SEGASammy









SEGA SAMMY GROUP

CSR BOOKLET 2019















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Company Profile

SEGA Sammy HOLDINGS

Company name	SEGA SAMMY HOLDINGS INC.
Address	Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo 141-0033, Japan
Established	October 1, 2004
Capital	29.9 billion yen
Chairman and Group CEO (Representative Director)	Hajime Satomi
President and Group COO (Representative Director)	Haruki Satomi
Principal Business	Management and related operations as the holding company of the SEGA SAMMY Group, a multi-dimensional entertainment company group
Number of employees	7,993 (consolidated)

As of March 31, 2019

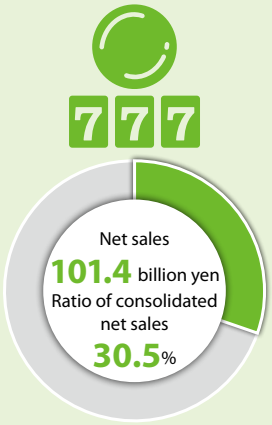
Group Overview

The SEGA SAMMY Group continuously creates moving experiences for customers of all ages in Japan and overseas by providing creative entertainment as a multi-dimensional entertainment company group engaged in a wide range of business areas.

Fiscal 2019 Results

Pachislot and Pachinko Machines Business

PP

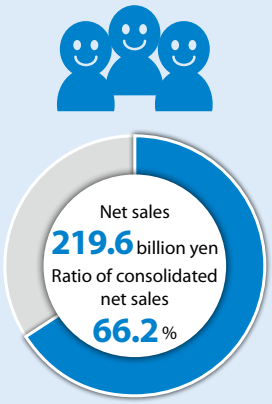


Major Business Line
Development, production and sales of pachislot and pachinko machines

Group Companies
SAMMY, RODEO, ELEC, SNW, JMS (and 18 other companies)

Entertainment Contents Business

E

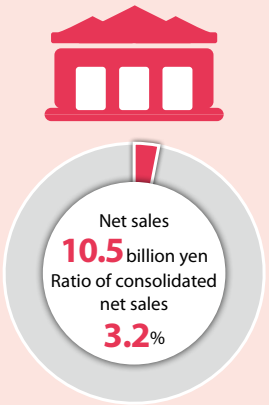


Major Business Line
Development and sales of digital games, packaged games, and amusement machines; development and operation of amusement centers; planning, production and sales of animation films; and development, production and sales of toys

Group Companies
SHD, SGC, SIC, SLS, SE, DL, ATLUS, TOYS, TMS, MARZA, and SSC (and 17 other companies in Japan and 44 overseas)

Resort Business

R



Major Business Line
Operation of integrated resorts (IR) and resort complexes

Group Companies
Group Companies Japan: PSR and 2 other companies
Overseas: PSS and 1 other company

Note: Figures above include inter-segment sales berfore adjustment.

Editorial Policy

We have been publishing a CSR report with the aim of reporting on the CSR activities of the SEGA SAMMY Group to our various stakeholders, while at the same time enhancing our activities and information disclosure through communication with them. We updated the editorial policy for our 2018 CSR report to incorporate ESG information, which had been included in a recent integrated report as an emphasis sought by investors and after we had reviewed content that has not been covered by the integrated report as well as what must be reported in depth from a CSR perspective. Additionally, the report includes more "Voice" sections so that it more closely communicates the SEGA SAMMY Group's business and other engagements as well as the work styles of our employees.

Guidelines Used for Reference

GRI Sustainability Reporting Standards 2016
ISO 26000 (Guidance on Social Responsibility)

Publication Dates

September 2019 (previous report: September 2018, next report: September 2020)

Scope of this Report

Reporting Period

Fiscal 2019 (April 1, 2018 to March 31, 2019)
Some parts of the report include information that occurred after or before this period, with the time outside the period clearly stated.

Boundary of Reporting Organizations

SEGA SAMMY HOLDINGS INC., SEGA Holdings Co., Ltd. (including key Group companies), Sammy Corporation

Abbreviation of Organization Names in this Report

Each Segment

PP: Pachislot and Pachinko Machines Business; **E:** Entertainment Contents Business; **R:** Resort Business; **Group:** SEGA SAMMY HOLDINGS INC., Entertainment Contents Business, Pachislot and Pachinko Machines Business and Resort Business

- Some activities include Group companies other than those listed above.

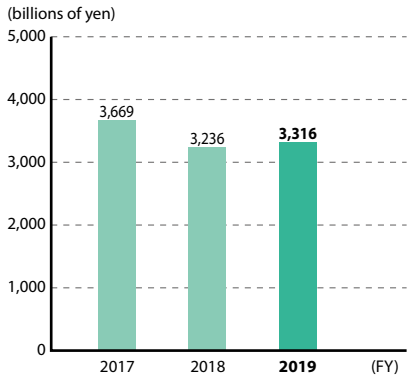
* Information regarding the departments and titles of persons referred to in this report are as of when they were interviewed.

Major Companies for Each Segment

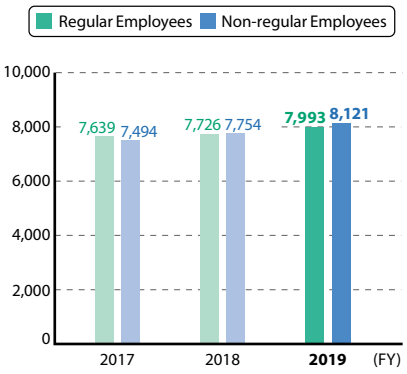
SSHD: SEGA SAMMY HOLDINGS INC., **SHD:** SEGA Holdings Co., Ltd., **SAMMY:** Sammy Corporation, **TOYS:** SEGA TOYS CO., LTD., **TMS:** TMS ENTERTAINMENT Co., Ltd., **SNW:** Sammy Networks Co., Ltd., **PSR:** PHOENIX RESORT CO., LTD., **SE:** SEGA ENTERTAINMENT Co., Ltd., **SIC:** SEGA Interactive Co., Ltd., **SGC:** SEGA Games Co., Ltd., **ATLUS:** ATLUS CO., LTD., **ELEC:** TAIYO ELEC Co., Ltd., **SLS:** SEGA LOGISTICS SERVICE CO., LTD., **DL:** DARTSLIVE Co., Ltd., **MARZA:** MARZA ANIMATION PLANET INC., **JMS:** JMS-United Co., Ltd., **OP:** OASIS PARK Co., Ltd., **GINZA:** GINZA Corporation, **RODEO:** RODEO Co., Ltd., **SSC:** SEGA SAMMY CREATION INC., **BTF:** Butterfly Corporation, **PSS:** PARADISE SEGA SAMMY Co. Ltd., **SSGE:** SEGA SAMMY GOLF ENTERTAINMENT INC., **JNEXT:** J-NEXT Co., Ltd.

Performance Data (Consolidated)

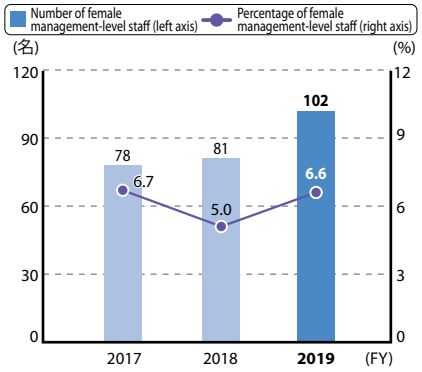
●Net Sales (Consolidated)



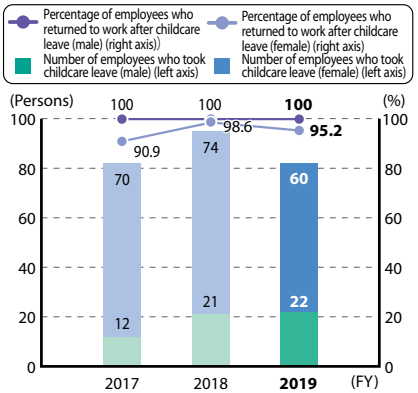
●Number of Employees



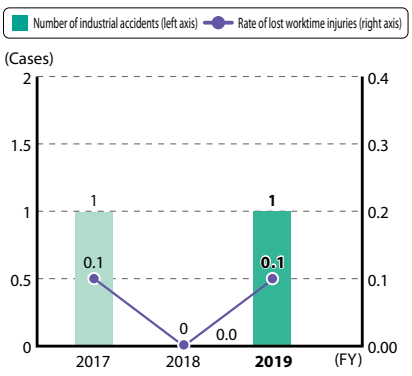
●Number and Percentage of Female Management-Level Staff*1



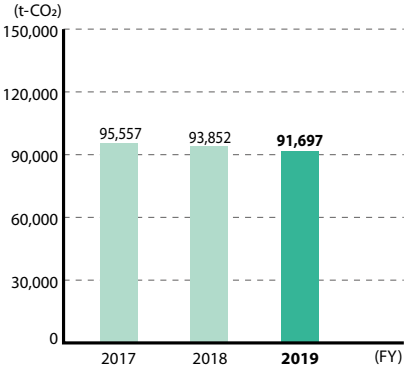
●Number of Employees Who Took Childcare Leave and Who Returned to Work After Childcare Leave*1



●Occupational Health and Safety*1



●Total CO_2 Emissions*2



*1 For our social data, we have made partial changes to the scope of the report and method of data collection. For details, see page 39.
*2 For the method of our environmental data collection and scope of the report, see page 45.



