The Sony Group develops diverse businesses globally. Sony recognizes that stakeholders expect it to maintain a well-defined stance and take action to address the issues facing society and the global environment, in addition to delivering emotional experiences through its business. In response to such expectations, and to various social and environmental changes, Sony reviewed material topics in sustainability from the standpoint of all its businesses in fiscal 2022.

Overview and Purpose of Materiality Analysis

The Materiality Assessment Process

Step 1: Identify and classify material topics

Based on internal and external information and documents, Sony selected material topics with high relevance. References included the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) standards, which are global guidelines for sustainability reporting, the ISO 26000 international standard for corporate social responsibility, and the SDGs, which are globally agreed goals for building a sustainable world.

Step 2: Assess the topics from the perspective of Sony and its stakeholders

The topics identified and classified in the Step 1 were assessed from the perspectives of Sony and its stakeholders. The senior executives in charge of Sony headquarters functions assessed each topic from the angle of its mid- to long-term positive or negative impact on value creation at Sony to determine its importance from the company’s perspective. The assessment of the importance of each topic from the perspective of stakeholders was based on information published by NGOs, investors, ESG rating agencies, the mass media and other sources.

Step 3: Identify the most important topics

The most important topics were specified after being reviewed by top management and the Board of Directors on the basis of the assessment conducted in Step 2.

Analysis Results and Sony Group Material Topics

As a result of the aforementioned assessment process, climate change; diversity, equity and inclusion; respect for human rights; and technology for sustainability as the most important. The Sustainability Report 2023 classifies Sony’s materiality topics, including the above, into nine categories: environment, technology utilization, employees, respect for human rights, responsible supply chain, quality and customer service, community engagement, ethics and compliance, and corporate governance.

Materiality Assessment Steps

1. Identify and classify material topics
2. Assess topics from the perspective of Sony and its stakeholders
3. Identify the most important topics

Materiality Topics

- Climate Change
- Respect for Human Rights
- Diversity, Equity and Inclusion
- Technology for Sustainability
- High
- Most Important
- Important

Importance from Stakeholder Perspective

Importance from Group’s Perspective

High

Materiality Topics

- Environment
- Technology
- Employees
- Respect for Human Rights
- Responsible Supply Chain
- Quality and Customer Service
- Community Engagement
- Ethics and Compliance
- Corporate Governance
Climate Change

Rationale for Identifying Materiality
Sony acknowledges that climate change impacts are becoming more apparent and the transition towards a decarbonized society is crucial for all companies and that our stakeholders have elevated expectations of Sony's environmental initiatives along two axes: the first being its "responsibility," for instance, to reduce Sony's environmental impact, and the "contribution" it can make by leveraging its diverse businesses and technologies. Sony's corporate activities are only possible if the earth, which sustain all life, is healthy. Sony believes that it is important to respond to the environment, including by taking measures against climate change.

Policy and Initiative Overview
Sony has been implementing a variety of initiatives to combat global warming since 1970s. In 2010 Sony announced Road to Zero, a global environmental plan to achieve a zero environmental footprint by 2050. From the standpoint of the designated priority area of climate change, Sony set the goal of reducing greenhouse gas emissions to zero for its products and business activities throughout their entire life cycles, and to this end each business segment is implementing its own action plan.

As climate change risks become more apparent and serious worldwide, the transition to a decarbonized society has become an urgent issue. Sony made the decision in 2022 to accelerate its goal of achieving net-zero targets throughout the entire value chain, including scopes 1 to 3, by ten years from 2050 to 2040, and to make direct and indirect emissions (scopes 1 and 2) of its own operations net-zero status by 2030. Sony has also announced its plan to accelerate the target for achieving 100% renewable electricity in its own operations by ten years, from 2040 to 2030.

To achieve these goals, we work to promote energy conservation and introduce renewable energy at our sites around the world, while also encouraging our business partners who engage in parts, materials and finished product manufacturing to reduce their own GHG emissions. Furthermore, we provide energy-saving products, services and solutions for a wide range of business areas, and actively invest in startups that work to create next-generation environmental technologies to further contribute to the decarbonization of society as a whole.

Going forward, Sony will continue to further accelerate efforts to address climate change by accepting responsibility to aim for zero greenhouse gas emissions and making contributions through its diverse technologies and businesses.

