Overview

Basic Approach

Historically, Sony Group Corporation has consistently focused on effective group management by evolving its governance while diversifying its businesses, the regions it serves and its capital procurement methods. Sony Group Corporation therefore continuously strives to strengthen its corporate governance system based on the understanding that corporate governance is an essential basis to promote our management in order to fulfill the company’s corporate social responsibility and increases corporate value over the mid- and long-term. To operate Sony effectively, Sony Group Corporation continues to approach its corporate governance through two basic precepts:

(a) The Board of Directors (the “Board”), a majority of which is comprised of independent Outside Directors, focuses on effective oversight of management’s operation of the business and maintains a sound and transparent governance framework by utilizing the Nominating Committee, the Audit Committee and the Compensation Committees; and

(b) The Board determines Sony’s fundamental management policies and other material matters and delegates to each of the Senior Executives that assume important roles for the management of Sony, including the Corporate Executive Officers, decision-making authority to conduct Sony’s business operations broadly in line with their respective responsibilities, as defined with a view to promoting timely and efficient decision-making within Sony.

Structure

In furtherance of these efforts, Sony Group Corporation has adopted a “Company with Three Committees” corporate governance system under the Companies Act of Japan (Kaishaho) and related regulations (collectively the “Companies Act”). Under this system, Sony Group Corporation 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.

Milestones

1961: Issued American Depositary Receipts (ADRs); Started US-GAAP accounting
1970: Listed on the New York Stock Exchange and disclosing quarterly earnings release
1971: Started appointing independent directors
1997: Introduced a new corporate executive officer system
2003: Adopted a company with three committees system
2005: Majority of the board became independent
2015: Split out business units as subsidiaries
2021: Launched Sony Group Corporation
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 Purpose & Values, the Mid-Term Corporate Strategy for Sony, the business strategy for each business segment, and the vision of Sony’s founder:

- About Sony
- Corporate Strategy
- Business Briefing
- Vision of Founder and Approach to Sustainability
- The Founding Prospectus

For details such as policies, approaches, plans and initiatives on sustainability, please refer to the pages below:

- Approach to Sustainability
- Environment
- Respect for Human Rights
- Diversity, Equity and Inclusion

Governance Framework

Sony Group Corporation is governed by the Board, the members of which are elected at the Ordinary General Meeting of Shareholders.

Under the Companies Act, a “Company with Three Committees” is required to have three committees: a Nominating Committee, an Audit Committee and a Compensation Committee, each consisting of Directors appointed by the Board. The Companies Act also requires the Board to appoint Corporate Executive Officers (Shikko-yaku), who make decisions regarding the execution of Sony’s business activities within the scope of the authority delegated to them by the Board. Sony Group Corporation has appointed its Chief Executive Officer (“CEO”), who is responsible for Sony’s overall management, and other officers who are responsible for important and extensive headquarters functions as Corporate Executive Officers. Sony Group Corporation has also appointed Corporate Executive Officers, including the CEO and other executives, that assume important roles for the management of Sony as Senior Executives. In addition, Sony grants titles, such as Executive Deputy President, Senior Executive Vice President, Executive Vice President and Senior Vice President, to management team members in accordance with their respective roles and responsibilities.

Executives

Corporate Governance Structure

Nominating Committee

Compensation Committee

Audit Committee

Board of Directors

Shareholders’ meeting

Independent auditor

Make proposals to appoint/dismiss Directors

Appointment/dismissal

Make proposals to appoint/dismiss Independent auditor

Appointment/dismissal

Monitor performance of their duties

Determine etc. for compensation

Determine Committee members

Coordination

Oversight

Management

Senior Executives* including CEO, Corporate Executives Officers

Delegation

Other Officers, such as Senior Vice President

Internal Audit Div.

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

Members: 10 Directors including 8 outside Directors (as of June 20, 2023)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position / Principal Activities Outside Sony</th>
<th>Years as Director</th>
<th>Committee Membership/Assignment</th>
<th>Experience and Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenichiro Yoshida</td>
<td>Representative Corporate Executive Officer, Chairman, and CEO</td>
<td>9</td>
<td>Audit Committee: Member Nominating Committee: Member Compensation Committee: Member Director in Charge of Information Security: CEO or Equivalent Position of Business Enterprise: Global Business: Global Business: Diversity (Gender/Nationality): Engineering/IT Technology: Sony Group Business Segment/ Relevant Industry: Finance/Accounting: Risk Management/Corporate Governance:</td>
<td></td>
</tr>
<tr>
<td>Hiroki Totoki</td>
<td>Representative Corporate Executive Officer, President, CEO and CFO</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Yoshihiko Hatanaka*1  (Chairman of the Board)</td>
<td>Outside Director, Shiseido Company, Limited. Former Representative Director, Chairman of the Board, Astellas Pharma Inc.</td>
<td>4</td>
<td>Chair</td>
<td>-</td>
</tr>
<tr>
<td>Toshiko Oka*1</td>
<td>Professor, Professional Graduate School, Graduate School of Global Business, Meiji University</td>
<td>5</td>
<td>Chair</td>
<td>-</td>
</tr>
<tr>
<td>Sakie Akiyama*1</td>
<td>Founder, Saki Corporation</td>
<td>4</td>
<td>Chair</td>
<td>-</td>
</tr>
<tr>
<td>Wendy Becker*1</td>
<td>Chair of the Board, Logitech International S.A. Non-Executive Board member, Oxford Nanopore Technologies plc</td>
<td>4</td>
<td>Chair</td>
<td>-</td>
</tr>
<tr>
<td>Kiko Kishigami*1</td>
<td>Certified Public Accountant in Japan Board Member, WWF Japan</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Joseph A. Kraft Jr.*1</td>
<td>CEO, Rorschach Advisory Inc.</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Neil Hurt*2</td>
<td>Board member, Roku, Inc. Former Chief Product Officer, Netflix, Inc.</td>
<td>Newly appointed</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>William Morrow*1</td>
<td>CEO, DIRECTV Entertainment Holdings LLC</td>
<td>Newly appointed</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Under the Companies Act, the term of office of Directors expires at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one year after their election.

*1 An outside Director who satisfies the requirements under Item 15, Article 2 of the Companies Act of Japan.

*2 Executive Directors Kenichiro Yoshida and Hiroki Totoki have comprehensive knowledge of each business of Sony and play important roles in developing and executing strategies of overall management of Sony.
In addition, since 2005 the majority of the members of the Board consist of not fewer than 8 Directors and not more than 14 Directors.

The Nominating Committee broadly considers the appropriate size of the Board, and the knowledge, experiences and achievements that correspond to such corporate value. The Nominating Committee reviews and selects candidates for 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 or have any connection with any matter that may cause a material conflict of interest in performing the duties of a Director.

Additional Qualifications for 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 120,000 USD, 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 1,000,000 USD, or two percent of the annual consolidated sales of such company.

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

Policy Regarding Composition of the Board

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 work and other experience, achievements and expertise), availability, and independence, as well as diversity, including gender and internationality, 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 Group Corporation also requires that the Board consist of not fewer than 8 Directors and not more than 14 Directors. In addition, since 2005 the majority of the members of the Board have been outside Directors.

Qualifications for Directors and Limitation of Re-election

The qualifications for Directors of Sony Group Corporation under the Board Charter are generally as summarized below. As of June 20, 2023, all Directors satisfy the qualifications for Directors as set forth below, and all outside Directors satisfy the additional qualifications for outside Directors and are also qualified and designated as Independent Directors under the Securities Listing Regulations of the Tokyo Stock Exchange.

Policy and Procedure for Selection and Dismissal of Senior Executives

Sony Group Corporation appoints Corporate Executive Officers including the CEO and other officers that assume important roles for the management of Sony as “Senior Executives.”

The Board has the authority to appoint and dismiss and assign the roles and responsibilities of or to request a report regarding such matters for Senior Executives, including the CEO, and exercises such authority as necessary.