Fulfilling Social Responsibilities and Contributing to Society as a Multi-dimensional Entertainment Company

Hajime Satomi
Chairman and Group CEO (Representative Director)
SEGA SAMMY HOLDINGS, INC.

Continuing to create moving experiences as a game changer

Entertainment is an indispensable aspect of a mature society. And all 80 plus SEGA SAMMY Group companies are working together to accomplish the mission of "Continuing to create moving experiences and making life more colorful."

Progress towards an information society in the wake of dramatic technological advances has created a variety of options for the entertainment industry.

To deliver value that exceeds expectations amid intensifying cross-sector competition, our three businesses— Pachislot and Pachinko, Entertainment Contents, and Resort—have to become game changers in their respective industries. We must fearlessly lead in the revolution for change and reform.

We firmly believe that high-quality entertainment that meets the needs of the time brings joy, courage, and other moving experiences. Therefore we are committed to reforming employee awareness and generating innovation.

New value created through internal communications

In August 2018, we consolidated the head office functions of all 20 Group companies and around 6,500 of their employees previously scattered across Tokyo into a new office in Osaki. This effort was intended to encourage the integration of the separate company styles into a common SEGA SAMMY Group culture. We also sought to improve business management efficiency, strengthen ties, and generate synergies by invigorating internal communications. We expect that the consolidation of the head office will lead to further growth.

Administrative departments of the Group companies share desks in a central location, enabling their general managers and executives, including myself, to exchange information more freely than ever before. In addition, the cafeteria becomes an informal pub in the evening, offering a relaxed environment for staff to discuss their work. This rich variety of communication opportunities taking place at different levels and times encourages the discovery of new ideas and the growth of businesses. Promoting mutual understanding and creating a sense of unity throughout the Group will establish a firm foundation for robust human resources and business development.

In addition, we introduced a side business program in April 2018 with the understanding that enhancing the capabilities and self-fulfillment of each employee will lead to greater creativity and productivity. We hope to see our employees broaden their horizons, gain new perspectives, and become game changers that ultimately boost the corporate value of the Group.

Striving to achieve sustainable development with society

The SEGA SAMMY Group is committed to developing an integrated resort (IR) business, which is expected to emerge as a new national industry. An IR involves diverse facilities, from hotels, commercial establishments, restaurants, theaters, and convention centers to casinos. The resulting array of positive benefits including new jobs revitalizes domestic and regional economic and financial conditions, attracts more inbound tourists and strengthens international competitiveness. As a leading Japanese enterprise, we will make our utmost effort to deliver the country's first IR business to strengthen domestic industrial development and capabilities.

Business are responsible for fully addressing public concerns over the rise of gambling addiction often associated with casinos. In 2018, we began joint research with Kyoto University to elucidate the mechanisms behind this form of addiction. Through an analysis of gaming data from a casino overseas, we hope to identify the warning signs of dangerous gambling behavior. Research outcomes will be used to identify effective ways for preventing the onset, progression, and recurrence of gambling addiction. We hope to take advantage of this knowledge once we become an IR operator in Japan.

Since the adoption of the Sustainable Development Goals (SDGs) by the United Nations, companies today are increasingly expected to fulfill their social responsibilities and contribute to the realization of a sustainable society. Therefore, Sega Sammy must adopt a sound perspective on the public perceptions of our businesses and how our growth reinforces these perceptions. We intend to become a world-class entertainment company that reflects the pride of all our employees.

Responsibilities and commitment as a sustainable company operating with a sound, far-sighted approach



Haruki Satomi

President and Group COO (Representative Director)
SEGA SAMMY HOLDINGS, INC.

Overcoming negativity while embracing positive moving experiences

In May 2019, the World Health Organization officially classified gaming disorder (gaming addiction) as a mental health condition involving a pattern of gaming behavior (digital-gaming or video-gaming) characterized by impaired control over that behavior. The result is significantly impaired personal, health, and other key aspects of daily living. Some may argue that addiction is also an issue of concern for the pachinko, pachislot, and casino businesses; however, I strongly believe that entertainment has the power to deliver an essential vitality and hope.

We must genuinely and earnestly confront the negative aspects of entertainment directly on behalf of society. At the same time, we have to ensure that moving experiences—the positive impact of entertainment—consistently deliver value that exceeds customer expectations so that, we will successfully fulfill our mission to "make our society more colorful." I believe that if we properly address these two ambivalent aspects of entertainment, society will always need us.

The SEGA SAMMY Group operates under the belief that favoring a sound, far-sighted approach, even if it means taking a roundabout route, leads to success more certainly than taking shortcuts in pursuit of short-term gains or acting in ways that leave us open to criticism. These principles and attitudes will provide a sure pathway to a successful and sustainable future.

Contributing to society with a sense of responsibility and commitment

Our efforts to develop an IR business in Japan represent a challenge for realizing the Group's long-term, sustainable growth. This is also an opportunity for us to contribute to Japan by creating a fresh strategy for industry and economic revitalization and ultimately significant social value.

The Group is therefore applying its utmost effort with a sense of responsibility and commitment. For example, when acquiring a license for the sale and distribution of gaming machines in Nevada, U.S.A., in 2017, we voluntarily disclosed all our financial and tax information as well as the assets of individual directors for review to confirm the Group's integrity. In addition, while most companies have chosen to focus on recovery to address gambling addiction, we are pioneering in prevention research in collaboration with Kyoto University.

Looking back, the Group's first challenge was the development of an IR business in Japan, which began in 2012 with the acquisition of all shares of PHOENIX RESORT CO., LTD., the operator of one of Japan's foremost resort complexes. In 2017, we opened Paradise City, the first IR complex in South Korea with a casino and hotel. We subsequently completed it as a full-fledged IR facility in 2018 with the inclusion of a shopping mall, spa, and entertainment facilities. Since its opening, Paradise City has been resoundingly popular with both domestic and foreign guests.

We are confident the SEGA SAMMY Group is the only company in Japan with the ability to compete at the same level as internationally renowned IR operators. Looking ahead, we will continue to strive with responsibility and commitment to prepare for entering the IR business in Japan.

Meeting social demand with the power of entertainment

These are not our only efforts for reducing the negative impacts our businesses have on society. Other initiatives include eradicating child labor and forced labor throughout the supply chain, thoroughly managing chemical substances in products, and reusing pachislot and pachinko machine parts, to deliver both social and economic benefits.

Fulfilling our responsibilities as an entertainment company has become more important than ever. We need to come up with wise solutions and ideas so that society continues to need us. We will incorporate our efforts to meet diverse social expectations, such as those related to the SDGs, in our strategies for growth. For example, we can contribute to addressing and overcoming some of the challenges of an aging society with a declining birthrate through the power of entertainment provided by our businesses.

The SEGA SAMMY Group will continue to adopt a sound, far-sighted approach and share moving experiences across the world. To that end, we will make sure each and every one of us earnestly recognizes the issues to be addressed and tackles them with a sense of urgency.

Transforming the perception of diversity into a natural state to create a society in which everyone is truly happy



Having identified diversity management as a key issue, the SEGA SAMMY Group is committed to promoting diversity as stated in the Group CSR Charter and Group Code of Conduct. Five employees with different backgrounds engaged in a dialogue with Mr. Haruki Satomi, President and Group COO (Representative Director), SEGA SAMMY HOLDINGS, INC. and discovered how to enable diverse human resources to fully demonstrate their capabilities through the consistent creation of moving experiences that exceed customer expectations.

Promotion of various initiatives and systems

- Introduction of teleworking
- Opening of the SEGA SAMMY Soramori Nursery School
- Introduction of the LGBT support system and facility
- Review of a proposal to further expand the nursing care leave system

Striving to create an environment that encourages diverse ideas and opinions

What do you expect from the company regarding diversity?

