SEGA SAMMY Group's contribution to the SDGs

Realizing the essence of sustainability that only entertainment can achieve



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

In fiscal 2019, we announced the "Policy on Promotion of the SEGA SAMMY Group's CSR and SDGs Activities" to incorporate the viewpoint of the SDGs. We focused on adopting a sustainable perspective as the key for formulating the policy. Under the theme of providing "moving experiences," as stated in the Group's mission statement, instead of a typically generalized view of the SDGs, we first need to devote all our business activities and internal measures that we are expected to deliver along with internal measures. As a result, we will meet the demands of the world, leading to the sustainable growth of companies and society and thereby contributing to the achievement of the SDGs.

To this end, first of all, we reorganized the CSR & SDGs Office, from the previous CSR Promotion Office. This Office led the review on existing initiatives from the perspective of the SDGs and identified three important themes for achieving them: mitigating the impact of a super-aging society with fewer children, enhancing job satisfaction and diversity while eliminating unfairness, and addressing addiction problems. In addition, our key Group companies have also begun to formulate SDG plans.

Measures against a super-aging society with fewer children

Many of the simulators used in driving schools are developed by our Group companies, and we are working to expand their application outside driving schools. As they are used in various areas, increasing opportunities for people to retrain their driving skills, we would expect to see fewer fatal traffic accidents involving elderly drivers, which have been occurring frequently. And this ultimately resolves another concern of an aging society.

In addition, we signed a comprehensive partnership agreement with Shichigahama-machi in Miyagi Prefecture and dispatched three of our employees. We hope to work together to co-create solutions for issues that we have directly observed the community facing onsite.

Enhancement of job satisfaction and diversity, and elimination of unfairness

Creative thinking is essential for our businesses as an entertainment company. In order for employees to continually provide high-quality outputs, they must feel comfortable in their workplaces. From this perspective, we tirelessly worked to introduce sweeping reforms into our working environment. The flextime system and "JOB Plus," which allows employees to engage in side businesses, are already showing a certain level of effectiveness, and discussions continue on the necessary actions for promoting women's success in our workplaces. We will proactively continue to improve our systems, such as by reviewing the nursing leave system, which is expected to become even more important, and developing tools that support different work styles.

In addition, we have clearly stated our policy to improve understanding of LGBT people. Many of them work as creative professionals, especially overseas, and we must support them as equally respected individuals.

Measures against addiction problems

As a company that develops pachislot and pachinko machines, games, and an integrated resort, we bear responsibility for addressing gambling addiction problems. In contrast with conventional recovery-oriented approaches for addressing addiction, we are currently conducting joint research with Kyoto University on prevention, drawing upon our big data, AI, and other available resources. Although this effort, which is unprecedented in the industry, could impact our sales, we are committed to protecting the healthy and sound livelihood of our customers.

Our devoted efforts in the course of conducting our businesses ultimately result in meeting social needs. We believe that this is the ideal approach and the essence of sustainability. We will contribute to achieving the affluent society that the SDGs are intended to create, by fulfilling our mission to provide moving experiences as an entertainment company, which can only be accomplished by the SEGA SAMMY Group.

Fully devoting our efforts into our business activities will enable us to continuously address a variety of issues across the world. The SEGA SAMMY Group believes that is its true pathway to corporate sustainability, and the key for making people's lives more colorful and energizing society through entertainment. We will continue to meet the demands of society by focusing on fulfilling the Group's mission.

In May 2019, we conducted SDG training for about 70 executives from key Group companies, and 11 Group companies have formulated SDG promotion plans consisting of 50 new projects* in addition to previously established initiatives. These projects are mainly composed of new ventures and new areas within existing businesses (about 30%), the expansion of our existing business lineup (about 20%), and environmental improvement (about 20%). From now on, we will apply PDCA cycles to these projects to further advance our efforts to achieve the SDGs.

*10% of the projects are still underway.

SEGA SAMMY Group's Contribution to SDGs

The SDGs were adopted at the U.N. summit in September 2015 as a plan of action for people, the planet and prosperity. These consist of 17 goals and 169 targets, and various initiatives to achieve the SDGs are being conducted across the world. Businesses are expected to engage actively in these efforts, and the SEGA SAMMY Group is committed to addressing global social issues through its business activities.