In making decisions on the appointment of Corporate Executive Officers, including the CEO, the Board considers whether candidates for CEO meet certain qualifications for the CEO position which are set by the Nominating Committee and whether candidates for other Corporate Executive Officer positions have the necessary skills, capabilities, experiences and achievements that correspond to such Corporate Executive Officers’ expected roles and responsibilities. The Board also receives a report on the status of appointment and dismissal of Senior Executives other than Corporate Executive Officers.
The term of office of Senior Executives, including the CEO, is one year. The Board discusses, determines and/or oversees their re-appointment upon the expiration of each term considering the factors described above as well as their latest performance. The Board dismisses a Corporate Executive Officer, as necessary, in the event that the Board recognizes such Corporate Executive Officer is disqualified after discussions amongst the members of the Board or the Nominating Committee, even in the middle of the term for such Corporate Executive Officer.

Nominating Committee

Members: 3 outside Directors (as of June 20, 2023)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoshihiko Hatanaka</td>
<td>Chair of the Nominating Committee (Outside Director)</td>
</tr>
<tr>
<td>Toshiko Oka</td>
<td>Nominating Committee Member (Outside Director)</td>
</tr>
<tr>
<td>Wendy Becker</td>
<td>Nominating Committee Member (Outside Director)</td>
</tr>
</tbody>
</table>

Purpose/Authority

- To determine the content of proposals to be submitted for approval at the General Meeting of Shareholders regarding the appointment and dismissal of Directors
- To evaluate management succession plans, which the CEO develops, for the CEO and other executives designated by the Nominating Committee

The Nominating Committee determines the content of proposals regarding the appointment and dismissal of Directors, considering the policy on composition of the Board, the qualifications for Directors and the limitation of re-election of Directors. Please refer to the page below for more details.

Policy Regarding 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, 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. As of June 20, 2023, the Nominating Committee is comprised of three outside Directors.

Management Succession Plans

Management Succession

Sony places priority on CEO succession to realize sustainable value creation throughout the Sony Group. In the CEO succession planning process, the Nominating Committee, composed entirely of independent outside directors, vets potential successors based on the Sony CEO’s qualification. It does so in frequent consultation with executives, including the CEO, and reports its recommendations to the Board of Directors. In addition to CEO succession planning, the Nominating Committee assesses succession plans for Senior Executives with key management responsibilities for individual business units and headquarters functions, based on reports from management side, including the CEO.

CEO Succession Planning Process

CEO succession planning involves defining the qualifications that Sony seeks in CEOs able to manage its diverse businesses as a unified Group, screening both internal and external candidates, and comparing the two groups, so as to ensure the thoroughly objective evaluation of successor candidates. Sony looks for candidates both internally and externally on a year-round basis. The Nominating Committee narrows down the pool of candidates by vetting them in light of their potential to fulfill the CEO role, and then reviews both near-term and longer-term CEO successor candidates based on their anticipated timelines toward becoming CEO.

Strengthening the Sony Group’s Management Structure

In July 2022, considering the business environment is changing dramatically on a global scale, the management team proposed to Mr. Sumi, Chairman of the Board and Chair of the Nominating Committee, a recommendation to newly appoint Hiroki Totoki, Executive Deputy President and CFO as President and COO, to further strengthen the Sony Group’s management structure. After multifaceted analysis at Nominating Committee, including assessment of the need of COO and Totoki’s suitability for the role of President and COO, and individual interviews between members of Nominating Committee and Totoki, it was also discussed at and unanimously approved by the Board at the Board meeting in February 2023. Finally, on April 1, 2023, Totoki became the President, COO and CFO, as the management partner of Yoshida, who became Chairman and CEO, and this made clearer the new structure that these two persons mainly lead Sony.

Audit Committee

Members: 3 outside Directors (as of June 20, 2023)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toshiko Oka</td>
<td>Chair of the Audit Committee (Outside Director)</td>
</tr>
<tr>
<td>Keiko Kishigami</td>
<td>Audit Committee Member (Outside Director)</td>
</tr>
<tr>
<td>Joseph A. Kraft Jr.</td>
<td>Audit Committee Member (Outside Director)</td>
</tr>
</tbody>
</table>

Purpose/Authority

- To monitor the performance of duties by Directors and Corporate Executive Officers
- To oversee and evaluate the independent auditor
Policy of Composition of the Audit Committee
Under the Companies Act, the Audit Committee shall consist of at least three Directors, the majority of whom shall be outside Directors. In addition, under the Board Charter, each member of the Audit Committee ("Audit Committee Member") shall satisfy all of the following qualifications:
- he/she shall not be a Director engaged in the business operations of Sony Group Corporation or any of its subsidiaries, a Corporate Executive Officer, an accounting counselor, a general manager or other employee of Sony and
- 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 Group Corporation.
The chair is to be selected from among the outside Directors. The Audit Committee Members shall be selected from among the persons who possess appropriate experience and talent as well as the necessary finance, accounting and legal knowledge to serve on the Audit Committee. In determining whether to appoint or remove the Audit Committee Member, continuity of the Audit Committee shall be duly taken into account.
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 Group Corporation. The Board makes a determination on whether or not such Audit Committee Members meet these requirements. As of June 20, 2023, the Audit Committee is comprised of three outside Directors, of whom (Toshiko Oka and Keiko Kishigami) are "audit committee financial experts," within the meaning of Item 16A of Form 20-F under the Securities Exchange Act of 1934, as amended.

Policy on Selection of Independent Auditor Candidates and Independence of Independent Auditor
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 independence, the qualification and the reasonableness as well as the performance of the independent auditor so appointed. For more details on activities of the Audit Committee, please refer to the page below:
Structure of Audit by the Audit Committee, Internal Audit and Accounting Audit, and Status Thereof

Policy Regarding 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, the chair is to be selected from among the outside Directors. A Director who is a CEO, a Chief Operating Officer ("COO") or a Chief Financial Officer ("CFO") of Sony Group Corporation 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. As of June 20, 2023, the Compensation Committee is comprised of three outside Directors.

Compensation Committee
Members: 3 outside Directors (as of June 20, 2023)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wendy Becker</td>
<td>Chair of the Compensation Committee</td>
</tr>
<tr>
<td></td>
<td>(Outside Director)</td>
</tr>
<tr>
<td>Sakie Akiyama</td>
<td>Compensation Committee Member</td>
</tr>
<tr>
<td></td>
<td>(Outside Director)</td>
</tr>
<tr>
<td>William Morrow</td>
<td>Compensation Committee Member</td>
</tr>
<tr>
<td></td>
<td>(Outside Director)</td>
</tr>
</tbody>
</table>

Purpose/Authority
- To set policy on the content of individual compensation for Directors, Senior Executives and other officers
- To determine the amount and content of individual compensation of Directors and Corporate Executive Officers in accordance with the policy, and oversee the determination regarding the amount and content of individual compensation of Senior Executives other than Corporate Executive Officers

Basic Policy for Director and Senior Executive Remuneration
The basic policy regarding remuneration for Directors and Senior Executives, as determined by the Compensation Committee, is as follows:
Basic Policy Regarding Director Remuneration

The primary duty of Directors is to oversee management’s operation 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 in order to improve that oversight function. No Director remuneration is paid to those Directors who concurrently serve as Corporate Executive Officers.

- Securing a talent pool of Directors possessing requisite abilities from a global perspective; and
- Ensuring the effectiveness of the supervisory function of the Directors.

Based on the above, Director remuneration shall consist of the following components. The amount of each component and its percentage of total remuneration shall be set at an appropriate level determined in accordance with the basic policy above and research conducted by a third party regarding remuneration of directors of both Japanese and non-Japanese companies.

<table>
<thead>
<tr>
<th>Type of remuneration</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration</td>
<td>- Set at an appropriate level determined based on research conducted by a third party regarding remuneration of directors of both Japanese and non-Japanese companies with a view to the level of responsibility of the Director and maintaining competitiveness for securing talent.</td>
</tr>
</tbody>
</table>
| Stock-based compensation (restricted stock or restricted stock units) | - Restricted stock or restricted stock units ("RSUs") are granted to further promote shared values between Directors and shareholders, and to incentivize Directors to develop and maintain a sound and transparent management system.  
- Any Director to whom restricted stock is granted may not sell or transfer the granted shares during his/her tenure, and in principle, such restriction is to be released when such Director resigns.  
- In principle, RSUs held by Directors will be vested when he/she resigns, and the Common Stock of the company will then be delivered to the Directors. |
Basic Policy Regarding Senior Executive Remuneration

Senior Executives are key members of management responsible for executing the operations of Sony as a whole, or of their respective businesses. In order to further improve the business results of Sony, the following two elements have been established as the basic policy for determining the remuneration of Senior Executives:

- Securing a talent pool possessing requisite abilities from a global perspective; and
- Providing effective incentives to improve business results on a short-, medium- and long-term basis.