Tabata: I used the teleworking system for the birth of my second child. I truly appreciate the system, as it allowed me to spend more time with my family. I felt less tired out just by not having to commute and I was also more productive. I understand that some people hesitate to use the system because they worry others may think they are not really working. I hope these misconceptions will disappear so everyone can use the system freely.



Tomoaki Tabata
System Support Team, Platform Department, IT Solution Division
SEGA SAMMY HOLDINGS, INC.
Second child born in May 2019. Used the teleworking system for about a week when he accompanied his wife to give birth in her hometown.

Wakui: My generation and older generations tend to say, "a woman's place is in the home," so there have not been many opportunities for women to succeed in the workplace. I would be happy to see more systems become available that recognize and value people who produce results under time constraints such as those associated with childrearing.

Egawa: About 25 years ago, when I was in my early 20s, LGBT awareness was not yet widespread, and I had some rough experiences. Back then, I was transferred to San Francisco, where I learned about the diversity of cultures and people. I came out when I joined the company but was still worried about what my life would be like when I came back to Japan two years ago. Fortunately, I feel that attitudes about LGBT, especially those of young people, have changed a lot.



Tokugi Egawa
General Affairs Division
SEGA SAMMY HOLDINGS, INC.
As a child he worried about becoming an LGBT person. He decided to participate in this dialogue to speak out and open a pathway for others.

Oshikawa: In the past, supervisors tended to restrict the types of work that could be assigned to people with disabilities based on their preconceptions. In fact, there are many people with disabilities who are very capable of performing difficult tasks. I feel that truly talented employees are now more frequently recognized for their performance and abilities, not by their gender or disabilities.

David: I would like to share what I have experienced so far as a new employee. Although I was still living overseas while job hunting, fortunately the employment process went smoothly, thanks to the company's flexibility to communicate via email and video calls. I believe that we are a culturally diverse company which hires many mid-career positions from the U.S. and Europe and that our work environment is pleasant for various people, including myself.

Satomi: There are still people who think that teleworking will decrease productivity and that only a certain type of work should be assigned to parenting female employees or employees with disabilities, and who are skeptical about recruiting foreigners. And

there are still not enough people who correctly understand LGBT issues. It is important to create a workplace that everyone enjoys being and working in, compared to that only concerned with increasing the statutory employment rate for women and persons with disabilities.



Haruki Satomi
President and Group COO
(Representative Director)
SEGA SAMMY HOLDINGS, INC.

In terms of LGBT, we have already declared internally as well as externally our full support as a company, and we will continue with our active support of LGBT people.

Also, given the sharp decline in birthrates and continuing aging of the population, I think the SEGA SAMMY Group will also see more employees taking temporary retirement or even retiring for nursing care. I think that encouraging male employees to use childcare leaves is one solution for the situation. I hope that male employees will more actively participate in childrearing and not just take a few days off to simply give their partners a rest. They will benefit from building healthy relationships with their children and partners and generate a sound environment of mutual cooperative in the family for when nursing care may become necessary. This could eventually prevent employees from having to leave their jobs and help the company retain valuable employees.

Working in an environment with diverse employees and a variety of workstyles will encourage new ideas and opinions. Additionally, creating such an environment will further empower the company.

Striving to be a progressive company that embraces diversity

As a member of the SEGA SAMMY Group, how would you address diversity?

Tabata: This discussion made me realize that diversity is part of our everyday life. Different employees experience various situations such as having to go home early on a certain day of the week or often being absent from work due to health problems. Under such circumstances, I realized again how important it is for us individually or as a team to think about what we can do to respect and understand each other.

Oshikawa: After becoming a member of the SEGA SAMMY Group, top management began periodically visiting our worksite, which increased opportunities for employees to interact with them. Thanks to that, I feel that our employees are now working with greater energy. I will continue to support our employees on a personal as well as company level so they can live the way they want.

Wakui: It would be best if we could create an environment in which people accept diverse opinions, are open to hearing various ideas, and freely express themselves. We focused on women earlier, but I would like to see us grow into a company where every employee can choose the lifestyle and career they desire, regardless of gender.



Toshiharu Oshikawa
Miyazaki Office Director
SEGA SAMMY BUSINESS SUPPORT INC.
Manages a special subsidiary in which 14 of 30 employees have severe intellectual disabilities.

Egawa: I was terrified when I came out years ago but now feel that both society and the company have created an environment that accepts diverse values, including those of the LGBT community. I feel stronger than ever now that all I need to do is just be proud of who I am and carry on with my life with confidence.



Madoka Wakui
Legal Department
SEGA SAMMY HOLDINGS, INC.
Serves as an overseas legal department manager and mother of a first-grader.

David: People sometimes tell me that my ideas tend to be little different from others in the same meeting, but based on our discussion today, I realized once again that being different drives new ideas and strength. I won't be afraid to express my thoughts or introduce new insights, step by step, even if others may disagree.



Castellanos Anaya David Ken
Business Planner, Oversea Biz operation Section, 3rd Development Divisional HQ, Operational Department
SEGA GAMES CO., LTD.
Joined the company in fiscal 2020, and was born in Japan and raised in the U.S., where he had a variety of experiences related to diversity.

Satomi: I once worked in San Francisco, and in the U.S. it's only natural to have people from many different ethnic backgrounds, which is not necessarily considered an expression of diversity. The diversity that the SEGA SAMMY Group strives to achieve is accepting what is now viewed as diversity as the natural state of the future, that is, transforming what's not accepted as today's common sense into a natural state.

People are easily influenced by the prevailing mood and atmosphere. My role is actually to break through this mood without conforming to popular opinion and to lead. I will work towards transforming our company into a progressive enterprise that embraces diversity so when we look back after five or ten years we will see the dramatic change that has taken place. We will also create moving experiences unique to a comprehensive entertainment company in order to realize a society in which everyone is truly happy.



Bringing Smiles and Vitality

SEGA SAMMY Group's

Reconstruction Support

Since immediately after the Great East Japan Earthquake, the SEGA SAMMY Group has continued to participate in various support activities in the affected areas. To address the changing needs in those places, we will continue to deliver moving experiences to the community using the entertainment we have created.

Events Supporting People in Disaster-stricken Areas and Employee Volunteer Activities

In fiscal 2019, we participated in community events in Minami Sanriku-cho, Higashi Matsushima-shi, Onagawa-cho, and Shichigahama-machi in Miyagi Prefecture. At the events, we set up an amusement corner that leverages the Group's various resources, such as Smart Ball, Kira Deco Seal Art, the Darts, Flash Pad, UFO CATCHER, and THE ADVENTURE OF PANDA AND FRIENDS. We also organized classes for making craft Smart Balls and programming to entertain residents. In September, we held the SEGA SAMMY Group Baseball Class for junior high school students in Onagawa-cho, with invited guest Takashi Saito, a former pitcher of the Tohoku Rakuten Golden Eagles. In December, we held a swimming class in Shichigahama-machi and Higashi Matsushima-shi, with invited guest Takeshi Matsuda, a swimming medalist at the Rio Olympic Games.





Our Activities (March 2011—March 2019) ⇒ FY2020 activities underway

Support fund

Approximately **400** million yen

Volunteer activities by employees and support events

94 activities and events

Participants: **1,157** employees

Visited by **29,732** people

(cumulative total of those who played games in the SEGA SAMMY Group's amusement corners)

Hitoshi Nakamura

[Regional Revitalization in Shichigahama-machi]
PC Sound Research & Development Department, Sammy Corporation

The mayor of Shichigahama-machi and staff members of the town's policy division and tourism association showed me around the town, including Shobuta beach, while explaining the town's current situation and efforts made there so far. It was really pleasant to walk along the seashore, with its great view, nice breeze and fresh air.

I mainly produce and direct sounds for pachinko machines. Before preparing a reconstruction proposal, which requires thoughtful planning beforehand, I asked myself how I could help, and then I shared ideas with other group members. Despite having limited time, I believe we were able to create and propose a future map that would be helpful in the town's reconstruction. I would like to visit Shichigahama-cho again in the next few years to see how the site, for which we had proposed ideas, has changed.



Yoko Oda

[Onagawa Sanma Festival 2018]
Sales Administration Dept., SEGA Games Co., Ltd.

On the day of the festival, I worked as an assistant in the UFO CATCHER section. Since it was a little rainy that day, I didn't think there would be many visitors. Nevertheless, we saw many flock to the festival right after it opened. Throughout the day, the stream of visitors never seemed to end, with a constant line of people stretching about ten meters. While I was assisting them, I could almost feel their hearts beating faster while they were playing the game, and I could see the sheer joy in their faces when they won a prize, which reminded me of how much fun I had so long ago when I first experienced SEGA SAMMY entertainment. What most impressed me at the festival was when a mother with her child told me the child was very fond of UFO CATCHER. I was very happy to hear the comment and felt that the festival definitely increased the number of SEGA SAMMY fans. The event was a valuable opportunity for us to interact with employees of other Group companies as well, and this gave me a sense of unity as a SEGA SAMMY Group member.