Theme Measures against a super-aging society with fewer children

Related SDGs



Key initiatives

- Providing toys that encourage the development of children
- Holding onsite classes, such as programming and sports classes for elementary, junior high, and high school students
- Complying with the Standards for Elimination of Unhealthy Amusement Machinery established by JAIA
- Donating to the children's cafeteria
- Providing a website to support senior hobby activities, "Shumikatsu!"
- Disseminating driving simulators beyond driving schools

Pages related to these initiatives
→ P. 23, P. 26–27, P. 46–50

Theme Enhancement of job satisfaction and diversity, and elimination of unfairness

Related SDGs



Key initiatives

- Introducing a flextime system and no overtime days
- Full-scale launching of the "JOB Plus" initiative
- Opening the SEGA SAMMY Soramori Nursery School
- Introducing a LGBT support system and related facilities
- Including a statement in the employment rules: "prohibiting discrimination on the grounds of sexual orientation and gender identity"
- Reviewing further expansion of the nursing care leave system
- Supporting the Tokyo Rainbow Pride 2019

Pages related to these initiatives
→ P. 33–37, P. 47

Theme Measures against addiction problems

Related SDGs



Key initiatives

- Conducting joint research with Kyoto University into preventing addiction
- Restricting monthly charges due to age authentication instituted for certain titles
- Clearly indicating the probability of players' acquisition of each item in the paid game "gacha"

Pages related to these initiatives
→ P. 26–27

Environmental measures

Related SDGs



Key initiatives

- Visualizing energy use at every store
- Reducing the power consumption of amusement facilities and products
- Promoting renewable energy such as biomass
- Promoting the 3Rs (reduce, reuse and recycle) in products and business activities
- Addressing problems related to plastic waste
- Conserving biodiversity through efforts such as forest maintenance
- Calculating Scope 3 emissions and implementing the recommendations of the TCFD

Pages related to these initiatives
→ P. 42–45

With Customers

Group CSR Charter

We will continue to provide "moving experiences" to our customers in any age as their needs evolve.

Group Code of Conduct

"Security, Safety and High Quality," "Customer Satisfaction" and "Ensuring the Safety of Products"

1. We will strive to provide secure, safe and high-quality products and services that always meet our customer's expectations.
2. We will strive to always listen to our customer's opinions, and provide products and services that are satisfactory to our customer.
3. We will strive to always look at our operations from our customer's perspective, and provide products and services at an appropriate price and in a prompt manner.
4. We will strive to continually monitor the market, be sensitive to changing trends, improve technology and create new ideas.
5. When we perform product design at our own responsibility, we will strive to ensure that products meet the safety standards as set forth in the relevant laws and regulations, etc., of each country.

"Proper Business Relationships," "Information Disclosure" and "Claims and Reporting"

6. We will always maintain proper business relationships with our customers. We will not conduct any activities such as: unduly low bargain sales that might damage profits; or acts that are not considered to be normal commercial activities.
7. We will actively disclose information to our customers that is useful for their further understanding of the corporate activities, products and services of the SEGA SAMMY Group.
8. We will carefully examine and take appropriate measures to handle claims against the company, accidents or any other problems.



SEGA Games

Rieko Kodama
Producer, Sales Planning Department,
SEGA Games Co., Ltd.

First Japanese woman to win a Pioneer Award at the Game Developers Choice Awards 2019!

I started out as a designer when I joined the company. My position then changed over the years, and now I am involved in game production. What has not changed since I joined is my desire to deliver games and scenarios that are more enjoyable and characters that are more beloved by users all over the world. Currently I am engaged in a revival project for retro titles of the Sega Ages series and striving to create a faithful revival of retro titles while adding new elements so that many users can experience playing them on the latest hardware. I have been working as a game developer for over 30 years now and want to continue providing the fun and excitement of playing games to people worldwide as a member of the SEGA SAMMY Group.



Note: Introduced in 2001, the Game Developers Choice Awards are annually presented to outstanding developers and games that have been nominated by the International Choice Awards Network (ICAN) and based on evaluations from the perspectives of creativity, artistry, and technology. Rieko Kodama is the third Japanese game developer to win the Pioneer Award and the first woman to do so as well.



From left: Tomoko Sasaki, Maiko Ebashi, Yuki Saito, and Aya Sueki

YouTube Project Team, TMS ENTERTAINMENT CO., LTD.

Official 55th Anniversary of the TMS Entertainment Animation Channel Rapidly Reaches 100,000 Subscribers

At TMS we have many masterpiece animations that we would like to pass on for generations. As part of our efforts to offer a "touchpoint" for having these masterpiece animations rebranded and enjoyed by younger generations, we opened the Official 55th Anniversary TMS Entertainment Animation Channel in April 2019 for a limited time. Representative comments from satisfied customers included, "I purchased a video from Amazon because I wanted to watch it more" and "I watched a program recommended by my mother that was so funny!" We were also reminded once again of the potential of "Mushiking: the King of Beetles" and "Jarinko Chie," which were unexpectedly attracting record numbers of viewers. In fact, more than 100,000 people subscribed in under three months. This is only the beginning of our efforts to build a pathway connecting TMS Entertainment Amination to the future. We want to deliver moving experiences to fans of all generations through our businesses. (Saito)



▲ We reached over 100,000 subscribers in only less than three months! A Silver Play Button featuring the channel's name was awarded to President Takezaki by YouTube.