Road to Zero Roadmap

2040: Carbon emissions from entire product life cycle: Zero

2035: Scope 3: Reduce carbon emissions by 45% from product use (vs. FY2018)
Carbon removal: Incremental implementation

2030: Scopes 1 & 2:
• Achieve net-zero status
• Zero carbon emissions from electricity used in Sony’s operations

GHG Emissions

(Thousand t-CO2e)

0 5,000 10,000 15,000 20,000 25,000

2018 2019 2020 2021 2022

2018 2019 2020 2021 2022

Percentage of Renewable Electricity Used at Own Business Sites

(%) 0 10 20 30

2018 2019 2020 2021 2022

Sustainability Report 2023
Climate Change Topics

Initiatives to Eliminate GHG Emissions

Renewables as Exclusive Energy Sources for Sony Operations

Sony is also working to utilize 100% renewable energy to power its operations worldwide, including installing solar power systems and purchasing renewable energy from electric utilities. This goal has already been attained in Europe and China, with plans in place to introduce more renewable energy in Pan-Asia, North America and Japan.

Reducing Product Energy Demand

Sony has instituted many initiatives to reduce the energy consumed by its products, setting specific annual goals for each product category. Examples of such initiatives include the development of an automatic energy-saving function for BRAVIA™ TV sets using a dedicated camera to detect whether a person is in front of the TV, and a focus on energy-saving design for the VPL-XWS000 video projector, which has resulted in a 30% reduction in electricity consumption per lumen (a measure of the brightness of light) compared to the previous model, VPL-VW775, while maintaining the same performance. Sony’s Crystal LED displays for professional use (BH and CH series) have also achieved energy efficiency gains of more than 20% over the B and C series through measures such as adoption of highly efficient LED elements, innovations in light transmission through the evolution of surface processing technology, and Sony’s proprietary power source design.

Japan’s First Virtual PPA under Feed-In Premium Scheme

As a new initiative to introduce more renewable energy, in FY2022 Sony Global Manufacturing & Operations Corporation implemented a virtual power purchase agreement (PPA) under the feed-in premium scheme, the first Japanese company to do so, at its Kohda Site. Under this virtual PPA, the Kohda Site is expected to consistently introduce approximately 2.4 million kWh of renewable electricity each year.

Reduced Emissions across Entire Supply Chain

Sony asks its manufacturing partners and suppliers of materials and parts to analyze their own GHG emissions, set reduction goals, and manage progress. It has also implemented a measure to share with its business partners and clients the energy-saving expertise it has garnered from initiatives at Group sites worldwide. Sony helps some of them set targets for emissions reduction equivalent to levels set out by the Science Based Targets initiative, and obtain the initiative’s approval.
Diversity, Equity and Inclusion (DE&I)

Rationale for Identifying Materiality

Sony recognizes that diverse organizations are more innovative in corporate activities than non-diverse organizations. Sony believes it is important to respect our employees’ diverse values, remember the importance of equity, and foster an inclusive organizational culture. Expectations are also rising for corporate initiatives to address social issues such as social justice and inequality, and Sony believes it is important for the Sony Group to further promote initiatives aimed at resolving issues both inside and outside the Group.

Policy and Initiative Overview

Sony works to bring value to society from the standpoint of its Purpose & Values while implementing DE&I initiatives based on its People Philosophy, “Special You, Diverse Sony,” as well as the Sony Group Diversity Statement. Sony maintains operations in countries and regions around the world, hiring employees with high potential who best meet local needs. Approximately half of all Sony Group employees are engaged in business activities outside Japan, and more than 90% of these employees are locally hired. Sony aims to globally promote greater opportunities for women as part of our efforts to ensure an inclusive work environment in which diverse employees can play an active role. As of March 31, 2023, the ratio of women to men in the workforce was 34.0% and the ratio of women to men in management positions was 30.0% at the whole Sony Group. Additionally, Sony considers increasing gender diversity as an area of focus for Japan, where the ratio of women to men in management positions is low and the number of women majoring in the fields of science or engineering is limited. Sony also hires and provides workplace support for individuals with disabilities. Beyond complying with the laws, rules, and regulations of each nation and region in which it operates, Sony is devoted to creating inclusive workplaces where all employees, regardless of disability, can build careers. The Sony Group as a whole endeavors to increase the accessibility of its products and services, and undertakes initiatives related to diversity and social justice. In 2020, the Group established the 100 million USD “Global Social Justice Fund” to provide support to organizations advocating for social justice and human rights, and promote DE&I initiatives worldwide.