Syohei Otsuki

[SEGA SAMMY Group Baseball Class with Takashi Saito]
Domestic Sales Division, SEGA TOYS CO., LTD.

Seven years have passed since the Great East Japan Earthquake. We visited Onagawa-cho in Miyagi Prefecture, which had been severely damaged by the tsunami. Although the townscape looked pleasant, with signs of reconstruction efforts in areas such as around the station, severe damage remained in other places.

I took the opportunity to participate in the event as a former member of the SEGA SAMMY Baseball Club, which had been a valuable experience for me. I was actually re-energized by the sincere, enthusiastic attitudes of the junior high school students as they practiced playing baseball. At the end of the event, Mr. Saito told the children that people who have experienced and overcome failures in life are definitely stronger than those who have not. I will also take that message to heart and remember it whenever I face hardships.



Jun Senoue

[Shichigahama-machi Lifelong Learning Festival 2019]
Sound Director, Sound Section, 2nd Development Divisional HQ/ Entertainment Content HQ, SEGA Games Co., Ltd.

All of us who participated in the event actively took part in organizing and managing it, enthusiastically communicating with each other from the preparation stage to make sure the event ran smoothly. On the day of the event, we made sure visitors were having a good time in a fun, comfortable setting. Our staff and visitors had conversations at every corner of the venue, and time passed quickly as everyone had a blast. Our staff also enthusiastically welcomed and entertained visitors, who spanned a wide range of ages, from small children to grandparents, and I am sure the visitors enjoyed this hospitality. I would like to participate in more group activities and apply the experiences at my workplace.



Susumu Kotake

[Minamisanriku Industrial Fair 2018]
Central Japan Sales Department, Operation Group Division, SEGA ENTERTAINMENT Co., Ltd.



Even if you want to contribute to society, taking action on one's own can be difficult. In that sense, I am thankful to have an opportunity to participate in these activities offered by a company. By fully demonstrating our accumulated knowhow to bring joy to people's lives, we can help to spread smiles in local communities. Although the theme of the volunteer work was to deliver moving experiences to people in disaster-stricken areas, I realized that such experiences are truly delivered when shared mutually. And with that in mind I would like to participate again, not only on my own but also with coworkers. In short, it was a precious experience.

Tokinori Ueda

[Merry Christmas 2018 in Higashi Matsushima]
CS Product Administration Dept., Infini Talk Co., Ltd.
Infini Talk Co., Ltd.



This was my first time to participate in the event. Higashi Matsushima was such a beautiful place, and it was hard to believe that the tsunami hit this rich land with such natural beauty. We organized pathways and prizes for visitors at the Omagari Civic Center in preparation for the event.

Then on the day, I was in charge of the Smart Ball game. It felt good to participate, especially as I watched small children with their families happily playing the game with their eyes shining. Some families had traveled more than an hour to get there and some joined one line after another to pick up the prizes their children look forward to getting every year. The event not only made visitors happy but naturally put a smile on my face too. I appreciated the opportunity to interact with so many different people, from small children to senior citizens, and I would like to help out again next time.

Kunihiko Tokumaru

[SEGA Sammy Swimming Class 2018 with Takeshi Matsuda]
CS Product Administration Dept., SEGA Games Co., Ltd.



I assisted Mr. Matsuda's swimming class.

I love swimming and participated in a swimming club when I was a kid. Long before Mr. Matsuda joined SEGA SAMMY, I would watch him on TV competing with the world's best swimmers in the middle- and long-distance freestyle and butterfly events, which require a tremendous amount of energy. I remember marveling at how powerful a swimmer he was. Mr. Matsuda spoke passionately to children about the importance of believing in yourself and of continually challenging yourself; that was a heartfelt moment for me. I was also impressed by the children who enthusiastically listened and asked questions. The class was another valuable life experience for them, and the two days presented a very exciting learning opportunity for me.

Koji Hori

[Summer Festival 2018 in Higashi Matsushima]
Production Planning Group, Production Planning Department, Production Planning Division, Production Group, Sammy Corporation

I participated in this activity for the first time. I was in charge of the Smart Ball activity and was able to see the serious look in children's eyes as they chased the balls and experienced the same fun when these objects fell into holes. About ten children won Sammy Awards by getting three 7s (777) and there was a loud cheer when they made it.

I'm glad that I could be a part of this event by sharing the same goals with people I am not connected to at work. Naturally, I was very engaged in the event since I was deeply motivated to bring smiles to the faces of those who came to the store. I'd like to share this experience within the Group with the hope of expanding the circle of participants.



Fiscal 2020 New Employee Training Program

We have been visiting disaster-stricken areas for two nights and three days since fiscal 2014 as part of our new employee training program. In fiscal 2020, 202 new employees went to the impacted areas in Onagawa-cho, Higashi Matsushima-shi, and Shichigahama-machi in Miyagi Prefecture. They attended lectures by the mayor of Onagawa-cho and vice-mayor of Higashi Matsushima-shi, toured the former Okawa Elementary School, and interacted with the community. On the last day, they proposed reconstruction initiatives to Shichigahama-machi.





Haruna Ochiai
Sammy Corporation

During the training, many people shared their stories about the disaster, and I was really impressed everyone maintained such a positive attitude despite the situation. I was very moved when the mayor of Onagawa-cho said in his lecture that although the earthquake caused so much damage and had taken so much away, it had also brought people together. While it must have been difficult for the people of Miyagi Prefecture to even think about what had happened, they took the time and effort to share their stories with us. I will always remember what I have learned from the training every day of my life and focus on what I can do now.



Sayaka Okada
SEGA Interactive Co., Ltd.

When I watched the former Okawa Elementary School on the news at the time, I could not understand why so many students and teachers had not been able to escape, but after visiting the site, it struck me that the situation was far worse than I could ever have imagined. When you are hit by a disaster that is far worse than you had ever experienced and there is no plan for escape, it would be extremely difficult even for teachers to remain calm and make the right decisions. Observing the many people devoted to helping others also made me think again about the meaning of life and work. After listening to so many people sharing their stories and the good things about their town during the training, I really wanted to offer whatever help I could.

Visiting the disaster-stricken areas and discovering that even places designated as evacuation sites had been affected by the earthquake and tsunami made me realize the extent of the damage, which was far worse than I had imagined from watching TV and reading newspapers. I asked myself how I would have acted in that situation. I probably would have fled to a designated evacuation in the hope of finding safety. What I learned from the training was to deal with situations by imagining more than I might expect. And I would like to make the most of what I have learned from the training to achieve my future goals.



Syoma Hirasaka
PHOENIX RESORT CO., LTD.

During the training, I listened to locals and observed their current situations to learn about how enormous the disaster was. Especially when I visited Onagawa-cho and noted the clean, neat townscape and recognized the progress of reconstruction, I realized at the same time that everything had truly been destroyed at some point to make this townscape possible. In addition, directly hearing the stories of those who had lost friends and relatives gave me an opportunity to deeply understand the massive impact of the Great East Japan Earthquake.



Yukihiro Tanisaka
ATLUS Co., LTD

The Heavy Rain Event of July 2018 (Western Japan)
SEGA SAMMY Group Employee Volunteer Activities and Events

We would like to express our profound sympathy to everyone in the areas damaged by the torrential rains that brought river floods and landslides, primarily in western Japan, between June 28th and July 8th, 2018 and extend our deepest condolences to the victims and their bereaved families. In addition to the volunteer activities carried out by the employees of SEGA SAMMY Group companies, we cooperated in an event for children.

Employee Volunteer Activities for the Heavy Rain Event of July 2018

- 1st: Tuesday, September 11 to Friday, September 14—14 participants
- 2nd: Wednesday, September 19 to Friday, September 21—12 participants
- 3rd: Tuesday, September 25 to Friday, September 28—10 participants



VOICE

Katsuyuki Kitagawa

Sales Division Sales, Group Department, Hiroshima Branch
Sales Group #1, Hiroshima Sales Office, Sammy Corporation

I volunteered in a reconstruction project for disaster-stricken Mabi-cho, Okayama Prefecture. While working with other volunteers, I stayed to help for three days. I realized there was only so much I could do for the reconstruction of Mabi-cho in general, but I did my best, believing that every little bit helps. Most household items were soaked and heavy, so moving them was difficult. Even a tatami mat, which is normally light, held so much water that I had a hard time carrying it out of the house. Working hand-in-hand with other volunteers over the three days, we were able to remove about 80% of the affected household items and clean the houses. Even though I may only be able to help a little, I would like to participate in other volunteer opportunities no matter where they are.