Based on the above, Senior Executive remuneration shall primarily consist of the following components. The amount of each component and the total of total remuneration shall be at an appropriate level determined in accordance with the above basic policy and the individual’s level of responsibility. The amount and percentage will also be based on research conducted by a third party regarding remuneration of management of both Japanese and non-Japanese companies, with an emphasis on linking Senior Executive remuneration to business results and shareholder value.

<table>
<thead>
<tr>
<th>Type of remuneration</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration</td>
<td>Set at an appropriate level determined based on research conducted by a third party regarding remuneration of management of both Japanese and non-Japanese companies with a view to the level of responsibility of the Senior Executive and maintaining competitiveness for securing talent.</td>
</tr>
</tbody>
</table>

Remuneration linked to business results

- Structured appropriately and based on appropriate metrics to ensure that such remuneration effectively incentivizes Senior Executives to achieve financial targets for the mid- and long-term and financial targets for the fiscal year for which compensation will be paid.
- Specifically, the amount to be paid to Senior Executives shall be determined based on the level of achievement of the two metrics below and can fluctuate, in principle, from 0% to 200% of the standard payment amount depending on the level of achievement.
  1. Certain key performance indicators linked to the consolidated or individual business results of Sony during the fiscal year, such as Adjusted EBITDA and Adjusted EPS (net income attributable to Sony Group Corporation’s stockholders per share), which are selected based on the areas for which each Senior Executive is responsible.
- The Group Sustainability above includes efforts by executives to enhance the mid- to long-term corporate value and sustainable growth of the Sony Group as a whole, not limited to their businesses and organizations, including management succession and investment in human capital, sustainability initiatives related to social value creation and ESG (environment, social and governance), value creation through collaborations among businesses of Sony and engagement indicators based on employee surveys.
- The standard payment amount shall be determined so that it is a percentage of the Senior Executive’s total cash compensation (fixed remuneration plus remuneration linked to business results) that is appropriate to each individual’s level of responsibility.

Stock-based compensation

- Stock acquisition rights, and restricted stock or RSUs are granted to incentivize Senior Executives to increase mid- to long-term shareholder value.
- In principle, one-third of the total number of exercisable stock acquisition rights will become exercisable each year after the allotment date, starting one year after the allotment date. (All of the allocated stock acquisition rights will be exercisable after three years from the allotment date.)
- The Senior Executives to whom restricted stock is granted, in principle, may not sell or transfer the granted stock before the third anniversary date of the Ordinary General Meeting of Shareholders of the fiscal year when the restricted stock was granted.
- In principle, all RSUs held by the Senior Executives will be vested after three years have passed since the date of grant of the RSUs, and the Common Stock of the company will be delivered to the Senior Executives.
- As a general policy, remuneration for a Senior Executive who has greater management responsibility and influence over Sony as a whole has a higher proportion of stock-based compensation, which is directly linked to the corporate value. (Please see “Reference: Executive Compensation Package Design to Focus on Long-Term Management” below.)
- The amount of stock-based compensation shall be determined so that the amount is within a certain percentage of the total cash compensation (total of the fixed remuneration and the remuneration linked to business results) and stock-based compensation.

Phantom restricted stock plan

- Points determined by the Compensation Committee shall be granted to Directors every year during their term in office. Then, when they resign, the remuneration amount shall be calculated by multiplying the closing price of common stock by the individual’s accumulated points.
Performance-linked compensation
Stock-based Compensation

executive officers
Notes: Due to rounding, individual sums may not total 100%.

management to improve mid- to long-term performance and increase management’s alignment with shareholder value, and to incentivize including Corporate Executive Officers is to further reinforce the purpose of the stock-based compensations for the Senior Executives between the shareholders and these Directors. Furthermore, the transparent management system by further promoting shared values is to incentivize these Directors to develop and maintain a sound and

Procedures to Determine Remuneration of Directors and Senior Executives

Based on the policy outlined above, the amount and content of the compensation for each Director and Senior Executive including Corporate Executive Officers are determined by the Compensation Committee or otherwise under the supervision of the Compensation Committee. Specifically, in principle, as for Directors, each year at the meeting of the Compensation Committee held after the Ordinary General Meeting of the Shareholders, the amount of basic remuneration and the content of compensation for the corresponding fiscal year are determined. Thereafter, at the meeting of the Compensation Committee held after the corresponding fiscal year end, the final amount of compensation of each Director is determined. As for the Senior Executives, each year at the meeting of the Compensation Committee held at the end of the previous fiscal year, in principle, the amount of basic remuneration and the content of compensation for the corresponding fiscal year are determined or supervised. Thereafter, at the meeting of the Compensation Committee held after the corresponding fiscal year end, the final amount of compensation for each Senior Executive is determined or supervised. For determining the amount of the remuneration linked to business results for each Senior Executive, the Business Results-Linked Standard Payment Amount, the targets for the Financial Performance KPIs and the individual targets for each Senior Executive are determined and thereafter, the amount of such remuneration is determined based on the level of achievement of such targets at the meeting of the Compensation Committee held after the corresponding fiscal year end for Corporate Executive Officers or otherwise under supervision by Compensation Committee for Senior Executives other than Corporate Executive Officers.

The amount of compensation of each Director and Senior Executive, including Corporate Executive Officers, for the fiscal year ended March 31, 2023 was also determined by the Compensation Committee or otherwise under supervision by the Compensation Committee according to the procedure above. The Compensation Committee concluded that the amount and content of the compensation was in accordance with the policy set forth in section above.

Corporate Executive Officer Remuneration Linked to Business Results for the Fiscal Year Ended March 31, 2023

For the fiscal year ended March 31, 2023, the standard payment amount for remuneration linked to business results for Corporate Executive Officers was determined to be between 60% and 100% of the amount of their fixed remuneration depending on their level of responsibility. The financial performance KPIs and the weighting of such financial performance KPIs primarily used for Corporate Executive Officers in the fiscal year ended March 31, 2023 were as follows:

The standard payment amount was determined to be between 60 to 100% of the amount of fixed remuneration of each Corporate Executive Officer. Payment rate of remuneration linked to business results was determined, in principle, to be between 0 to 200% based on the achievement of (i) financial performance KPIs for the area(s) for which each Corporate Executive Officer is responsible and (ii) individual performance in the area(s) for which each Corporate Executive Officer is responsible.

Other Corporate officers include:

- Base
- Performance-linked compensation
- Stock-based Compensation

Notes: Due to rounding, individual sums may not total 100%.

(Reference: Stock-Based Compensation)

Sony Group Corporation introduced stock acquisition rights, restricted stock and RSUs as forms of stock-based compensation, granted to the Directors and the Senior Executives including Corporate Executive Officers. The purpose of the stock-based compensation for outside 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 these Directors. Furthermore, the purpose of the stock-based compensations for the Senior Executives including Corporate Executive Officers 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. The details of such stock-based compensation, including vesting conditions, recipients and number of grants, are determined or supervised by the Compensation Committee based on research conducted by a third party regarding stock-based compensation of both Japanese and non-Japanese companies. In addition, in determining the number of shares or units to be granted, the impact on dilution of the value of the shares of Sony Group Corporation is monitored.

(Reference: Executive Compensation Package Design to Focus on Long-Term Management “Fiscal Year ended on March 31, 2023”)

The bar chart shows the components of remuneration for Corporate Executive Officers for the fiscal year ended March 31, 2023. The standard payment amount is used to depict remuneration linked to business results and Stock-based Compensation is calculated based on the fair value of stock acquisition rights and the issue price of restricted stock as of the date granted in the fiscal year ended March 31, 2023. Accordingly, the proportion of each component based on the amount actually paid will differ from the chart below.

