FY2023 Sustainability Meeting Q&A (Summary)

Date: September 14, 2023 (Thu)

IMPORTANT: PLEASE READ THE FOLLOWING STATEMENT
For your reference, below please find an English summary of the question-and-answer session at the Sustainability Meeting for the fiscal year ending March 31, 2024, 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.

Questioner 1

Q1: I would like to ask about how you identify and invest in start-ups through the Sony Innovation Fund: Environment (SIF:E). Could you tell me about how you select the companies in which you invest, how much you invest in each, and how many companies you expect to invest in? Do you take return on investment into account in addition to social contributions?

A1: Basically, our Environmental team and our team in the Corporate Venture Capital (CVC) domain work together to search the world for potential investments, focusing on early-stage ventures that work for the most part on environmental technologies, especially those that contribute to the four perspectives of climate change, resources, chemical substances, and biodiversity that we are pursuing under our Road to Zero plan. SIF:E is a 1-billion-yen fund scale. The amount we have invested in each company has not been that large, but we have invested around 300 million yen to date. We approach the SIF:E from two perspectives. The first is to contribute to the society and environment, including helping to reduce Sony's own environmental footprint over the long term. The second is return on investment. We believe that we need to be successful in both these respects. That said, it takes time for new environmental technologies to be commercialized and to generate profits. As such, we review these investments based on longer horizons than we apply to typical CVC investments.

Questioner 2

Q1: I understand that CVC investments will play a key role in your Road to Zero plan, but a fund of one billion yen seems rather small. What is the reasoning behind that amount? Is there a possibility
that you will launch a second fund moving forward?

A1: Initiatives linked with CVC and SIF:E investments are not critical to the achievement of Road to Zero. Sony engages in environmental initiatives both to fulfil our corporate responsibility and to contribute to society. Our Road to Zero plan represents our approach to fulfilling our responsibility. Sony aims to achieve net zero by reducing the environmental footprint of our products, content, and services. We are working towards our goal in five-year increments, and that may involve using our own technologies and/or those belonging to third parties. On the other hand, our efforts involving SIF:E stem from our desire to contribute to society over the longer term and from a broader perspective. Therefore, depending on the case, we are making progress with initiatives on a smaller scale. As such, we aim to look into the possibility of a second or third fund as we go forward.

Questioner 3

Q1: Enabling accessibility has short-term drawbacks, including the costs involved. What sort of incentives do you plan to offer to ensure that sustainability initiatives take hold at Sony?

A1: We believe that a society in which everyone can live with peace of mind and a healthy global environment are essential to the achievement of Sony's Purpose. In the realm of sustainability, we are working to determine what contributions Sony can make and to advance such initiatives. We see accessibility as critical to our efforts to create a culture that respects diversity. To ensure that our employees do not view our accessibility initiatives as simply a cost or a superfluous step, we are working to raise their awareness, as well as to incorporate accessibility into our product commercialization process. We believe that the endeavors we are undertaking through the training of our employees and management, for example, will lead to the creation of an organizational culture distinguished by the sort of diversity and open-mindedness that Sony values.

It has been approximately six years since we began pursuing initiatives with a focus on our Purpose. During that time, our employees have exceeded management’s expectations in the way that they have related to and proactively joined in our efforts in the realms of accessibility and inclusive design, as well as through our global funds. Each of us is taking accessibility into account regardless of whether we ourselves have a disability or not, and I feel that this is gradually enabling our entire Group to make products that are easier to use and have greater functionality.

Questioner 4

Q1: You said that you intend to integrate inclusive design into your commercialization process by FY2025. What percentage of your products do you expect to incorporate inclusive designs in the future? How do you intend to track your progress and achievements?
A1: We, as an entire Group, are working so that in principle, inclusive design will be integrated into the commercialization process for all our products by FY2025. Our goal is to incorporate a wide range of voices into our product development process from the early stages so that we are able to have as many people as possible enjoy our product, service, and content portfolio, regardless of attributes such as age, physical condition, and environment. We have approached this pursuit by assigning leaders in each of our businesses. The individual businesses will determine what metrics and criteria they will target, and they will report regularly to headquarters on their progress. We plan to spread awareness of the progress that we are making through our website.

Q2: Are there any areas where you think you still have a ways to go or that you are finding challenging in terms of integrating sustainability into your business strategy? What sort of impact is AI likely to have on your Road to Zero plan or sustainability strategy?

A2: We see numerous challenges of that sort. At our meeting last year, we presented a materiality analysis and identified four key domains in which we are working. However, our businesses and the environments surrounding them change very rapidly, and the social environment and technologies are also changing. As such, new challenges have also arisen. How to deal with AI and social division can be seen as examples. For instance, in the environmental domain, we are devoting meaningful time to our Road to Zero efforts, but Scope 3 emissions are a challenge for almost all global companies. We intend to roll up our sleeves and do the work, while also seeing a need to help determine how society as a whole should be working on this. On the human rights and social side as well, we aim to engage in DE&I initiatives designed to ensure women in Japan have more opportunity to take on more roles, for example. This fiscal year has seen the creation of a DE&I Officer role at Sony, reflecting our active engagement and long-term perspective in this area, but we still see considerable room for improvement. I will next address the question of AI. AI will clearly bring a great deal of convenience and operational improvements to our Entertainment businesses. We therefore intend to solidly engage with and leverage AI. At the same time, the rise of new technologies creates new challenges for society. This is something with which Sony has always grappled over the course of its history. We intend to approach the responsible use of AI as a challenge for Sony. We have established the AI Ethics Committee where we have engaged in wide-ranging discussions. However, because technologies and the world itself are changing, we have to continue learning every day.

Questioner 5

Q1: While the accessibility of Sony’s products and services may improve, that could make them more expensive than others and thereby limit their potential consumer base. Have there been any proposals made or discussions held about how to avoid that, by turning to third parties for help, for
A1: There are many challenges involved in sustainability, and what challenges we should focus on is a subject of debate. This time we focused on accessibility and inclusive design. These are areas in which Sony was slightly lagging or in which we were not necessarily top notch five or ten years ago. However, our PlayStation team has tackled these challenges for some time and has been joined over the past few years by the ET&S segment, where initiatives in these areas have very much taken off. Ensuring the usability of many of our products by people with disabilities and the elderly leads to the cultivation of new customer bases for us. At the same time, regardless of whether we ourselves have disabilities or not, learning about people who live with challenges has made us more motivated to think about them when we are planning our products or working to make them more user-friendly. The ET&S segment has sent many employees to our special subsidiary Sony/Taiyo to learn what sort of products or functionalities are easier for people with disabilities to use. We believe that in managing our business from a long-term perspective, the continuous generation of profits and pursuit of sustainability are mutually beneficial endeavors. To be able to have a significant impact on society, a company needs to generate profits. We believe that our growing over the long term will enable us to create social value or help solve societal issues.

Q2: What sort of discussions have you had about diversity in mental terms rather than just physical terms?

A2: We see the global funds that we described today as a means of addressing mental health challenges by treating them as a societal issue. We see this as extremely important. In addition, our special subsidiary, Sony Kibou/Hikari, employs persons with intellectual disabilities and mental disorders who take part in the various quality control processes undertaken by our operating companies.

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