VOICE

Satoshi Shimokawa

High-Target Planning Department Planning Division,
SEGA TOYS CO., LTD.

During the morning meeting on the day of the event, we motivated each other and boosted our team spirit by shouting, "let's do our best to bring smiles back to the people of Mabi-cho." I was in charge of the UFO CATCHER and tried my best to help visitors of all ages bring prizes back to their homes. I can still remember hearing a grandmother laugh when she won a stuffed animal. The events enabled us to share such happy moments filled with smiles, laughter, and cheers with everyone in the town. I hope the event was helpful for the town's further recovery, and I am proud we were able to cooperate with each other across different Group companies under the name of the SEGA SAMMY Group.

Employee Volunteer Event, Mabi New Year Festival

February 17, 2019—11 participants and 814 visitors





Signing a comprehensive partnership agreement with Shichigahama-machi, Miyagi Prefecture on regional revitalization

Launch of the joint regional co-creation project between Shichigahama-cho and the SEGA SAMMY Group

On June 17, 2019, SEGA SAMMY HOLDINGS. signed a comprehensive partnership agreement with Shichigahama-machi, Miyagi Prefecture on regional revitalization. Starting July 1, the SEGA SAMMY Group will dispatch personnel to Shichigahama-cho to plan and promote a variety of businesses related to regional development and revitalization.

Since immediately after the Great East Japan Earthquake, the SEGA SAMMY Group has been supporting people in disaster-stricken areas so they can resume normal lives as soon as possible and helping them to work towards recovery with smiles and positive attitudes. These efforts included volunteer reconstruction activities by our employees and regional events using our products and services as an entertainment company.

Since the earthquake, we continued discussions with Shichigahama-machi to find a new way and framework for reconstructing the town. Then, for the first time in our history, the SEGA SAMMY Group signed a partnership agreement with a local government on regional revitalization. We will strive to achieve further business growth by continually creating moving experiences and also work to address various social issues such as promoting the SDGs to contribute to the creation of a sustainable society.



Management

Structure of the SEGA SAMMY Group's Management Philosophy

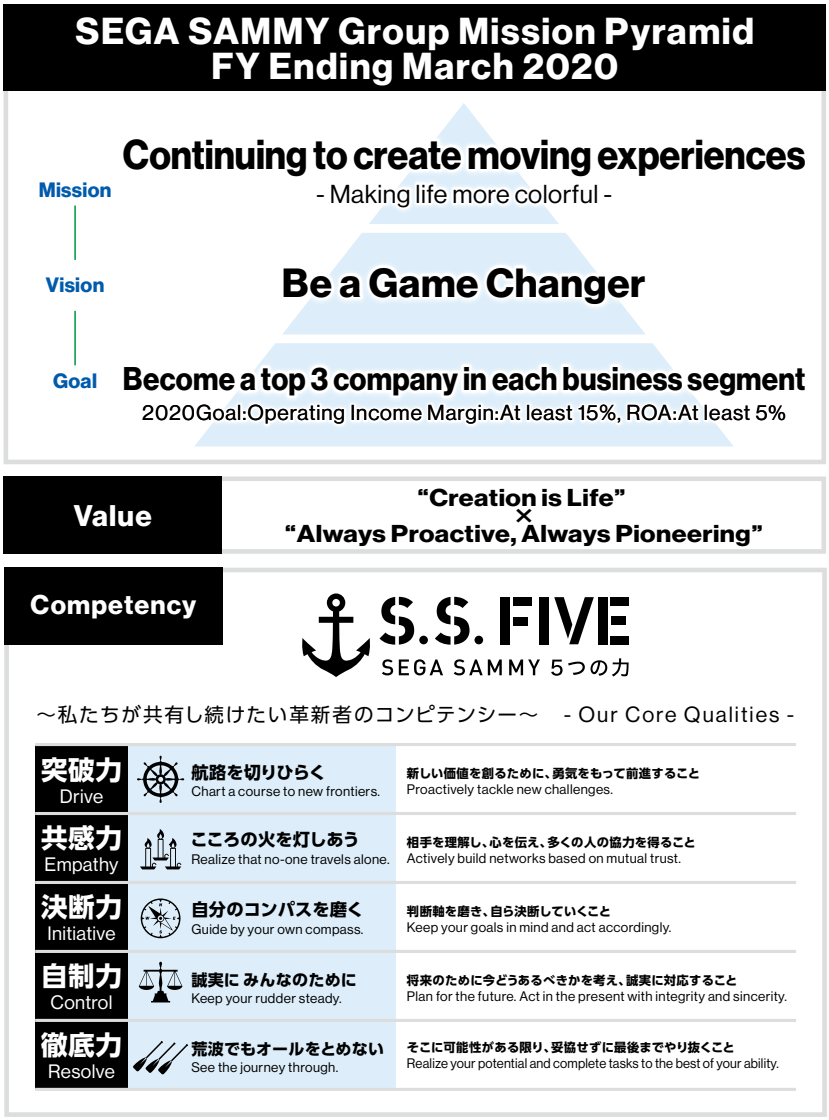
Group Mission Pyramid

Adhering to its objective of providing dreams and moving experiences through entertainment full of originality, the SEGA SAMMY Group lives up to society's ethical and public expectations as a good corporate citizen. Moreover, we communicate with a variety of stakeholders with a keen awareness of being a member of a global society. We also strive to provide value that contributes to society's sustainable growth. Moreover, we are dedicated to making people's lives more colorful and energizing society, realizing an affluent society, and creating culture by continuously implementing a variety of social activities across the SEGA SAMMY Group, such as support for sports programs, the arts, and cultural activities.

In 2017 we formulated a new Group mission statement and developed the SEGA SAMMY Group Mission Pyramid for the Group and Group companies to instill the mission statement into all of our employees. The Mission Pyramid is divided into three levels: Mission (mission/raison d'être), Vision (ideal self), and Goals (medium- and long-term targets), which ultimately links with the objectives of each business division and employee. The Mission Pyramid serves as a guide for achieving sustainable growth by working together toward the same goals despite different business and working environments.

Group Mission: We Will Continue to Create Moving Experiences and Make Life More Colorful

While sharing the value of "Creation is Life" and "Always Proactive, Always Pioneering," we will continue to provide moving experiences to people around the world as a Game Changer. We will also contribute to enriching our society and culture by bringing more energy and excitement.



SEGA SAMMY Group CSR Charter	https://www.segasammy.co.jp/english/pr/commu/csr/
SEGA SAMMY Group Code of Conduct	https://www.segasammy.co.jp/english/pr/commu/csr/gr_csr/
SEGA SAMMY Group Management Policy	https://www.segasammy.co.jp/english/pr/commu/csr/gr_policy/
SEGA SAMMY Group Guidelines	https://www.segasammy.co.jp/english/media/file/pr/commu/csr/20141101_supplychain_csr.pdf

We have established guidelines for crisis management, IT security, cloud service use, social networking site use, and overseas bribery prohibition, and we have disclosed our CSR procurement activities in a guidebook.

Our Policy on CSR

The SEGA SAMMY Group considers CSR activities as a key way to create value consistently for the Group and sustainably develop society.

We have established the SEGA SAMMY Group CSR & SDGs Policy and identified the priority themes to be addressed by connecting our CSR activities with SDGs. Also, we periodically keep track of stakeholder opinions and requests, assess the important issues to be addressed, and communicate our CSR activities internally and externally.

SEGA SAMMY Group CSR & SDGs Policy
https://www.segasammy.co.jp/english/pr/commu/csr/gr_policy/

Policy on Promotion of Sega Sammy Group's CSR&SDGs Activities

In February 2019, we revised and renamed our Policy on Promotion of Sega Sammy Group's CSR&SDGs Activities and designated the following three key SDG themes.

- Measures against a super-aging society with fewer children: SDGs 3, 4, and 8
- Enhancement of job satisfaction and diversity and elimination of unfairness: SDGs 1, 5, 8, and 10
- Measures against addiction problems: SDG 12



As we continue efforts to drive the growth and success of the SEGA SAMMY Group, we will also contribute to the economic revitalization of the nation and sustainable growth across the world. We will implement CSR and SDG activities that embody our corporate philosophy and maintain a constant vigilance over our corporate responsibilities, including our obligation to contribute to a sustainable human society.