In April 2023, Sony made changes to its organizational structure to strengthen such initiatives across the group, newly appointing the Senior Executive in charge of Lead of Group DE&I and the Senior Vice President in charge of Group DE&I Promotion. By further evolving Sony’s DE&I initiatives, Sony promotes diversity, the source of innovation, creating new value that leads to both the growth of the Sony Group and the development of society.

Women in the workforce and management positions held by women (Group-wide)

<table>
<thead>
<tr>
<th>Year</th>
<th>Women in the workforce (%)</th>
<th>Management positions held by women (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>27.3</td>
<td>30.1</td>
</tr>
<tr>
<td>2019</td>
<td>28.3</td>
<td>30.0</td>
</tr>
<tr>
<td>2020</td>
<td>28.4</td>
<td>30.0</td>
</tr>
<tr>
<td>2021</td>
<td>30.1</td>
<td>30.0</td>
</tr>
<tr>
<td>2022</td>
<td>30.0</td>
<td>30.0</td>
</tr>
</tbody>
</table>

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

Advancing Respect for Diversity and an Inclusive Society

Diversity Week: Deepening Diversity Awareness

Sony has been holding events to promote diversity in a wide array of countries and regions, among which is Diversity Week, introduced in Japan in 2015. From 2016 onwards, the event has been held across the globe under a common theme with the goal of Sony group companies worldwide deepening the understanding of gender, race, nationality, sexual orientation, gender identity, disability and other topics related to DE&I. In 2022, Sony held seminars, lectures and other events around the world under the theme, "Allyship*1 in Action: Enhancing communication and connection in a diverse society."

In Japan, several events were held such as a seminar on paternity leave, a lecture on nursing care, and a program for work-life balance in the age of century-long lifespans. Sony Kibou/Hikari Corporation was established to provide employment opportunities for individuals with disabilities. The company conducted workshops where group employees participated in image data production, which is their business, and lectures on how to create a more inclusive workplace.

In the US, the themes explored included social justice, racial equity awareness, accessibility and allyship. These take a wide array of forms, from virtual conversation between employees and management and employee-led events celebrating Latinx and Hispanic culture, to educational functions about laws affecting the LGBTQ+ community or interactive bystander intervention training on how to safely intervene when one witnesses discrimination. In Europe, both events to raise DE&I awareness and online training to educate about the under-represented groups*2 and encourage meaningful action were held. In China adopting the sub-theme of “Respect differences in workplace, and create values together,” online forums to promote respect for individuality, online workshops to facilitate a scientific approach to thinking about leadership and other exhibitions were conducted.

It is essential that each employee has a deeper understanding of diversity to foster an inclusive work environment. By learning, valuing and understanding each individual’s uniqueness, Sony makes “Diversity” as an even greater strength to create new value.

*1 Allyship: Actions to support and take action to help a member of a marginalized group by a person who is not a member of that group.

*2 Groups that make up a relatively small portion of the greater community and that, as a result, are often treated less fairly.

Initiatives to Increase Product and Service Accessibility

Sony employs inclusive design to enhance accessibility and enable more people, including people with disabilities, to enjoy its products and services. Sony incorporates feedback gained through the participation of employees with disabilities in the planning and development process, interviews with people with disabilities, and usability tests.

Social Justice and Human Rights Initiatives

In 2020, the Group established the “Global Social Justice Fund” to support organizations advocating for social justice and human rights, and promote DE&I initiatives worldwide. The fund supports more than 450 organizations engaging civic participation, criminal justice reform, diversity and education in 9 regions and 70 countries.

The Sony Music Group Global Scholars Program, established by the Sony Music Group in June 2022 to develop the next generation of industry leaders, is a case in point. It recently announced 50 scholarship recipients from all over the world and has begun assisting with their education. To address racial inequality and social injustice around the world, Sony Pictures Entertainment launched Sony Pictures Action, a multipronged strategy to promote racial equality and inclusion, anchored on the four pillars of People, Content, Partners, and Community. Sony Interactive Entertainment, meanwhile, has created its PlayStation Career Pathways Program, a multi-year talent development initiative supporting Black and Indigenous university students seeking careers in the gaming industry. The program offers scholarships, mentorships, and career readiness training to participants, with the goal of helping them build the skills and connections needed to succeed in the industry.
Respect for Human Rights

Rationale for Identifying Materiality
Sony is aware of the potential human rights impacts of its global business activities. Sony recognizes that respecting human rights throughout Sony's value chain and addressing any potential human rights risks, whether the relationship with Sony’s business operation is direct or indirect, is a responsibility that a diverse range of stakeholders expect for Sony. Considering recent changes in the external environment related to respect for human rights, Sony believes it is important to further strengthen its efforts.