▲ Leaflets are available at SEGA stores throughout the country.

Official 55th Anniversary TMS Entertainment Animation Channel (in Japanese only)
http://yt.be/TMS-55



Kazuhito Suzuki

Course Master Sec Chief, Operation Dept, SEGA SAMMY GOLF ENTERTAINMENT INC.

To ensure our customers enjoy a relaxing day at the finest golf course

The Master Room plays a key role in golf course management for raising the merchandise value of the golf course, so that it corresponds with the consideration paid by customers, and for increasing the number of repeat customers. To ensure that all our customers can easily and comfortably play a round, we provide training for caddies and carry out daily tasks such as managing the progress of play and course conditions. The new Master Room opened two years ago, and while we may still be lacking in experience and knowledge, we are standing on the same page and working together to provide great customer experiences and services under the goal of "Sanpo Yoshi" (benefit for all three sides). We will work to establish a relationship of trust between our customers, caddies, Master Room, and the entire company by maintaining close communication and thoroughly sharing information so the Master Room, caddies, and other sections never overlook any customer data.





Offering moving experiences through seasonal events!

My experience of working at a café and cram school for several years as a student led to me wanting a job in which I could interact with people, and so I decided to join SEGA ENTERTAINMENT. I was first assigned to the Akihabara and Tokyo Dome City Store, where I was able to communicate with many customers and learn a lot.

In October 2018, I was assigned as a store manager at the Yokohama Chinatown Store. I fully apply the experiences I have gained in working with my staff every day to come up with ways to better entertain our customers, who are mostly teenagers or in their 20s, and implement the actions we have planned.

We are particularly focused on the Instagram-friendly photogenic spot created on the second floor. Chinese dresses are available to rent, and our staff members take the initiative in decorating for seasonal events. I will continue working with my staff to create a space where our customers have moving experiences.



Kanako Hosomi

SEGA YOKOHAMA CHUKAGAI, West Tokyo Area, Central Japan Sales Department, Operation Group Division, SEGA ENTERTAINMENT Co., Ltd.



Right:
Sakiko Shiga
Bridal Division, J-NEXT AGENCY Co., Ltd.

Left:
Ayano Okada
Bridal Division, J-NEXT AGENCY Co., Ltd.

For moments of the greatest happiness shared with customers

The Bridal Business Division truly celebrates the happiness of wedding couples and assists in producing inspirational events. Although the job requires an intense focus and allows for no failure or mistakes, our professional staff are experts in the bridal industry and collaborate with music graduates who support professional musicians and choirs as well as pastors and moderators who play key roles in improving the quality and inspirational power of wedding ceremonies.

Our greatest joy as well as the driving force for improving the quality of our services comes from hearing customers comment on how the exquisite musical performance deepened the solemnity of the wedding, which was very emotionally moving, and that the reception was especially wonderful thanks to the outstanding leadership of the presenter.



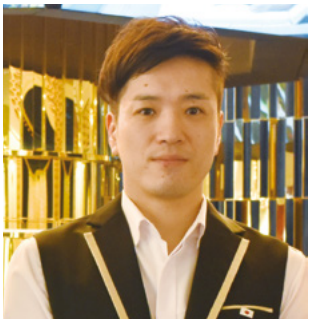
Creating new value under under the theme of "Kyokan" (experiencing joy together)



At present, more than 50 employees of SEGA SAMMY work in Paradise City in South Korea, where they provide services with Japanese hospitality to customers from around the world, including Japan.

The Casino Operation Team to which I belong continues to create new value unavailable in conventional casinos that struggle with language and cultural barriers. We do so under the theme of "Kyokan" (experiencing joy together), which means that customers and staff share fun and joy regardless of whether the house (casino) or customer wins or loses.

I will continue to wholeheartedly devote myself to my career, and when the SEGA SAMMY IR opens in Japan, I will make use of the experiences gained here to contribute to making it one of a kind and an enterprise Japan can be proud of.



Koji Uesugi
Operation Team, Japan Market Planning and Operation Department, Paradise Segasammy Co., Ltd.