We have identified five themes spanning all our CSR activities: (1) Contributions through business activities (creating moving experiences through entertainment, addressing social issues through SDG-related initiatives, and pursuing security, safety, and satisfaction in providing our products and services); (2) Social contributions (proactively engaging in dialogue with local communities and making a wide range of social contributions as a good corporate citizen); (3) Environmental protection measures (reducing environmental load through such efforts as reducing waste by encouraging recycling and reusing); (4) Corporate governance (ensuring sound corporate management, increasing transparency, and improving efficiency through thorough compliance and risk management); and (5) Economic responsibility (achieving continuous growth and maximizing corporate value through global expansion and the appropriate distribution of profits as well as paying all relevant taxes).

These themes have been approved by the Board of Directors of SEGA SAMMY HOLDINGS and their progress is managed by each company. (For details about our key initiatives, see page 18.)

Policy on Promotion of Sega Sammy Group's CSR&SDGs Activities
https://www.segasammy.co.jp/english/pr/commu/tpm/

CSR and SDG Promotion Framework

In April 2019, the Group CSR Promotion Office set up in SEGA SAMMY HOLDINGS was renamed to the CSR & SDGs Office and assigned to supervise, manage, and support the Group's CSR and SDG activities. To strengthen our initiatives for achieving the SDGs, we are also working to expand the function of the CSR & SDGs Office in order to support the Group's marketing-related projects.

In May 2019, we held SDG training for all executives of our domestic Group companies, and 11 of our key Group companies have started to address social issues based on the priority themes to achieve the SDGs. The status of their activities will be regularly reported to the Board of Directors of SEGA SAMMY HOLDINGS. The Group CSR Offices Council is in place to promote the activities. Chaired by the general manager of the Group CSR & SDGs Office of SEGA SAMMY HOLDINGS and attended by the CSR managers of Group companies, the council is, in principle, held once every year to examine, implement, and evaluate CSR activities using the plan-do-check-act (PDCA) cycle.

The status of the CSR and SDG activities is posted in the CSR BOOKLET on our website and thus shared within the Group. In addition, the Board of Directors receives reports on both the results of a survey (1,020 respondents in fiscal 2019) attached to the CSR Communication Report, the employee edition of the CSR BOOKLET, and the extent to which our management philosophy and code of conduct have been instilled.

Relationships with Our Stakeholders

The business activities of the SEGA SAMMY Group are founded on their relationships to five categories of stakeholders: Customers, Partners, Shareholders and Investors, Employees, and Society (this includes the environment). We are working to deepen relationships of trust with stakeholders through communication and to incorporate their feedback and needs into our business activities.

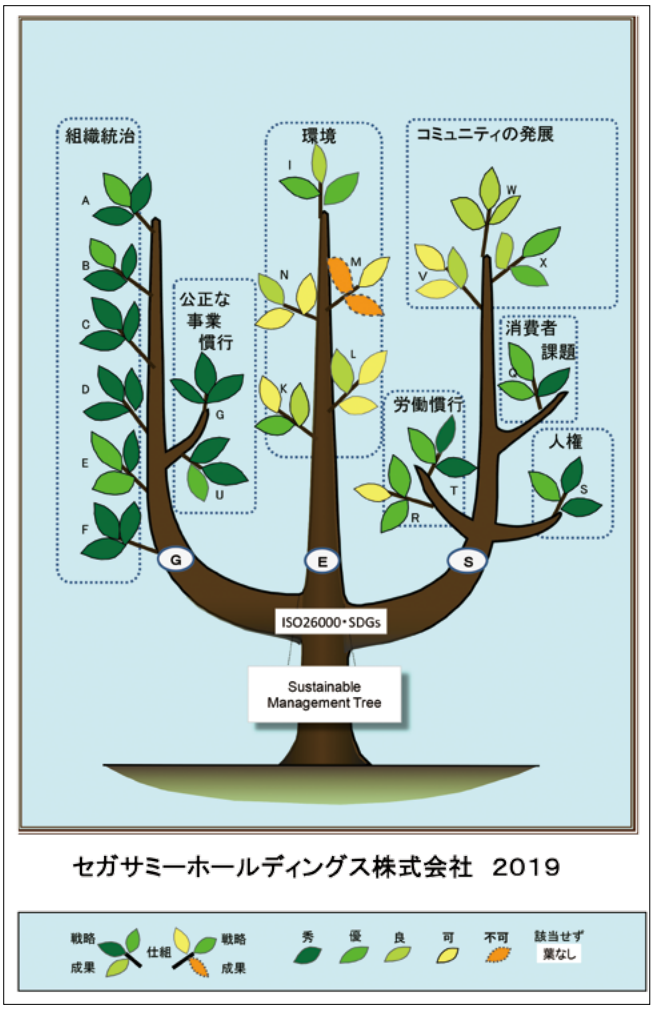
Management Evaluation by the Sustainable Management Forum of Japan and Stakeholder Dialogue with Experts and Establishment of Materiality

The Management Analysis Promotion Committee of the Sustainable Management Forum of Japan conducted a sustainability analysis of our management. This was the third such analysis, with the last one conducted in fiscal 2017. We scored an average of 77.6%, marking two consecutive years of improvement. In April 2019, a dialogue on our CSR initiatives was held with committee members who are also experts in the areas under analysis, such as management, human rights, and the environment, and the officer of our CSR & SDGs Office. The opinions and requests raised were then reported, along with the analysis results, to the Board of Directors of SEGA SAMMY HOLDINGS. Although committee members highly evaluated our efforts to reuse and recycle pachinko, pachislot, and game machines, they also pointed out that our environmental initiatives required some improvement. In response, we have added environmental measures to the three SDG priority initiatives previously mentioned as the materiality of our CSR activities.

In terms of environmental measures, we decide to carry out (1) establish a procedure for reporting to SSHD board meetings, (2) calculate Scope 3 emissions, and (3) implement the TCFD recommendations.



Stakeholder dialogue



Tree diagram of analysis results

Participating in the United Nations Global Compact (UNGC)

The SEGA SAMMY Group assented to and signed the United Nations Global Compact (UNGC) in April 2014. This initiative encourages companies to act as upstanding members of society by exercising responsible, creative leadership, and to participate in the formulation of a global framework for sustainable development. We are committed to contributing to the creation of a sustainable society by promoting responsible management based on the UNGC's ten principles. Furthermore, in an effort to proactively address various social issues, we are participating with various working groups in activities related to supply chains, WEPs and SDGs, set up within the Global Compact Network Japan (GCNJ), to exchange information with other companies while contributing to GCNJ activities.

10 Principles of the United Nations Global Compact		Group's CSR Booklet	Report Page
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	Management: the structure of the SEGA SAMMY Group's Management Philosophy and CSR With partners: Ensuring Fair and Impartial Procurement With employees: respect for human rights	P. 11–15, P. 31–32, P. 36
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor; Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation.	Management: the structure of the SEGA SAMMY Group's Management Philosophy and CSR With partners: Ensuring Fair and Impartial Procurement, partnership with suppliers and clients With employees: Cultivation and Evaluation of Human Resources, Promoting Diversity, Respect for Human Rights, Creating a More Attractive Workplace	P. 11–15, P. 31–32, P. 36–38
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Management: the structure of the SEGA SAMMY Group's Management Philosophy and CSR With Society—Environment: Seagaia Beach Cleaning in Hitotsuba Campaign, Green Power Certificates System, Designing Environmentally Friendly Products, Eleventh Year of the Adopt-A-Forest Activity: SEGA-no-Mori, Let's Grow a Forest in Hitotsuba	P. 11–15, P. 42–45
Anti- corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Management: the structure of the SEGA SAMMY Group's Management Philosophy and CSR Management: compliance With partners: Ensuring Fair and Impartial Procurement	P. 11–15, P. 15–17, P. 31–32

CSR Promotion Initiatives

Raising Awareness

The SEGA SAMMY Group believes that putting the Group Mission into practice depends on all employees' understanding of the Group CSR Charter and acting in accordance with the Group Code of Conduct, which is written in the spirit of the charter. The CSR & SDGs Office of SEGA SAMMY HOLDINGS conveys the significance and importance of CSR activities to all Group employees and plans and implements ways to instill these ideas; for example, by offering seminars tailored to various levels of understanding.

We distributed the CSR Communication Report to all employees as a means of instilling CSR awareness and fostering a sense of unity across the Group. Also, we put up posters to raise CSR awareness throughout the company.



CSR Communication Report distributed to all employees

CSR Seminars

The Group has held CSR seminars for members of Group company management and employees since October 2013. In fiscal 2019, 898 participants from 7 companies participated, bringing the overall total since October 2013 to 3,329. They also deepened their understanding of what it means for a company to exist in harmony with society as well as corporate sustainable growth and development, through seminars by external lecturers and group work, while strengthening mutual communication. At the end of each seminar, all of them present a CSR declaration and are given the opportunity to recognize anew their raison d'être as individual members of the Group. We will continue holding these seminars so that every individual member will act with an awareness of what they should do in order for society to have expectations of this corporation, and trust and respect it, in order for their Group companies to be corporations they can take pride in.

