses, such as measures related to employees and the environment identified as key to each respective business, and we have set KPIs for those initiatives as part of our business performance evaluations.
- Furthermore, the progress of the various sustainability initiatives being implemented across the Sony Group is regularly reported and actively discussed at our Board meetings.
- We intend to continue to strengthen our governance further while driving our global environmental and social initiatives within each business, and across the Sony Group.

- **“Long-Term Approach” and “Diversity”**
  - **“Dialogue” with Various Stakeholders and “Insights” gained from Such Dialogue**
  - **“Responsibility” and “Contribution” in the Environmental Area**
  - **Management and DE&I Centered on “People”**
  - **Integration of Sustainability Efforts into Businesses**
- 
- Today, I have presented Sony’s “Progress on Sustainability Management,” focusing on these themes.
    - “Long-Term Approach” and “Diversity”
    - “Dialogue” with Stakeholders and “Learning” from Them
    - “Responsibility” and “Contribution” in the Environmental Area
    - Management and Diversity, Equity and Inclusion (DE&I) Centered on “People”
    - Integration of Sustainability Efforts into Businesses

## ■ Corporate Report 2021

<https://www.sony.com/en/SonyInfo/IR/library/corporatereport/>

## ■ Sustainability Report 2021

[https://www.sony.com/en/SonyInfo/csr\\_report/](https://www.sony.com/en/SonyInfo/csr_report/)

- There are many other topics that I have not been able to cover due to the time constraints. However, please refer to our “Corporate Report” and “Sustainability Report” for more detailed information.
- We will continue to engage actively in dialogue with our stakeholders, of course taking on board the feedback we receive in response to today’s briefing as well.
- Thank you for your attention.

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- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
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- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
- (xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xvi) risks related to catastrophic disasters, pandemic disease or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

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