



Sony Group Statement on U.K. Modern Slavery Act

We make this Statement pursuant to Section 54 of the United Kingdom (UK) **Modern Slavery Act 2015** (the “Act”) to identify actions we have taken on a Sony Group-wide basis during the financial year ending March 31, 2017 to prevent slavery and human trafficking from occurring in our supply chains or our business. Although not all Sony Group¹ companies are subject to the Act, we have undertaken a Group-wide approach to our human rights commitment, and make this Statement on behalf of all Sony Group companies (sometimes collectively referred to as “Sony”).

Our Human Rights Commitment

Slavery and human trafficking can occur in many forms, such as forced labor, child labor, domestic servitude, sex trafficking, and related forms of workplace abuse. In this Statement, we use the terms “slavery and human trafficking” to include all forms of slavery, servitude and forced or compulsory labor, and human trafficking.

Sony is committed to maintaining and improving systems and processes to help ensure that there are no human rights violations related to our own operations or our supply chains. We have invested significant resources and have collaborated with stakeholders, suppliers and industry associations to develop and implement programs designed to prevent slavery and human trafficking in our operations and supply chain, particularly in our electronics manufacturing supply chain, which, as noted below, is our area of higher risk.

Sony Group Code of Conduct. Our commitment to human rights is set out in the Sony Group Code of Conduct, which is applicable to all Sony employees, officers and directors (the “Code of Conduct”). The Code of Conduct is available at <http://www.sony.net/code>. The Code of Conduct prohibits any form of forced, involuntary or child labor in our operations, requires all Sony Group companies to adopt sound labor and employment practices and to at all times treat their employees in accordance with applicable laws. Each Sony Group company must take appropriate steps to assure compliance with the Code of Conduct, including establishing appropriate disciplinary procedures, which may include termination of employment, for violations of the Code of Conduct.

In addition, in accordance with our Code of Conduct, all Sony Group suppliers, contractors and original equipment manufacturers are expected to uphold the Sony Group’s policies regarding compliance with applicable laws and respect for human rights.

¹ For this purpose, a Sony Group company includes any company where 50% or more of the voting rights are directly or indirectly controlled by Sony Corporation.

Our Code has been translated into 26 languages.

1. Our Business and Supply Chain

Sony is engaged in the development, design, manufacture, and sale of various kinds of electronic equipment, instruments, and devices for consumer, professional and industrial markets such as smartphones, tablets, videogame consoles, digital cameras, televisions, audio and video recorders and players, semiconductor and devices, peripherals and accessories (collectively, our “electronics” products). There are 20 Sony-operated manufacturing sites for our electronics products, which are located in Japan, China, South Korea, Singapore, Thailand, Malaysia, UK, Mexico and Brazil. We also contract with third parties to manufacture certain electronics products on our behalf. We procure materials and component parts for those products from suppliers located throughout the world.

In addition, Sony is engaged in the production, acquisition and distribution of motion pictures and television programming, the operation of television and digital networks and the development, production, manufacture and distribution of recorded music and the management and licensing of the words and music of songs. Sony is also engaged in the licensing, development, publishing, manufacture and distribution of videogames in physical and digital formats and the operation of a digital network supplying videogames and other digital content and services to consumers. Further, Sony is engaged in various financial services businesses, including life and non-life insurance operations through its Japanese insurance subsidiaries and banking operations through a Japanese internet-based banking subsidiary. Sony is also engaged in a network services business and an advertising agency business in Japan. As of March 31, 2017, Sony had approximately 128,400 employees and operated in 82 countries.

2. Risks of Slavery and Human Trafficking in our Business and Supply Chains

We employ rigorous hiring procedures and have implemented robust employment policies and other controls to mitigate the risk of slavery and human trafficking in our own business operations.

We engaged BSR, an independent, non-profit, global organization devoted to building a just and sustainable world, to help us evaluate risks of slavery and human trafficking in our business operations and related supply chains. From BSR’s assessment, we determined that our electronics manufacturing supply chain was at higher risk for potential human rights abuses than our business operations and supply chains of our remaining business segments, which were determined to be low-risk for these abuses. We are therefore prioritizing our electronics manufacturing operations in our group-wide efforts.

3. Supplier Compliance Procedures and Adherence to Our Values

Supply Chain Code. We are committed to working with our suppliers and other stakeholders to understand further potential areas of risk and increase transparency and we seek to use our influence to help mitigate any negative impacts identified. Sony is a founding member of the Electronic Industry Citizenship Coalition® (EICC®), a non-profit coalition of electronics companies committed to supporting the rights and well-being of workers and communities in the global electronics supply chain. Sony has adopted the Sony Supply Chain Code of Conduct (the “Supply Chain Code”) for our electronics products suppliers. The Supply Chain Code, which incorporates the EICC Code of Conduct, establishes standards designed to, among other things, ensure that human rights of workers are upheld and that workers are treated with respect and dignity by suppliers. In particular, the Supply Chain Code prohibits forced, bonded or indentured labor, involuntary prison labor, slavery and human trafficking. The Supply Chain Code is available at http://www.sony.net/SonyInfo/csr_report/sourcing/supplychain/index2.html.

The Supply Chain Code is aligned with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the UN Declaration of Human Rights.