Note: See page 38 for more details.



Group work during a CSR seminar

SEGA SAMMY HOLDINGS CEO and Group Employees Meet to Exchange Views

A meeting is held once a year to exchange views between the CEO of the SEGA SAMMY HOLDINGS and employees in the Group in order to share the results of activities, issues and other matters relating to individual workplaces, as well as to discuss future directions for CSR activities. CSR officers of Group companies, representative of major projects from Group companies, personnel managers, and other such members attend and take part in active exchanges of views. The meetings significantly contribute to revitalizing communication across the Group by offering opportunities for gathering around a table to top management and employees from different divisions or Group companies who otherwise do not see each other. Seven employees from four Group companies attended the meeting in fiscal 2020.



Meeting of top management and employees to exchange views on business and CSR

Corporate Governance

For information on corporate governance, see the Group's Integrated Report.

Corporate Governance

https://www.segasammy.co.jp/english/pr/corp/governance/

Compliance

Our Policy

Applying the Group Code of Conduct and the Group Management Policy, a variety of initiatives are conducted in the SEGA SAMMY Group to keep all employees aware of compliance issues so we can act accordingly.

Compliance Framework

Compliance Framework and Promotion

Twice a year the Group convenes the Group Compliance and Risk Liaison Committee , which is chaired by the head of the Group Compliance Promotion Office of SEGA SAMMY HOLDINGS (attended by the president and chief operating officer of SEGA SAMMY HOLDINGS, the executive vice president, the executive officer in charge of the Management Division, officers and managers in charge of the compliance promotion divisions, and auditors of key Group companies). Under the leadership of this committee we are promoting the system Group-wide to maintain sound business management in compliance with laws and regulations and societal norms.

In addition, we established the Group Compliance Promotion Office in April 2019 to offer comprehensive compliance training, such as e-learning, for the employees of 24 Group companies.

Internal Audit

In addition to various partial audits conducted at Group companies to ensure compliance, the Corporate Audit Department periodically conducts internal audits on each facility operated by the Group companies, such as those providing entertainment or accommodation as well as golf courses, and on the safety of the food served at these places. Major findings are reported twice a year at board meetings of SEGA SAMMY HOLDINGS.

Along with the internal audits, we also continuously monitor progress on the items requiring improvement in order to ensure customer safety remains our highest priority.

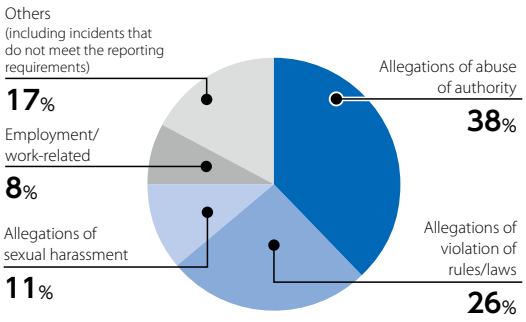
Major Improvements

Initiatives	Progress/Results
We conduct safety inspections at 110 amusement centers nationwide to prevent injuries and accidents.	As a result of inspections in fiscal 2020, we found 216 cases where improvement was required, and we requested that operators take the necessary remedial actions. ① 109 findings related to facilities and equipment ② 99 findings related to pachislot and pachinko machines ③ 8 findings related to food safety
In past audits we found 180 violations and inadequacies concerning facility safety, food sanitation, and fire prevention in accommodation facilities, a golf course, restaurants, etc.	• Of these 180 cases, we have confirmed that 147 had been improved by 2019. Measures to improve the remaining 33 are currently being reviewed. • While confirming these findings, we found 13 new inadequacies in regard to which we have requested that the operators take the necessary remedial actions.
In addition to non-compliance with laws and regulations and safety, we review appearance and cleanliness from the perspective of improving hospitality.	We found 11 cases that require repairs, removal of unnecessary items, or cleaning to maintain the luxury and resort atmosphere, and we have asked the operators to take the necessary remedial actions.

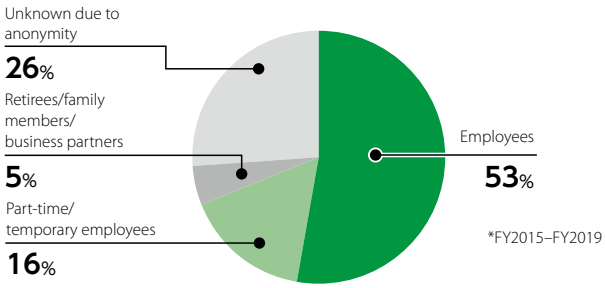
Internal Reporting System

The SEGA SAMMY Group Corporate Ethics Hotline is an internal reporting system created to prevent regulatory violations, misconduct, and other improper conduct through the self-corrective functions of the Group and company. In April 2019, we also centralized internal contact points for whistleblowing available in each Group company and outsourced the reception desk to an independent third-party crisis management company. We distributed its business cards and posted the information on the intranet to inform all our employees about the reception desk, which is open to consultations from employees including those retired, their family members, and clients. Sixteen incidents were reported in fiscal 2017, 19 in fiscal 2018, and 24 in fiscal 2019 (Japan only). A breakdown of the types of incidents reported and whistleblower attributes between fiscal 2015 and 2019 are as follows.

Types of Incidents Reported*



Whistleblowers Attributes*



*FY2015–FY2019

Compliance Promotion Activities

Ensuring Full Compliance with the Rules and Enhancing Awareness

We provide seminars by employee level for Group companies to foster a pervasive awareness of compliance. We are working to raise awareness among all employees through a variety of approaches, such as holding seminars with guest lecturers, periodically disseminating e-mail magazines, publishing a compliance handbook with specific examples of issues employees may routinely encounter, and posting relevant articles in manga form on our intranet to make selected issues more accessible. In fiscal 2020, we established the Group Compliance Promotion Office to strengthen compliance across the group. The office ran a standard e-learning program for the employees of 24 Group companies. It also conducted a compliance awareness survey with a 94% response rate, which will be utilized for developing face-to-face training programs and more specific programs.

Compliance Seminars for Group Executives (FY2019)

Nature of Activity	Group	Company Name	Frequency	Total Participants
Compliance seminar for Group executives	Executives, auditors, officers of all Group companies	SSHD, SHD, SAMMY, SNW, TMS and others	3	151

Note: For abbreviated company names, see page 2.

Exclusion of Antisocial Forces

To prevent antisocial forces from becoming involved in the management of the SEGA SAMMY Group, the Group Code of Conduct clearly declares the exclusion of any relationships with antisocial forces. The Group has also adopted clauses requiring the exclusion of crime syndicates in its contracts and has introduced a screening system to review whether a business partner is associated with antisocial forces. The Group will systematically respond to any attempted contact by an antisocial force, in cooperation with external organizations, including the police and lawyers, as appropriate.

Prevention of Corruption

The SEGA SAMMY Group Code of Conduct explicitly states that (1) any acts that may be construed as the offering of bribes, favors or gifts to people who are prohibited from receiving them must be prevented, and (2) activities for social benefit, including donations, must be conducted fairly, aboveboard and in compliance with internal rules stipulated in accordance with related laws. In July 2014, the Group established a Group Overseas Bribery Prohibition Policy. After analyzing corruption risks, we provide training and periodically distribute email reminders to relevant departments.

Risk Management

Our Policy

Under the SEGA SAMMY Group Risk Management Policy, on a routine basis, the Group will consider measures to prepare against potential material risks that may prevent us from maintaining or improving the promotion of our business and corporate values and we will construct systems that minimize potential losses, thereby putting forward our best efforts to minimize any effects on the various stakeholders involved and aiming to become a company that gains a strong level of trust from society.

Risk Management Status

Risk Management

The SEGA SAMMY Group established the Crisis Management Rules based on our Group Risk Management Policy. Under these rules, we perform risk analysis for the 17 major Group companies once a year and share results at SSHD's board of directors. Furthermore, we work to minimize latent risks in business activities and to prevent crises, and we prepare and maintain a rapid response system against the event of a major crisis. We also instituted the SEGA SAMMY Group Basic Policy on Measures for Stranded Persons in the Event of an Earthquake Directly beneath the Tokyo Metropolitan Area. The basic policy addresses concerns such as the storing of reserve supplies, building and facility safety, performing safety checks, and rules on returning home. Countermeasures are made by each Group company, and all employees learn about them through channels such as the intranet.

