

**FY2021 ESG Briefing Q&A**  
**Analyst and Investor Session (Summary)**

Date: September 15, 2021 (Wed)

**IMPORTANT: PLEASE READ THE FOLLOWING STATEMENT**

For your reference, below please find an English summary of the question and answer session at the ESG Briefing for the fiscal year ending March 31, 2022, which was conducted in Japanese.

This English summary, which is intended to replace the simultaneous translation of the question and answer session previously provided, is not intended to be a direct translation of the question and answer session. As a result, there may be some differences between this English summary and the simultaneous English interpretation provided at the question and answer session.

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Questioner 1

Q1: What challenges have you faced and what benefits do you feel have emerged over the last year since the inclusion of a sustainability perspective in your performance-based remuneration system? Do you have systems in place that increase engagement among not only Senior Executives, but also other employees, such as via the incorporation of ESG initiatives into the evaluation framework for the staff of each business division?

A1: With respect to Senior Executives, each year the CEO and other executives meet with each Senior Executive separately to confirm their annual and mid-term objectives. This also involves confirmation of sustainability initiatives, the results of which are reflected in the individual's performance evaluation. In addition, we reflect business-level initiatives relating to sustainability into each Group company's performance-related pay, and we believe this provides an increase in motivation for our middle management and other employees too. One ongoing challenge is how to reflect sustainability improvement efforts into performance evaluations since many of those efforts only bear fruit after a long period of time and do not necessarily conclude within a single-year or a three-year timeframe.

Q2: Since the new Sony Group organizational structure was implemented in April, I understand Sony Group Corporation (SGC) has been providing a forum to work on HR management-related issues common to the whole Group and to discuss HR strategy. What improvements have emerged compared with the previous system, and in what ways has the new system contributed to employee motivation or talent development?

A2: One of SGC's missions is to use its management, technology, and other resources to support the evolution of Sony's business. In undertaking this mission, we abide by our human resource philosophy of "Special You, Diverse Sony." We pride ourselves on attracting, developing, and engaging individuals and, as such, we will make earnest efforts to shape HR policies designed to develop the individual characteristics of each business to achieve growth. This is nothing new for us, but the creation of the SGC structure has given greater clarity to the roles of the Group headquarters and those of the individual businesses. In addition, whereas the management of the electronics businesses and of the Sony Group headquarters had previously been combined to a certain degree, there is now a clear separation, which we believe gives each function greater independence and a stronger support structure.

#### Questioner 2

Q1: Could you tell us about where the Sustainability Department fits within your organization and what roles and powers it has? How do the project owner Mr. Totoki, your board of directors, and your individual Group companies communicate with one another and arrive at decisions? What has changed compared to the past?

A1: We formed the Sustainability Department in April 2020 by integrating our Environmental Group and CSR Group to improve our efforts in the sustainability space. The department, as the SGC headquarters organization, is responsible for defining and advancing sustainability-related policies for the entire Sony Group. The Sustainability Department also engages in communication regarding sustainability with our stakeholders, including through our Sustainability Report and Corporate Report. For the past several years, the Sustainability Department, the Corporate Planning and Control Department, and the IR Group have collaborated on initiatives aimed at evolving our sustainability management through our Sustainability Project, of which our CFO Totoki is the owner. As part of those efforts, the Sustainability Department has engaged in communication with our Group companies about how to incorporate sustainability into their business performance evaluations and reflect it in their KPIs.

One effort we have undertaken over the past three to four years is to transform sustainability from a headquarters-led initiative to one that is integrated into our business activities. The CSR and environmental teams have had the full backing of the Corporate Planning and Control Department and our CFO Totoki in achieving this, which has been extremely helpful.

Q2: Your Sustainability Report details the results of Green Management (GM) 2020, but I thought, for example, that water resources are essential to increasing the production capacity of semiconductors and that there is no clear solution to this. How do you plan to resolve more difficult

issues such as this as you head toward 2025? Are there any initiatives that you wish that the whole industry, governments, or international organizations would undertake?

A2: There are various opinions on the topic of water resources, but after discussion with different international organizations and the CDP, Carbon Disclosure Project, we think that since water resources are more plentiful in some regions than others, it likely makes more sense to set goals based on the attributes of the region in question. For example, given that water is abundant in Japan, it is likely better to focus on how we go about recycling our water rather than on trying to reduce our usage by an absolute amount. That is how we have approached the question under GM2025. Therefore, while we do produce semiconductors in Kyushu, Japan, we think that our GM2025 target regarding water resources is attainable. Meanwhile, in the climate change space, I think that what presents us with the greatest challenge is Japan's progress on transitioning to renewable energies. In our overseas operation, we have reached 100% renewable energy usage in Europe and did so in our last fiscal year in China as well. We are also at over 50% in the U.S. We use more electricity in Japan than anywhere else, so how much of a reduction we can achieve there is the question. Staying on the topic of climate change, I would also note that the Japanese government recently pledged to go carbon neutral, and, before that, to achieve a 46% reduction in greenhouse gases by 2030. This should increase the supply of renewable energy in Japan and lead to deregulation that makes it easier for companies to use renewable energies. We want to keep working hard toward our goals now that we can see that on the horizon.

Questioner 3

Q1: What changes have you seen in how aware or how motivated your employees are about ESG?

A1: We have worked to promote sustainability in a variety of ways over the past three years, but we initially had few occasions to speak with the teams on the business divisions, and I believe that there was a disconnect in terms of awareness about the need to create long-term social value. However, over the past three years, we have started to be able to discuss the sort of value we see the Group as a whole creating over the long term and how we should approach the challenges that the entire Group and our individual businesses face as we pursue management based on our Purpose. I think that we have basically laid the groundwork for the business side and our individual employees to start seeing sustainability as something of personal relevance to them.

Over the past roughly three or four years, we in management have shifted our focus primarily to long-term sustainable growth in considering our business and management strategies. One reason for that is likely that the business side is now sold on the idea that it is not possible to increase corporate value over the long term without rigorously addressing environmental and social issues. Another reason is that our Purpose has gained wide acceptance across the Group. In addition, the

management and our employees also see the myriad issues and risks raised by the COVID-19 pandemic over the past 18 months or so and the numerous natural disasters occurring around the world as matters of personal relevance to them. This has also served as a reminder of the importance of environmental and social initiatives. It is increasingly the employees who are teaching us in management, so we want to make sure we listen to what they have to say and apply that to how we run the Group.

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