Helping all drivers adopt safer driving techniques

Since 2013, we have been developing and selling driving simulators as a new initiative, and we delivered 260 units by March 2019 to various customers, including driving schools, the Japan Ground Self-Defense Force, and logistics companies. The simulators have been used for acquiring licenses at driving schools and Ground Self-Defense Force training as well as for in-house safe driving instruction at distribution companies to improve driver ability to anticipate risks.

Looking ahead, we plan to expand our safe driving business by developing software training programs, small driving simulators for senior citizens, and driving simulators for driver's license centers.



In addition, we will continue to address social concerns associated with elderly drivers by incorporating medical advice in simulator development to ensure that they can drive on the actual road as safely as possible.



Masahiro Iwaki
Deputy Director , Sales Dept.
Sega Logistics Service

Customer's Voice

Masato Matsunaga
General Manager, Safety Education, Management Department, Shimohana Logistics

Risk prediction training has become the most important type of instruction for truck drivers. The reason we chose the SEGA Group product was because of its realistic, high-quality images, which are unique for a game machine manufacturer and can boost the effectiveness of learning. We will particularly use the product to improve the risk prediction ability of beginners and inexperienced drivers. The room in which the product has been set up is called "the driving school" and can be used by any of our employees. In the four months since the product's introduction, more than 300 people have experienced it, contributing to the improvement of safe driving techniques by our drivers.

Pursuing Customer Satisfaction

Gauging and Applying Customer Needs

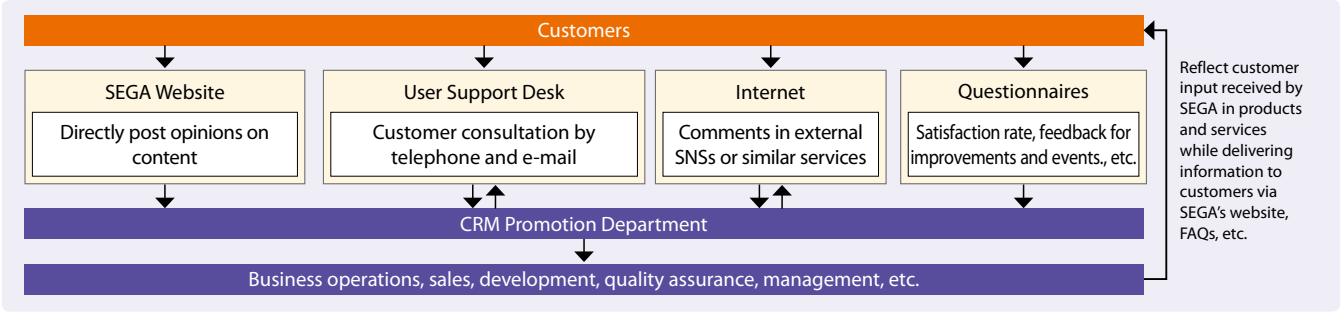
Customer Support System

E We operate the User Support Desk so that customer input can be used in quality improvements for our products and services. Moreover, we have a specialized group (CRM Promotion Department) that forwards customer information to related departments. This group consists of the following two teams.

1. The CS Team, devoted to the pursuit of custome satisfaction, promptly and accurately responds to customer inquiries through the operation of the User Support Desk while efficiently collecting and consolidating customer feedback received through questionnaires, websites and external SNSs. It uses special tools and reports market developments to related departments. On the business side, such as development, we thoroughly analyze and then use customer feedback, along with the state of products or services, to develop a framework for quickly improving them as well as advancing their evolution and generating new projects.
2. The Integrated ID Operation Team, which safely and effectively handles personal information operates the "SEGA ID" member system. This provides an infrastructure that enables Group-wide user verification and online payment. SEGA ID as a key is also used to combine and store personal information with other data. Furthermore, we obtained Privacy Mark certification in June 2017. By presenting the mark to third parties, we will strive to gain public trust. At the same time, we will establish an environment for appropriate management and use of the personal information we have collected.

Up until now, we have been conducting user data surveys with IT tools. But now we are developing a foundation in fiscal 2019 to further encourage the use of customer information. Under the slogan "building relationships for longer and more enjoyable experiences," we receive game server logs from some of our development departments to strengthen market reporting by combining it with the actual history and status of games played by customers.