Contract Terms. Sony’s global master purchase agreement with direct products, parts, components and accessories suppliers in our electronics manufacturing operations entered into after 2011 require such suppliers to comply with all applicable labor and employment laws and ethical standards (including laws and standards related to working hours, working conditions, wages, benefits, employee health and safety, child labor, freely chosen employment, humane treatment, freedom of association and non-discrimination) and our standard guidelines and requirements including the Supply Chain Code.

4. Ongoing Monitoring and Assessment of Electronics Manufacturing Operations and Supply Chain

Internal Leadership. Sony’s corporate social responsibility, procurement and production groups take the lead in promoting Sony’s responsible sourcing practices, including practices designed to prevent slavery and human trafficking. Our corporate social responsibility group communicates with external stakeholders to monitor trends and best practices and our procurement and production groups are responsible for overall policy implementation in our electronics manufacturing operations.

Self-assessments. Assessments and audits are an integral part of our overall supply chain management process. We conduct a self-assessment utilizing the EICC Self-Assessment Questionnaire at all of our own electronics manufacturing sites every year to monitor adherence to the Code of Conduct and the Supply Chain Code. The self-assessment questionnaires completed by all 20 manufacturing sites for fiscal year 2016 did not identify any areas of major non-conformance to our standards. Pursuant to our internal procedures, in the event any non-conformance is identified, an improvement plan is put in place to ensure conformance to the standards set by these Codes.

[Case]

Third Party Assessment of Labor Conditions for Foreign Workers Employed at Manufacturing Sites in Malaysia

In response to increasing concerns over labor conditions of migrant workers, Sony commissioned a third-party assessment to identify any risk regarding employment of foreign workers and their labor conditions at Sony manufacturing sites in Malaysia in fiscal year 2016. The assessment was conducted by BSR and covered the entire process from before hiring (prior to leaving the home country) to actual hiring and conditions after termination of employment. After interviewing management, human resources/personnel, and foreign workers from Indonesia, Nepal, Myanmar, Vietnam, and Bangladesh, as well as interviewing temporary staffing agencies acting as intermediaries for foreign workers either in their home countries or Malaysia, the assessment did not find any cases that qualified as serious legal violations, but identified some areas for improvement that Sony is currently working to address. For example, the assessment found that living conditions for foreign workers hired through temporary staffing agencies could be improved in terms of the cleanliness of dormitories, living space provided, and surrounding environment. Sony is working with temporary staffing agencies to make improvements by implementing follow-up visits to dormitories, as well as commending agencies that have made positive improvements and sharing their initiatives among agencies.

Supply Chain Assessments and Audits. Since 2008, Sony has also conducted assessments of all direct electronics suppliers utilizing the EICC Self-Assessment Questionnaire and risk assessment tool to help us identify suppliers in our electronics manufacturing supply chain who are at risk for slavery and human trafficking. We use the Questionnaire and risk assessment tool to determine additional supplier follow-up. For example, if a supplier employs foreign migrant workers, Sony's internal procedures provide that Sony will inspect the workplace to determine if such workers are subject to forced labor, whether dormitory facilities provided to those workers meet international standards, and whether the working environment is clean and safe. We repeat the assessment each year for our major electronics suppliers. During our 2016 fiscal year, we completed assessments for 175 suppliers. From these assessments, we identified 3 suppliers and conducted on-site inspections at those suppliers' facilities.

We also review media and NGO reports to help determine our highest-risk suppliers. Our highest-risk suppliers are required to undergo audits conducted by an independent third party utilizing the EICC framework for third party audits. This framework includes an assessment of labor practices.

In the event any deficiencies are discovered during any such assessment and/or audit, the supplier is required to develop an improvement plan to remediate the

deficiencies. Sony monitors the supplier's performance against this plan. Sony procedures provide that, if the supplier does not show satisfactory improvement, Sony will reconsider its relationship with the supplier and may discontinue new business until the supplier makes the required improvements.

Grievance Mechanism. Sony employees are encouraged to raise any concerns and have multiple channels to do so, including an ethics hotline that is available in the local language and staffed by independent third party operators. Sony protects reporters from retaliation. Sony also operates a hotline for external stakeholders to report violations of the Supply Chain Code.

Sony investigates allegations expeditiously and objectively. If a violation by a supplier is confirmed, Sony requires the supplier to take corrective action. If a supplier refuses to cooperate with the investigation or fails to take requested corrective action, Sony will reconsider the business relationship. If the violation involves an indirect supplier, Sony will work with its direct supplier to obtain corrective action by such indirect supplier.

5. Training

All Sony Group employees are required to receive initial and periodic refresher training on the Code of Conduct to help ensure an understanding of internal policies. The procurement staff for our electronics manufacturing operations receives additional training on the Supply Chain Code standards, how to identify risks of slavery and/or human trafficking, and how to conduct an effective supplier assessment.

During our on-site supplier assessment, our staff members provide training to our suppliers on the Supply Chain Code and share Sony's experience on how socially responsible practices benefit business operations, such as increased productivity and lower turnover.

Pursuant to the delegation of authority approved by the Board of Directors of Sony Corporation, this Statement has been approved by Masashi Imamura, Executive Vice President and Corporate Executive Officer in charge of Manufacturing, Logistics and Procurement, and Shiro Kambe, Executive Vice President and Corporate Executive Officer in charge of Legal, Compliance and CSR.



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September 2017



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