Policy and Initiative Overview
Sony’s policy requiring respect for human rights is set forth in the Sony Group Code of Conduct. Sony expects all Sony group companies to practice responsible business conduct by respecting all human rights in compliance with the Code as well as all relevant laws and regulations.

Under this policy, Sony established and implemented group policies specific to the human rights area, such as “Sony Supply Chain Code of Conduct” which sets forth the code of conduct for Sony’s own manufacturing sites and suppliers, and aims to work towards a responsible supply chain, and “Sony Group AI Ethics Guidelines,” which guide all Sony officers and employees to utilize AI and/or conduct AI-related R&D in a manner that conforms with our values and emerging social norms. Sony engages in initiatives to prevent or mitigate any potential negative impact on human rights in line with the frameworks set out in the United Nations Guiding Principles on Business and Human Rights (UNGP) issued by the United Nations Human Rights Council and the OECD Guidelines for Multinational Enterprises.

As one of our major efforts, Sony conducts human rights risk impact assessments, which serve as the starting point for human rights due diligence. After identifying potential human rights risks that are highly relevant to Sony’s business activities, the assessments further identified three areas as priority areas for enhancing initiatives throughout the Sony Group: responsible supply chains; respect for diversity, equity and inclusion and responsible development; and use of technologies. As a result of the assessments, Sony promotes individual initiatives for each of these areas.

For example, an overview of Sony’s efforts in the area of “Responsible Supply Chain” are as follows:

- Implements the Sony Supply Chain Code of Conduct which adopts RBA Code of Conduct, industry best practice for achieving a responsible supply chain to our own electronics manufacturing sites and suppliers, and then continue to respond to human rights, labor, safety or environmental issues throughout the supply chain.
- Checks compliance status annually for our own manufacturing sites, and at the start of business and regularly thereafter with OEM/ODM, raw materials and parts suppliers depending on level of risk and size of business.
- As a result of the above assessments, Sony requests improvements from manufacturing sites and suppliers that were determined to require corrective measures, and provides support and monitoring until the completion of improvements.
Technology for Sustainability

Rationale for Identifying Materiality
Sony recognizes that our stakeholders have expectations regarding our ability to both grow our business and solve social and environmental issues through technology. Sony believes that it is an important mission of Sony to lead and contribute to the resolution of sustainability issues not only by increasing business revenue through the technologies and products Sony develops, but also by having a positive impact on society and the environment.

Policy and Initiative Overview
As the environment continues to change rapidly and substantially worldwide, social and environmental problems are increasing in gravity. Sony believes that it is essential to contribute to the solving of such problems through the application of technology. To that end, Sony supports technological development that helps businesses grow, along with innovation that betters society and industry for the future.

In 2022 Sony established its R&D mission: “Push our civilization forward and make this planet sustainable.” To help facilitate this, the company conducts research and development in businesses and fields where it can enrich people’s lives, shape social infrastructure, and make significant contributions to sustainability.

Sony’s research and development is underway, for example, on sensing technology that measures the water content in soil, ultra-wide-area communication network technology, and predictive data analytics technology based on captured data. Sony has combined these technologies to build Sony’s Earth-MIMAMORI platform aiming to help predict and mitigate the effects of natural disasters and contribute to solving environmental concerns. The intelligent vision sensor IMX500, which is a CMOS image sensor equipped with AI processing functionality helps to raise efficiency and productivity in society, such as by realizing smart cities and factories. The IMX500 processes data inside the sensor itself, and is capable of extracting only necessary data. In transmitting a 4K image to the cloud, for example, it can reduce the volume of data to one-7,400th of what the average digital camera transmits, helping to reduce energy consumption and communication costs. Sony will continue to develop and offer solutions to create value for society by applying its technologies in partnership with other companies.