Intellectual Property Management

Intellectual property is treated as an important means to enhance Group competitiveness and is positioned as a significant management resource. Group companies each uphold their own, individualized policies.

The Entertainment Contents Business assigns Intellectual Property Committee members in each business department and provides training and seminars to project supervisors, persons in charge and new employees to continuously raise awareness of intellectual property. We also share our intellectual property information through the intranet to avoid infringing on the intellectual property rights of third parties, while effectively managing our own rights.

In addition, intellectual strategies are developed and implemented in alignment with business strategies through interdepartmental cooperation between the Intellectual Property Department and other relevant departments, enabling the Group to actively and strategically acquire and utilize intellectual property rights. Also, we are implementing countermeasures against counterfeit goods in order to maintain and enhance our brand.

In the Pachislot and Pachinko Machines Business, we study the technology under consideration at each stage of R&D as part of thorough risk assessment. In addition, we are working to raise employee awareness of intellectual property rights by setting up a variety of educational environments. These include rank-based intellectual property training for managers, new employees, developers, and other employees, and we also regularly disseminate intellectual property information via our intranet.

Furthermore, we have developed a strategic intellectual portfolio for each technical field to promote the effective use of intellectual property.

Information Security

In the SEGA SAMMY Group, all information is viewed as a valuable asset, whether it pertains to customers, management, sales, or other matters. To ensure proper management of information we have established the "Group Information Management Policy," "Group IT Security Policy," "Group Personal Information Protection Policy" and "Rules on information management." With the introduction of a forum for representatives of Group companies to discuss relevant issues and through discussions that pave the way for stronger measures throughout the Group, we are working to build a more robust framework for information management.

We have established the "Privacy Policy" based on the "Group Personal Information Protection Policy," under which we properly manage and utilize the personal information of our customers and implement measures to prevent unauthorized access, loss, falsification and leakage of such information. Since personal information concerning SEGA ID, which offers an easy and convenient access to various services of the SEGA Group with a single ID, is under the management of SEGA HOLDINGS, SEGA HOLDINGS acquired Privacy Mark (P Mark) certification.

Issues by Theme, Fiscal 2019 Progress, and Fiscal 2020 Initiatives and Relevance to SDGs

We specify the issues to address each year and manage the progress and results of our efforts on the four CSR initiative themes for the Group. We have worked to fulfill our "Road to 2020" roadmap while further expanding the impact of Group synergies and efficiencies through the integration of Group offices in August 2018 and work style reforms. These efforts have provided employees with different work style options and a more environmentally sound and efficient working environment, thereby enabling us to achieve the medium to long-term growth of the Group and meet stakeholder expectations.

Starting with fiscal 2020, we will focus on strengthening Group-wide initiatives to achieve SDGs, encourage key Group companies to formulate plans, and develop PDCA cycles.

Major Issues and Results Related to the Four SEGA SAMMY Group CSR Initiative Themes

Note: See page 2 for abbreviations.

Initiative Themes	Issues	Initiatives	Fiscal 2019 Progress and Results	Main Page References	Related SDGs
Contributing through Our Business	Addressing social issues through business activities	Organize events and make products that leverage Group-related content	• Held SDG training for Group executives, and 11 of the key Group companies formulated SDG plans [Group] • Development, manufacturing, and sales of accessible design toys [TOYS] • Drive simulator [SLS] • "Shumikatsu!" for senior hobby activities and exchange opportunities [SGC] • e-sports that persons with and without disabilities can enjoy together • Programming classes [SE, TOYS] • Donating toys in collaboration with NPOs [SSHD, TOYS] • Onsite game class [SIC]	P.20	3 4 8
	Alleviating negative impacts on society	Implement countermeasures against gambling addiction	• Jointly conducted research with Kyoto University	P.26	12
		Continue compliance with safety standards conforming to industry group standards, etc.	• Safety standards conforming to industry association standards [E, PP, TOYS] • Promoted gaming in moderation through the industry group [PP, SE]		
		Continue measures against illegal customer behavior	• Measures against illegal customer behavior [PP]		
	Provision of safe, secure, and fun products and services	Provide safe and secure products and services and continue appropriate information disclosure	• Set voluntary standards exceeding laws, ordinances, and industry standards in target countries, quality assurance that includes information disclosure by product labeling, etc. [E, PP, TOYS] • Youth protection measures [SE] • Accurate, appropriate product labeling [E, PP, TOYS]	P.25-26	12
		Further improve the customer support system	• Improved the customer support system [E, PP, TOYS]		
Serving Society	Contributing to society through disaster recovery and support activities as well as Groupwide actions	Supporting reconstruction after the Great East Japan Earthquake	• Dispatched new employees to disaster-affected areas as part of their training (12 companies, 202 participants) [Group] • Held events to support recovery in a disaster-affected area using content (6 events) [SSHD, E, PP, TOYS, TMS, SE, SLS, DL] • A comprehensive partnership agreement with Shichigahama-cho, Miyagi Prefecture [SSHD]	P.7-10	11
		Conduct other Groupwide social contribution activities and support the development of culture, etc.	• Established the SEGA SAMMY Culture and Art Foundation and supported arts and cultural activities including the Tokyo Jazz Festival [SSHD] • Participated in the Picture Book Campaign (321 books) (creating an environment for entertainment in underdeveloped countries) [Group] •Donated toys, etc. [SSHD, TOYS]	P.47-50	1 2 3 4 10
	Contribution to local communities	Participate and sponsor local sports events	• Held the Junior Sport Festival and a baseball class [SSHD] • Sponsored marathon events [PP] and participated in local clean-up activities [SHD] • Supported the children's cafeteria [SSHD, PSR]		
Addressing Environmental Issues	Reduction of the environmental impact caused by business activities	Promote the development and marketing of environmentally sound products	• Developed low power consumption products, increased the number of items provided [E] • Developed and commercialized Eco-Pachinko machines [PP]	P.32, P.42-45	3 9 12 13
		Promote the 3Rs (especially recycling)	• Recycled trade-in machines (achieved 95%) [PP] • Conducted marketable waste recycling (waste separation program of Kawagoe Factory workers) [PP] • Conducted 100% recycling of amusement machines by manual dismantling [SLS]		
		Promote environmental protection activities	• Distributed information (e.g., environmental regulations) at the annual Supplier Meeting [E]		
	Consideration for global environmental resources	Promote the environmental actions	• Purchased Green Power Certificates (1,000,000 kWh actual/year) [SHD] • Became a Y-Green Partner of the Yokohama City Wind-Power Electricity Generation Project (Green Power Certificate for 2018 (actual): 212,848 kWh) [SHD] • Established a system for tracking figures of environmental impact at 15 major Group companies [SSHD] • Won praise from Nagano Prefecture for the amount of CO_2 absorbed through a forest sponsorship agreement (SEGA-no-Mori) [SHD] • Managed, protected, and cultivated black pine on the Seagaia property (250 m^2) [PSR]	P.42-45	7 11 13 14 15
Corporate Governance	Strengthening of corporate governance and compliance	Strengthen corporate governance (includes increasing job satisfaction and diversity and eliminating unfairness)	• Responded to the corporate governance code, established the Independent Advisory Committee and Management Strategy Committee, and held seminars for SSHD executives, etc. [SSHD] • Reported to the Board of Directors the degree to which the Group Missions and Code of Conduct have been instilled in the Group [SSHD] • Introduced the LGBT support system and sponsored Tokyo Rainbow Pride [Group] • Opened SEGA SAMMY College [Group]	P.47, Integrated Report	5 8 10 15
		Strengthen compliance	• Held a compliance seminar for Group executives (3 sessions, 151 participants) [Group] • Built an easy-to-use reporting system by establishing the Corporate Ethics Hotline [Group] • Conducted standard compliance training (e-learning) in fiscal 2020 for the employees of 24 Group companies	P.16	16
	Instillation of CSR awareness and promotion of CSR management	Instill a widespread awareness of the Group's Management Philosophy through continuous top-down communication	• Held a CSR seminar for Group employees (25 sessions, 7 companies, 898 participants) [SSHD] • Posted the Group Mission on the Group's intranet and also listed it in the employee handbook for promoting employee awareness [Group] • Published the CSR Communication Report and distributed 10,107 copies to full-time Group employees, part-time workers, and others [Group] • Distributed messages from top management about the meaning and practice of the Group's Management Philosophy in a practical way that is easy to understand for employees, with messages about the state of society and business announcements (three times per year) [Group] • Participated in the United Nations Global Compact [SSHD]	P.12-14	—
		Manage and share CSR information	• Collected CSR information by means of the information media (newspapers, magazines, etc.) and provided it to Group companies [SSHD]		