Procedures to Determine Remuneration of Directors and Senior Executives

Based on the policy outlined above, the amount and content of the compensation for each Director and Senior Executive including Corporate Executive Officers are determined by the Compensation Committee or otherwise under the supervision of the Compensation Committee. Specifically, in principle, as for Directors, each year at the meeting of the Compensation Committee held after the Ordinary General Meeting of the Shareholders, the amount of basic remuneration and the content of compensation for the corresponding fiscal year are determined. Thereafter, at the meeting of the Compensation Committee held after the corresponding fiscal year end, the final amount of compensation of each Director is determined. As for the Senior Executives, each year at the meeting of the Compensation Committee held at the end of the previous fiscal year, in principle, the amount of basic remuneration and the content of compensation for the corresponding fiscal year are determined or supervised. Thereafter, at the meeting of the Compensation Committee held after the corresponding fiscal year end, the final amount of compensation for each Senior Executive is determined or supervised. For determining the amount of the remuneration linked to business results for each Senior Executive, the Business Results-Linked Standard Payment Amount, the targets for the Financial Performance KPIs and the individual targets for each Senior Executive are determined and thereafter, the amount of such remuneration is determined based on the level of achievement of such targets at the meeting of the Compensation Committee held after the corresponding fiscal year end for Corporate Executive Officers or otherwise under supervision by Compensation Committee for Senior Executives other than Corporate Executive Officers.

The amount of compensation of each Director and Senior Executive, including Corporate Executive Officers, for the fiscal year ended March 31, 2023 was also determined by the Compensation Committee or otherwise under supervision by the Compensation Committee according to the procedure above. The Compensation Committee concluded that the amount and content of the compensation was in accordance with the policy set forth in section above.

Corporate Executive Officer Remuneration Linked to Business Results for the Fiscal Year Ended March 31, 2023

For the fiscal year ended March 31, 2023, the standard payment amount for remuneration linked to business results for Corporate Executive Officers was determined to be between 60% and 100% of the amount of their fixed remuneration depending on their level of responsibility. The financial performance KPIs and the weighting of such financial performance KPIs primarily used for Corporate Executive Officers in the fiscal year ended March 31, 2023 were as follows:

The standard payment amount was determined to be between 60 to 100% of the amount of fixed remuneration of each Corporate Executive Officer. Payment rate of remuneration linked to business results was determined, in principle, to be between 0 to 200% based on the achievement of (i) financial performance KPIs for the area(s) for which each Corporate Executive Officer is responsible and (ii) individual performance in the area(s) for which each Corporate Executive Officer is responsible.

Corporate Governance

Overview
Corporate Strategy, Business Strategy and Other Policies
Governance Framework
Internal Control and Governance Framework
Relationship with Shareholders and Other Stakeholders
Data Section
GRI Standards Content Index
Executive remuneration,” remuneration linked to business results for Senior Executives for the fiscal year ended March 31, 2023 was determined based on the level of achievement of the indicators which were selected based on the areas of responsibility of the relevant Senior Executive and the individual performance of such areas of responsibility. The amounts to be paid to the Senior Executives were, in principle, determined within the range from 0% to 200% of the Business Results Linked Standard Payment Amount. As a result, the ratio of remuneration linked to business results of Corporate Executive Officers for the fiscal year ended March 31, 2023 varied from 155.2% to 178.5% of the Business Results Linked Standard Payment Amount.

The following table shows a reconciliation of net income attributable to Sony Group Corporation’s stockholders reported in accordance with IFRS to Adjusted EBITDA for the fiscal year ended March 31, 2023.

<table>
<thead>
<tr>
<th>KPI Weight</th>
<th>Adjusted EBITDA &lt;sup&gt;*1&lt;/sup&gt;</th>
<th>Result for the fiscal year ended March 31, 2023 (Consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>1,703.4 billion yen</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted EBITDA, which is the most important performance KPI under the fourth mid-range plan, was selected as a Financial Performance KPI to enhance the growth potential of the entire Sony Group under the fourth mid-range plan. Adjusted EPS was selected to incentivize awareness of shareholder value and capital efficiency. For the target to be achieved for Adjusted EBITDA for the fiscal year ended March 31, 2023, an amount that the Compensation Committee determined based on the level of achievement of the indicators as appropriate was set in order to achieve the Adjusted EBITDA target under Sony’s fourth mid-range plan of 4.3 trillion yen for the three-year period from the fiscal year ended March 31, 2022. The target for Adjusted EPS for the fiscal year ended March 31, 2023 was 659.3 yen, which was obtained by dividing the forecast of net income attributable to Sony Group Corporation’s stockholders for the fiscal year ended March 31, 2023, which was disclosed in May, 2022 (830 billion yen) by the number of diluted shares outstanding at the beginning of the fiscal year. The results for the Financial Performance KPIs for the fiscal year ended March 31, 2023 were as follows:

Adjusted EBITDA: 1,703.4 billion yen (while net income attributable to Sony Group Corporation’s stockholders for the fiscal year ended March 31, 2023 was 937.1 billion yen), and Adjusted EPS: 737.06 yen, each exceeding the targeted amount.

As outlined above under “Basic Policy Regarding Director and Senior Executive remuneration,” remuneration linked to business results for Senior Executives for the fiscal year ended March 31, 2023 was determined based on the level of achievement of the indicators which were selected based on the areas of responsibility of the relevant Senior Executive and the individual performance of such areas of responsibility. The amounts to be paid to the Senior Executives were, in principle, determined within the range from 0% to 200% of the Business Results Linked Standard Payment Amount. As a result, the ratio of remuneration linked to business results of Corporate Executive Officers for the fiscal year ended March 31, 2023 varied from 155.2% to 178.5% of the Business Results Linked Standard Payment Amount.

The following table shows a reconciliation of net income attributable to Sony Group Corporation’s stockholders reported in accordance with IFRS to Adjusted EBITDA for the fiscal year ended March 31, 2023.

| Fiscal year ended March 31, 2023 (Yen in billions) |
|---|---|
| Net income attributable to Sony Group Corporation’s stockholders | 937.1 |
| Net income attributable to noncontrolling interests | 6.5 |
| Income taxes | 236.7 |
| Interest expenses, net, recorded in Financial income and financial expense | 4.0 |
| Gain on revaluation of equity instruments, net, recorded in Financial income and financial expense | 4.6 |
| Depreciation and amortization expense excluding amortization for film costs, broadcasting rights and internally developed game content and master recordings included in Content assets, as well as for deferred insurance acquisition costs | 542.2 |
| Profit and loss amount that Sony deems to be non-recurring | (27.8) |
| Adjusted EBITDA | 1,703.4 |


Form 20-F (Annual Report) for Fiscal Year ended on March 31, 2023
Support for Activities of Directors, the Board and the Committees

Sony Group Corporation engages in various activities to enhance the oversight function of the Board over management’s operation of Sony’s business as follows:

Outside Director Initiatives

The Chairman of the Board, who is an outside Director, leads the Board’s activities and secures the appropriate cooperation, communication and arrangement among outside Directors and Senior Executives. As an example of such initiatives, the outside Directors’ meetings have been held, generally on the same day as each Board Meeting, for the purpose of exchanging information and sharing information with respect to recognized issues among outside Directors. The Board also conducted Directors’ corporate strategic workshops with management, business site visits by Directors, and meetings with the Chairman and the CEO. All of these activities were aimed at securing better understanding by outside Directors of Sony’s business and management’s challenges and encouraging corporate strategic discussions among Directors. In September 2022, the Directors visited the Kumamoto Technology Centre of Sony Semiconductor Solutions Corporation located in Kumamoto Prefecture, Japan, where they observed manufacturing lines of image sensor products and discussed with the image sensor business’s management the current challenges and future strategies of the business. At a workshop held over two days in December 2022, through direct dialogue with executives in charge of Sony’s main business segments, the Directors intensively discussed a variety of matters, including the business environment and challenges surrounding each of Sony’s businesses and corresponding strategies, as well as Sony’s internal and external conditions related to sustainability and geopolitical risks, which are becoming increasingly important, in addition to Sony’s business portfolio.

Secretariat Offices for the Board and Each Committee

The company has established secretariat offices for the Board and each Committee to support the activities of the members and encourage constructive and proactive discussion at the meetings of the Board and each Committee. Each secretariat office endeavors to distribute necessary materials for the meetings in advance and to provide other information such as accounting information, organizational charts, press releases, external analyst reports and credit rating reports, as appropriate. Each secretariat office explains the meeting agenda to the members and provides them with presentation materials in advance of each meeting date and facilitates deliberation in separate meetings or briefing sessions depending on the nature of matters to be discussed. Each secretariat office also provides the absent members with a follow-up briefing, as appropriate. In addition, each secretariat office shares the annual schedule of the meetings and anticipated agenda items in advance with the members, in order to appropriately set the frequency of meetings and the number of agenda items to be deliberated at each meeting.

Provision of Necessary Information

When the company is requested to provide additional information by Directors, each secretariat office endeavors to provide the members such information promptly. Also, each secretariat office verifies appropriately whether requested information is provided smoothly. In the event that the members consult with external specialists, participate in various seminars and so on to perform their duties, the costs and expenses in connection with such activities are borne by the company in accordance with applicable internal rules.
The Audit Committee Aide
With the approval of the Board and with the consent by the Audit Committee, the company has established the Audit Committee Aide to support the activities of the Audit Committee. The Audit Committee Aide does not concurrently hold positions related to the business operations of Sony and, upon instruction by each Audit Committee member, conducts investigations into and analyses of 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.

Policy for Training Directors
Newly appointed Directors receive briefings by Senior Executives and outside experts regarding their expected roles and responsibilities, including their legal duties, as a Director or a member of the Committees. In addition, newly appointed outside Directors receive briefings about the business, financial status, organization and governance structure of Sony. Also, throughout their tenure, each Director receives compliance-related training in accordance with the company's governance structure of Sony. To achieve this goal, Sony Group Corporation conducts evaluations of the effectiveness of the Board and of each Committee (the “Evaluation”) at least annually.

Evaluation of the Board and the Committees’ Effectiveness
Policy for Evaluation
Sony Group Corporation 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 Sony. To achieve this goal, Sony Group Corporation conducts evaluations of the effectiveness of the Board and of each Committee (the “Evaluation”) at least annually.

Recent Evaluation
From February through April 2023, under the leadership of the Chairman and the Vice Chairman of the Board, the Board conducted the Evaluation mainly in respect of Board and Committee activities in the fiscal year ended March 31, 2023 after confirming that actions proposed in response to the results of the previous Evaluation were appropriately taken. The recent Evaluation was conducted, with the support of a third-party outside counsel with 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 Recent Evaluation
First, the Board confirmed that the actions proposed to be taken in response to the results of the previous Evaluation were taken, and discussed and confirmed the proposed procedures for the Evaluation for the fiscal year ended March 31, 2023. 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 office and each Committee’s secretariat office how meetings of the Board and Committees were 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 all the Directors including through the Peer Review*; and
• Researched other global companies’ practices in Japan, the United States and Europe, and compared them with the company’s practices.

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.

Summary of the Results of the Recent Evaluation
Based on the following findings, the Outside Counsel reported that, as assessed in the previous Evaluation, the Board is established and operated in a manner sufficient to be highly evaluated:

• The results of the questionnaire and interviews show that many Directors rate the effectiveness of the Board highly overall.
• Outward factors such as the composition of the Board are comparable with global companies in Europe and North America as well as Japan.
• In addition, the Peer Review was conducted in the fiscal year ended on March 31, 2023, and the involvement of the Board in the process of appointment of the new president was appropriate.
• The Board also received a favorable assessment on its response to the suggestions made by the Outside Counsel in the previous Evaluation and on its overall operations.

Following discussions 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 2023. The Outside Counsel also suggested several possible options for the Board and Committees to further improve their own effectiveness.
Senior Executives and Other Officers

Senior Executives (In Sony Group Corporation, Corporate Executive Officer Senior Executive Vice President and Executive Vice President)

Total number of Senior Executives: 15 (including 6 Corporate Executive Officers) (as of June 20, 2023)

Purpose/Authority

Determine and execute Sony’s business activities in accordance with their roles and responsibilities.

Delegation of Authority from the Board

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 including the CEO, by determining the areas over which each Corporate Executive Officer is in charge and by determining the scope of Senior Executives. Then, it delegates its decision-making authority to the CEO with a view to promoting timely and efficient decision-making within Sony. The CEO further subdelegates a part of such authority to other Senior Executives.

Other Officers (In Sony Group Corporation, Senior Vice President)

Total number of other officers: 10 (as of June 20, 2023)

Purpose/Authority

Carry out business operations their assignments within designated areas, such as business units, headquarters functions and/or research and development, in accordance with the fundamental policies determined by the Board and Senior Executives.

Details of Actions Taken by the Board and Committees

During the fiscal year ended on March 31, 2023, the Board convened 9 times. The attendance records of respective Directors are as follows.

<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting Records*</th>
<th>Attendance Records*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenichiro Yoshida</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
<tr>
<td>Hiroki Totoki</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
<tr>
<td>Shuzo Sune</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
<tr>
<td>Yashikyo Hatanaka</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
<tr>
<td>Tim Schaeff**</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
<tr>
<td>Toshiko Oka</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
<tr>
<td>Sakie Akizawa</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
<tr>
<td>Wendy Becker</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
<tr>
<td>Keiko Kishigami</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
<tr>
<td>Joseph A. Kraft Jr.</td>
<td>9 times</td>
<td>9 times (100%)</td>
</tr>
</tbody>
</table>

*1 The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended on March 31, 2023.
*2 Shuzo Sune and Tim Schaeff, who were Directors during the fiscal year ended on March 31, 2023, retired as Directors at the conclusion of the Ordinary General Meeting of Shareholders on June 20, 2023. Accordingly, Neil Hunt and William Morrow were newly appointed as Directors at the Ordinary General Meeting of Shareholders on June 20, 2023.
Deputy President and CFO, assume the position of President, COO. Hiroki Totoki, Representative Corporate Executive Officer, Executive President and CEO, proposed to the Nominating Committee that Yoshida, Representative Corporate Executive Officer, Chairman, policy. Regarding the appointment of Senior Executives, Kenichiro new outside Director candidates were appointed based on this Committee held discussions based on such policy. As a result, two knowledge of the entertainment industry, and the Nomination major global companies, backgrounds in technology and/or should be selected from persons who have experience as CEOs of Committee confirmed the policy that candidates for outside Directors are as follows.

Details of Actions Taken by the Nominating Committee
During the fiscal year ended on March 31, 2023, the Nominating Committee convened 5 times. The attendance records of respective Directors are as follows.

<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting Records**</th>
<th>Attendance Records*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shuho Sumii**</td>
<td>5 times</td>
<td>5 times (100%)</td>
</tr>
<tr>
<td>Yoshihiko Hatanaka**</td>
<td>5 times</td>
<td>5 times (100%)</td>
</tr>
<tr>
<td>Wendy Becker</td>
<td>5 times</td>
<td>5 times (100%)</td>
</tr>
</tbody>
</table>

* The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended on March 31, 2023.
** Shuho Sumii, who was a member of the Nominating Committee during the fiscal year ended on March 31, 2023, retired both as a Director and a member of the Nominating Committee at the conclusion of the Ordinary General Meeting of Shareholders on June 20, 2023. Accordingly, Toshiro Oka was newly appointed as a member of the Nominating Committee pursuant to the resolution at the Board meeting held on June 20, 2023.

During the fiscal year ended on March 31, 2023, the matters given consideration by the Nominating Committee included policies on selecting outside Director candidates, exploring Director prospects, and CEO succession. In addition, the Nominating Committee assessed succession plans for Senior Executives with key management responsibilities for individual business units and headquarters functions, based on management, including CEO, reports. With respect to the selection of candidates for outside Directors, as a priority item for the current fiscal year, the Nominating Committee confirmed the policy that candidates for outside Directors should be selected from persons who have experience as CEOs of major global companies, backgrounds in technology and/or knowledge of the entertainment industry, and the Nominating Committee held discussions based on such policy. As a result, two new outside Director candidates were appointed based on this policy. Regarding the appointment of Senior Executives, Kenichiro Yoshida, Representative Corporate Executive Officer, Chairman, President and CEO, proposed to the Nominating Committee that Hiroki Totoki, Representative Corporate Executive Officer, Executive Deputy President and CFO, assume the position of President, COO and CFO. After a multifaceted review and discussion, including interviews by the Nominating Committee members, the proposal was shared with the outside Directors other than the Nominating Committee members and confirmed.

Details of Actions Taken by the Audit Committee
During the fiscal year ended on March 31, 2023, the Audit Committee convened 6 times. For further information about the attendance records of respective Directors and specific considerations by the Audit Committee during the fiscal year ended on March 31, 2023, refer to “Structure of Audit by the Audit Committee, Internal Audit and Accounting Audit, and Status Thereof.”

Details of Actions Taken by the Compensation Committee
During the fiscal year ended on March 31, 2023, the Compensation Committee convened 5 times. The attendance records of respective Directors are as follows.

<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting Records**</th>
<th>Attendance Records*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wendy Becker</td>
<td>5 times</td>
<td>5 times (100%)</td>
</tr>
<tr>
<td>Yoshihiko Hatanaka**</td>
<td>5 times</td>
<td>5 times (100%)</td>
</tr>
<tr>
<td>Sakie Akizawa</td>
<td>5 times</td>
<td>5 times (100%)</td>
</tr>
</tbody>
</table>

* The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended on March 31, 2023.
** Yoshihiko Hatanaka, who was a member of the Compensation Committee during the fiscal year ended on March 31, 2023, retired as a member of the Compensation Committee on June 20, 2023. Accordingly, William Morrow was newly appointed as a member of the Compensation Committee pursuant to the resolution at the Board meeting held on June 20, 2023.

The specific matters given consideration by the Compensation Committee included the Corporation’s policy regarding the determination of individual remuneration for Directors and Senior Executives, including Corporate Executive Officers, for each fiscal year, and the amount and content of such remuneration. The Committee also considered the total number of stock acquisition rights to be issued for the purpose of granting stock options to Corporate Executive Officers, employees of the Corporation, Directors and other officers of the Corporation’s subsidiaries, and other stock-based compensation utilizing shares of the Corporation’s stock. In the fiscal year ended March 31, 2023, the Corporation newly introduced RSUs for the purpose of giving the recipients an incentive to contribute towards the improvement of the business performance of the Sony Group, and the Committee confirmed and discussed the scope of and plans for the recipients and the decision-making authority for the grant of RSUs. For the fiscal year ending March 31, 2024 and beyond, the Committee conducted a comprehensive review and discussion on the ideal KPIs for remuneration linked to business results and the ideal governance of executive compensation, with consideration of other companies’ trends and regulatory developments in Japan and other countries.
Internal Control and Governance Framework

At a Board meeting held on April 26, 2006, the Board reaffirmed the internal control and governance framework in effect as of the date thereof and resolved to continue to evaluate and improve such framework going forward, as appropriate. At Board meetings held on May 13, 2009 and April 30, 2015, the Board amended and updated the internal control and governance framework, and with the resolution of the Board dated as of April 28, 2023, the Board reaffirmed the framework in effect and determined to continue to evaluate and improve such framework going forward, as appropriate. These determinations were required by and met the requirements of the Companies Act of Japan. For the content of the reaffirmation and the status of its implementation determined by the resolution of the Board dated as of April 28, 2023, please refer to the page below.

Disclosure Framework

The securities of Sony Group Corporation, the ultimate parent of all Sony companies, are listed for trading on exchanges in Japan and the U.S. As a result, Sony is obligated to make various disclosures to the public in accordance with applicable securities laws, regulations and rules in those countries and listing standards of the stock exchanges on which Sony Group Corporation’s shares are listed. Sony is committed to full compliance with all requirements applicable to its public disclosures. Sony Group Corporation’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. Sony Group Corporation has established disclosure controls and procedures as an approach to implement 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 communications made on behalf of Sony, 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 Group Corporation 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 in accordance with Sony’s internal rules in light of their materiality to Sony. Based on such evaluation, the Disclosure Committee shall review the necessity of disclosure in accordance with applicable securities laws, regulations and rules, as well as the listing standards of the relevant stock exchanges, and report to the CEO and the CFO for their determination.

Risk Management System Framework

Each business unit, subsidiary / affiliated company and corporate division of Sony periodically reviews and assesses risks for the area of which it is in charge and works on finding, reporting, assessing and responding to the risks. In addition, Senior Executives including Corporate Executive Officers, of Sony Group Corporation have established and maintain a system to identify and control risks that may cause losses to Sony Group regarding the areas of which they are in charge. The Corporate Executive Officer in charge of group risk control comprehensively promotes and manages the establishment and maintenance of the system stated above through the activities with related departments.

Examples of risks that may significantly impact investor judgements include reduced market relevance and profitability due to intensifying competition from competitors; newly incurred costs to comply with laws and regulations in countries and regions where Sony operates; impact on global operations due to trade restrictions and economic sanctions imposed by certain countries and retaliatory measures to them; impairment of long-lived assets; and changes in consumption behavior caused by the increasing prevalence of new technologies and distribution platforms.

Procedures, Sony Group Corporation has established the “Disclosure Committee,” which is comprised of members of senior management of Sony who are in charge of a part of Sony’s headquarters functions. In order to assure appropriate and timely disclosure, the Disclosure Committee shall evaluate events that are reported from the important business units, subsidiaries, affiliated companies and corporate divisions in accordance with Sony’s internal rules in light of their materiality to Sony. Based on such evaluation, the Disclosure Committee shall review the necessity of disclosure in accordance with applicable securities laws, regulations and rules, as well as the listing standards of the relevant stock exchanges, and report to the CEO and the CFO for their determination.
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 Sony may encounter. Since some events can have a significant impact on the entire Sony as a whole, Sony Group Corporation 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

Sony has strengthened its business continuity planning (BCP) to enhance risk management throughout the supply chain. The group identifies, analyzes, and evaluates business risks to mitigate the risk of business disruptions due to such emergencies as earthquakes, natural disasters, and accidents. Sony’s electronics business struggled to cope with the impact of the Great East Japan Earthquake and severe flooding in Thailand in 2011, and with the impact of the earthquakes in Japan’s Kumamoto region in 2016. Nevertheless, 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. Knowledge gained from recovery efforts identifies, analyzes, and evaluates business risks to mitigate the risk of business disruptions due to such emergencies as earthquakes, natural disasters, and accidents. Sony’s electronics business struggled to cope with the impact of the Great East Japan Earthquake and severe flooding in Thailand in 2011, and with the impact of the earthquakes in Japan’s Kumamoto region in 2016. Nevertheless, 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. Knowledge gained from recovery efforts.

Main Initiatives for Reducing Business Disruption Risks for Building and Equipment

Countermeasures Against Earthquakes

Utilizing lessons learned from the Kumamoto earthquakes, Sony is establishing guidelines for seismic measures for Sony group companies in Japan. These measures, which are essential to the safety of employees, are established by determining the seismic wave activity at each business site and conducting simulations to assess risk. The seismic measures apply to building structures and utility facilities as well as non-structural materials such as ceiling materials, to enhance safety in an earthquake. Sony is implementing safety measures that are particularly high in priority.

Countermeasures Against Fire

The Sony Group has global guidelines to facilitate early fire detection and protection against the spread of fire in buildings and equipment.

Implementation of the Sony's Business Continuity and Crisis Management System

Sony regards its BCP as an important part of its business strategy and a tool for ensuring business continuity. The group has established a crisis management framework that places the highest priority on ensuring safety and preventing the spread of the virus, as well as taking swift action to minimize the impact on Sony businesses. At that time, Sony secured business continuity through its global coordination while implementing measures in accordance with internal guidelines and preparing emergency supplies.

Additionally, the group has developed a business continuity framework that minimizes the impact of business disruptions. Sony also continues to strengthen rapid recovery potential by strengthening cooperation among relevant companies and organizations and conducting realistic exercises. Sony regards its BCP as an important part of its business strategy and a tool for ensuring business continuity. The group has established a crisis management framework that places the highest priority on ensuring safety and preventing the spread of the virus, as well as taking swift action to minimize the impact on Sony businesses. At that time, Sony secured business continuity through its global coordination while implementing measures in accordance with internal guidelines and preparing emergency supplies.
Information Security

Like many companies, Sony faces increasingly sophisticated cybersecurity threats, so the importance of information security continues to grow. In recent years, malicious actors seeking to compromise the information of global companies continue to grow in number, and their attack methods are becoming more advanced. To address this situation and ensure that Sony continues to earn customers’ trust, Sony maintains and enhances a robust information security program. Led by the Chief Information Security Officer (CISO) under supervision by the Senior Executive in charge of information security, Sony’s information security program is grounded in a company-wide governance structure. Sony manages potential risks effectively, incorporates security controls into systems and products to safeguard information, trains officers, employees and business partners to understand how their actions can introduce information security risk, and deploys 24/7 monitoring and response capabilities to swiftly address attacks.

Information Security Governance

Sony’s information security program is governed by a set of global policies and standards based on internationally accepted industry best practices. These policies set forth Sony’s commitment to information security and define practices and procedures to be followed by Sony executives and employees to help protect information resources and information systems from unauthorized access, 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 the Executive Information Security Officers (EISOs) responsible for information security at Sony’s major business units to create a group-wide information security management system. These officers ensure effective implementation of policies and standards.

Employee Training as a Key Component of Information Security

Every employee has a critical role to play in protecting Sony’s most sensitive information. To increase Sony employees’ awareness of information security threats, Sony requires all personnel to receive annual information security training, where they learn how to report incidents and study the types of behaviors they must 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 a 24/7 global security operations center equipped with advanced technical capabilities to prevent and manage information security incidents. Sony’s incident response team defends the company’s information infrastructure by using threat intelligence and analysis, monitoring and detection of malicious activity, rapid response and containment, and sophisticated forensics capabilities.

Semiconductor Manufacturing Site: Deployment of Earthquake Motion Detection System

Sony Semiconductor Manufacturing Corporation completed the deployment of an earthquake motion detection system for its major business sites in 2018. The system detects initial P-waves (primary waves) from earthquakes and uses the data to predict the magnitude of subsequent S-waves (secondary waves). If necessary, critical semiconductor manufacturing equipment is shut down before S-waves reach the site, protecting equipment and products. Peripheral observation points are linked in a network with central observation points at business sites, enabling the system to respond to inland earthquakes and provide warnings with greater speed and accuracy.

Semiconductor Manufacturing Site: Initiatives Against Flood Damage

Sony Semiconductor Manufacturing Corporation evaluates disaster impact for each of its manufacturing sites based on flood risk simulations and other assessments. It is gradually deploying measures such as the installation of water stop logs to mitigate damage at critical facilities.
Strengthening Measures Against New Threats
Sony is committed to safeguarding the trust of customers, employees against threat regarding information security and business partners. Sony continuously looks for ways to improve practices, implement stronger controls, and provide more robust security against new threats, all in order to protect the personal data information entrusted to its care. To do this, Sony employs and invests in a workforce of information security professionals and subject matter experts.

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 applicable laws and regulations, and the Charter of the Audit Committee established by the Board, through deliberation at Audit Committee meetings (held six times during the fiscal year ended March 31, 2023), activities of Audit Committee Members (for example, reviewing reports relating to the execution of duties by the Corporate Executive Officers and employees of Sony Group Corporation, or directors, statutory auditors and employees of major subsidiaries of Sony and visiting audits at Sony’s business sites), and activities of the Audit Committee supporting personnel (the Audit Committee Aide).

In addition, the Audit Committee conducts the “organizational audit” in cooperation with divisions in charge of internal audit and divisions in charge of internal control of Sony. Through the process, the Audit Committee was informed about the latest audit division and the divisions of the Sony Group responsible for financial reports and SOX 404-related activities, audit of internal audit activities, review of the content and process for determining the compensation of the independent auditors, audit of the appropriateness of audit by the independent auditors and evaluation of the independent auditors. In addition to these, the Audit Committee held interviews with Senior Executives to receive reports on matters such as the recognition of issues and the status of risk management in the respective areas of responsibility of each business and headquarter function, and engaged in dialogue.

Specific considerations by the Audit Committee include review of audit plans in three-way audits, identification and audit of priority audit items for each fiscal year, review of financial results and disclosure documents related to financial results, review of development and operation of internal control systems, audit of financial reports and SOX 404-related activities, audit of internal audit activities, review of the content and process for determining the compensation of the independent auditors, audit of the appropriateness of audit by the independent auditors and evaluation of the independent auditors. In addition to these, the Audit Committee held interviews with Senior Executives to receive reports on matters such as the recognition of issues and the status of risk management in the respective areas of responsibility of each business and headquarter function, and engaged in dialogue. The priority audit items for the fiscal year ended March 31, 2023 were disclosure of non-financial information and risk management. Through audit activities conducted in cooperation with the internal audit division and the divisions of the Sony Group responsible for internal control, the Audit Committee was informed about the latest trends in Japan and overseas regarding the disclosure of non-financial information such as climate change disclosure and risk management such as information security, and confirmed the status of internal responses.

Internal Audit Structure and Status
Sony Group Corporation established a department in charge of internal audit, the Risk & Control Department (which is composed of approximately thirty members), which coordinates closely with the internal audit departments of major subsidiaries around the world, and Sony Group Internal Audit Charter, and endeavors to maintain and enhance the internal audit structure of Sony in order to promote Sony’s internal audit activities on a global basis. The Risk & Control Department and each internal audit department of major subsidiaries of Sony (“Internal Audit Department”) play an important function in maintaining Sony’s governance in order to strengthen Sony’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 of Sony through independent and objective audit.

The Risk & Control Department and each Internal Audit Department conduct the internal audit of each department or subsidiary that they supervise, in accordance with 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 the planned audit procedure. Afterward, each Internal Audit Department follows up until the completion of any improvement plan developed based on the audit result.

In order to ensure its independence, fairness and objectiveness, the appointment and dismissal of the head of 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 also require the prior approval of the head of the Risk & Control Department.

The Risk & Control Department makes periodic presentations on the result of internal audit to the Audit Committee, and the Senior Executive in charge of internal audit.

The Risk & Control Department also make 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 the internal audit.

<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting Records*</th>
<th>Attendance Records*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toshiko Oka</td>
<td>6 times</td>
<td>6 times (100%)</td>
</tr>
<tr>
<td>Koiko Kishigami</td>
<td>6 times</td>
<td>6 times (100%)</td>
</tr>
<tr>
<td>Joseph A. Kraft Jr.</td>
<td>6 times</td>
<td>6 times (100%)</td>
</tr>
</tbody>
</table>

* The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended on March 31, 2023.
Accounting Audit Status

Sony’s accounting audit has been conducted by PricewaterhouseCoopers Aarata LLC under an agreement since 2007. The certified public accountants who conducted the accounting audit of Sony for the fiscal year ended March 31, 2023, are as follows: Takeaki Ishibashi,* Yuko Harada,* Kenichi Shishido,* and Masafumi Mitsuhiro.* The team at PricewaterhouseCoopers Aarata LLC that conducted Sony’s accounting audit is composed of 39 certified public accountants and 91 other staff members.

* The number of years of continuous audit-related work is not stated because it is within 7 years.

Policy and Governance Framework on Tax Strategy

Tax Policy

Sony 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 both the spirit and letter of the laws and regulations that apply to their businesses.

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 Sony’s Global Tax Office (the GTO), which is in charge of Sony’s overall tax position. The global head of the GTO as Sony Group Corporation’s Senior Vice President in charge of Global Tax reports directly to Sony Group Corporation’s CFO, based in Japan, who is a board member. Significant tax events are reported to the Audit Committee.

GTO Report Line

- New York / Los Angeles
- London
- Singapore
- Tokyo
- Global Head of Global Tax Office, Senior Vice President in charge of Global Tax, Sony Group Corporation
- CFO, Sony Group Corporation

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 and operations. Sony does not engage in transactions where the sole aim is to achieve tax avoidance or profit shifting which are against the spirit of tax laws. 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 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 Group Corporation 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.

Dealsings 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. 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 Group Corporation 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.

The Sony Group Code of Conduct

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Status of Dialogue with Shareholders

In the fiscal year ended March 31, 2023, in addition to individual interviews and group meetings conducted by IR SVP and IR Department, the management team of Sony Group Corporation, including the CEO, CFO, CTO, other corporate executives, and the head of each business segment, conducted dialogues for investors, including Corporate Strategy Meeting, Business Segment Meeting, Sustainability Briefings, and R&D Strategy Briefing, etc., as well as individual interviews and group meetings conducted after these events with a wide range of institutional investors from both in and outside of Japan, such as portfolio managers, analysts and governance/voting managers of major investment funds. Sony Group Corporation also arranged opportunities for individual dialogues between certain Outside Directors and institutional investors. The interests of investors at these dialogues cover, in addition to an overview of financial results, the business environment/competitive advantage/potential growth of the entertainment and the image sensor businesses, initiatives in new areas such as metaverse and mobility, policy regarding the business portfolio, progress of the Mid-Range Plan and capital allocation, approach to shareholder returns and environmental and other sustainability initiatives. The interests/opinions of investors obtained through such dialogues are fed back to the Board and management team to enhance Sony’s disclosure and future dialogues.

In addition to dialogue with institutional investors, Sony Group Corporation conducted multiple briefings for individual investors by IR SVP, providing opportunities to explain the overview and strategy of each business, as well as Sony’s views on sustainability and shareholder returns, for the purpose of encouraging active dialogue with individual investors.

Sony’s policy is not to disclose insider information when communicating with shareholders and investors. The IR Department reviews information to be disclosed in advance with other relevant departments, such as the legal department, and outside experts, as appropriate. In principle, a set of materials related to earnings announcements, materials for investor briefings such as Corporate Strategy Meetings, as well as timely disclosures are disclosed simultaneously in both Japanese and English.

For the details of Sony Group Corporation’s “Disclosure Controls and Procedures” and IR activities, please refer to the website below.

Disclosure Framework
Investor Relations

Administration of the General Shareholders’ Meeting

Sony Group Corporation’s policy on administration of the general shareholders meeting is as follows.

Basic Policy for the General Shareholders’ Meeting

Sony Group Corporation endeavors to develop an open environment where each shareholder could easily make a statement by the following two points, as the basic policy for the general shareholders meeting.

- Take any 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 general shareholders meeting and Sony Group Corporation’s management

Sony Group Corporation sets the date of the general shareholders meeting appropriately, depending on venue availability. Further, Sony Group Corporation displays the voting results gathered before the general shareholders meeting date on the screen of the meeting hall during voting in order to operate the general shareholders meeting in a transparent manner. In addition, Sony Group Corporation has provided streaming live video of the general Shareholders meeting (hybrid virtual shareholder meetings) in 2021. Also since 2022, Sony Group Corporation has started to accept questions from the shareholders who are watching the streaming live video.
Sony Group Corporation endeavors to develop an environment in which shareholders can exercise their rights appropriately and effectively, to secure equal treatment of shareholders, including institutional investors who hold shares in a street name, and to consider the concerns of minority shareholders and foreign shareholders adequately, through confirming shareholder composition quarterly. As a part of these activities, Sony Group Corporation prepares the convocation notice, giving consideration to the accuracy of the information provided therein and the readability of such notice to facilitate informed voting by shareholders, both in Japanese and English. Sony Group Corporation strives to send the convocation notice for the general shareholders meeting early enough to give shareholders sufficient time (about three weeks before the date of the general shareholders meeting) to consider the agenda, and posts it on its website in advance. Sony Group Corporation also uses an electronic voting platform to allow electronic voting through the internet (via PC or smartphone). For more information on the general shareholders meeting, please refer to the page below.

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 and its analysis are reported to and reviewed by the Board. The voting results for each agenda item of the general shareholders meeting, including electronic voting through the internet (via PC or smartphone). For more information on the general shareholders meeting, please refer to the page below.

Shareholdings in Other Listed Companies

Sony Group Corporation and its subsidiaries may acquire and/or 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 the companies whose shares it holds. Sony's policy regarding shareholdings of listed companies (excluding Sony's subsidiaries), and its policy for exercising voting rights are as follows:

Policy Regarding Shareholdings of Listed Companies

Shareholding Policy

Sony Group Corporation and its subsidiaries decide whether to acquire or continue to hold shares of listed companies (excluding the acquisition and holding of shares by Sony Group Corporation's listed subsidiaries, and Sony Group Corporation's shareholding in its own listed subsidiaries) based on an appropriate examination of each investment, and choose to engage in such shareholding only if it is judged to meet Sony's business purposes and to have sufficient economic rationale. If it is determined that investments do not meet these criteria, Sony Group Corporation and its subsidiaries will avoid or reduce exposure to such holdings.

Method of Assessing Rationale for Shareholding

In all cases where Sony Group Corporation and its subsidiaries hold shares in listed companies (excluding shares held by Sony Group Corporation's listed subsidiaries, and Sony Group Corporation's shareholdings in its own listed subsidiaries) for reasons other than for the sole purpose of investment, Sony Group Corporation carries out a timely review to assess qualitatively the rationale for shareholding, the importance of Sony's business relationship with each company whose shares it holds (taking into account the progress of, and outlook for, any anticipated business collaboration between Sony and said company), and any anticipated positive impact of such shareholdings on Sony's business relationship with the company. In addition, Sony Group Corporation also assesses the appropriateness of these shareholdings via a quantitative assessment of expected return on investment and cost of capital. These evaluations are first carried out on the management side, after which the Board, which is responsible for overseeing business operations, carries out its own assessment based on the result of the evaluations by the management side.
Anti-Hostile Takeover Measures

Sony Group Corporation has not adopted any anti-hostile takeover measures. Sony Group Corporation will fully examine the necessity and rationale with respect to measures that could materially affect the interests of shareholders, such as the adoption of anti-hostile takeover measures, Sony’s response in the event that its shares are subject to a tender offer and the implementation of capital policies resulting in a change in control or a major dilution, with the Board and/or the Audit Committee. Once this examination is complete, Sony will provide sufficient explanation to shareholders.

Related-Party Transactions

As a part of the Sony Group Code of Conduct established by the Board, Sony Group Corporation’s officers and employees are prohibited from entering into any transactions where their interests may be divided between Sony Group Corporation’s interests and their own interests. To help ensure compliance with these requirements, Sony Group Corporation regularly reviews the status of related-party transactions, whether financial or otherwise, between Sony companies and officers in Sony or their close relatives. Furthermore, Sony Group Corporation requires its Directors and officers to obtain approval of the Board in connection with transactions between Sony Group 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 an appropriate examination of the size and nature of the transaction, the requirements of applicable laws and regulations, the Board Charter and any other applicable internal rules, and after concluding that the interests of Sony Group Corporation and its shareholders are not adversely affected.

Policy for Exercising Voting Rights

Sony Group Corporation believes in the importance of enhancing the corporate value of the listed companies whose shares it holds and, Sony Group Corporation’s own corporate value in turn, through the exercise of its voting rights. Accordingly, Sony aims to exercise its voting rights with the intention of increasing each company’s mid- to long-term corporate value, after conducting a comprehensive consideration of both the significance and economic rationale of its shareholdings, and reviewing the details of proposals. For example, Sony Group Corporation has established internal rules determining what factors should be taken into account when considering proposals about matters such as the appropriation of retained earnings, the appointment of directors, statutory auditors and accounting auditors, as well as shareholder proposals. Through these rules, Sony Group Corporation makes appropriate decisions regarding how it exercises its voting rights.

Business Relations with Companies who Invest in Sony Group Corporation

Should a company who holds shares of Sony Group Corporation’s stock express the intention to sell such shares, Sony Group Corporation will not attempt to obstruct the sale by threatening to limit business transactions with the company, and will not engage in any transactions that would harm the common interests of the company or its shareholders.

Roles of Corporate Pension Funds as Asset Owners

Sony Group Corporation owns, as a domestic corporate pension plan, a closed-end defined-benefit corporate pension (the “Pension Plan”). The Pension Plan manages its assets in line with its Basic Pension Plan Management Policy (the “Basic Management Policy”) which was set to secure beneficiaries’ right of benefit and to increase the benefit. In order to realize a prudent and appropriate asset management structure in the Pension Plan, Sony Group Corporation appoints an asset management director of the Pension Plan who should have proper knowledge and skills, based on the nomination by the Senior General Manager of Sony Group Corporation’s Finance Department, and an external advisor to supplement their specialties in asset management. Any decisions on fund management are made by the person who has the ultimate authority in accordance with the Basic Management Policy, after deliberation at the pension committee, which is composed of heads and/or personnel of the HR Department, the Accounting Department and the Finance Department which are related to the management of the Pension Plan, and then, any potential conflict of interests between Sony Group Corporation and the Pension Plan is properly controlled. In addition, when asset management begins, the asset management guidelines which show matters to be compiled in asset composition, management method, etc., are issued to the managing trust, and the compliance steps pursuant to the guidelines is periodically reviewed and evaluated.