Mechanisms and Framework to Act on Customer Feedback (Entertainment Contents Business)

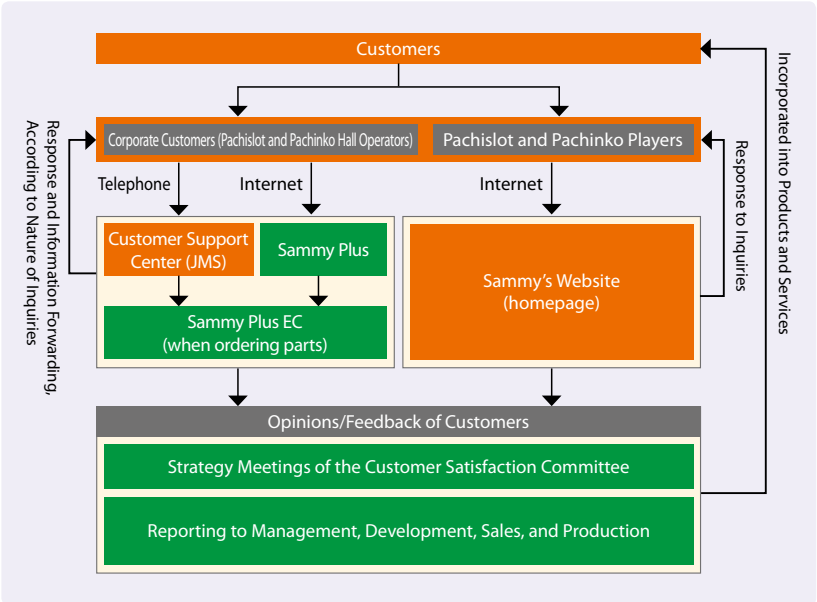


PP In fiscal 2018, we integrated the Call Center and Parts Center to streamline a series of customer services, such as the receipt of customer inquiries on machine problems and troubleshooting by phone, follow-up calls to customers who made inquiries on the shipment of after-service parts and technical problems, and the collection of defective parts. We intend to provide a faster response and more accurate diagnosis of technical problems related to products by implementing a training program in which defective parts are mounted on machines to verify the cause of problems.

Also, we are focusing on improving our customer services so they are easier to use, such as: (1) introducing a multi-channel guidance service that delivers easy-to-understand explanations to customers about the location of the parts in the machine and how to replace them, which is difficult to explain by phone but easier with the support of "Sammy Plus," our website for distributing information on after-sales services; (2) operating "Sammy Plus EC," our e-commerce website for after-sales parts so that customers can order parts according to their respective needs; and (3) unifying phone numbers of our call center with those of our competitors.

We utilize customer ideas and feedback received by the Support Center to reduce incidents of machine problems and improve the operability of game machines and other activities in the development and manufacturing divisions. This involves the collection and analysis of opinions and feedback at the Customer Service Division and the timely sharing of this information with the related departments.

Mechanisms and Framework to Act on Customer Feedback (Pachislot and Pachinko Machines Business)



Safety and Quality Assurance of Products and Services

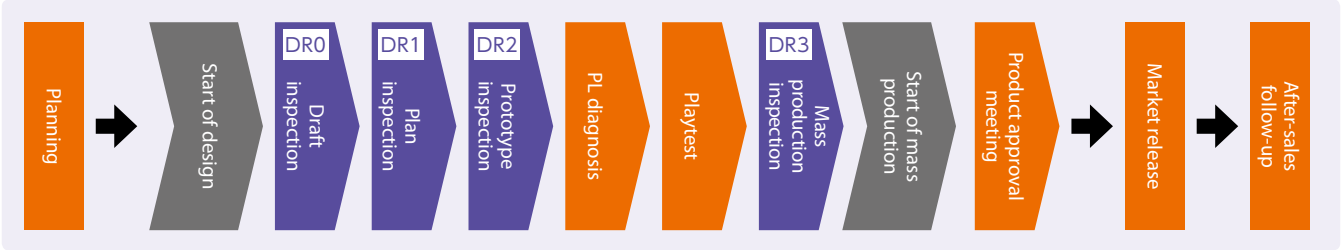
Safety and Quality Assuransce of Products and Services

Quality Assurance System

E At SEGA Interactive, the Quality Assurance Department operates independently from other departments, such as sales and development, to strengthen our quality assurance system by centrally managing product and service safety and quality in keeping with relevant rules. Particularly for managing product safety, the business follows its own voluntary standards as well as industry guidelines established by JAIA.* In addition, we conduct design reviews in which the relevant personnel from each department, such as development, production, sales and quality management, gather to evaluate products from four perspectives: product specifications, design specifications, mass production specifications and mass production readiness. Prior to market release, we make sure that we are releasing a product that has satisfied strict standards. This entails conducting a PL diagnosis, during which we assess product risks using various safety control techniques, and a product approval meeting to determine whether a product is ready for release.

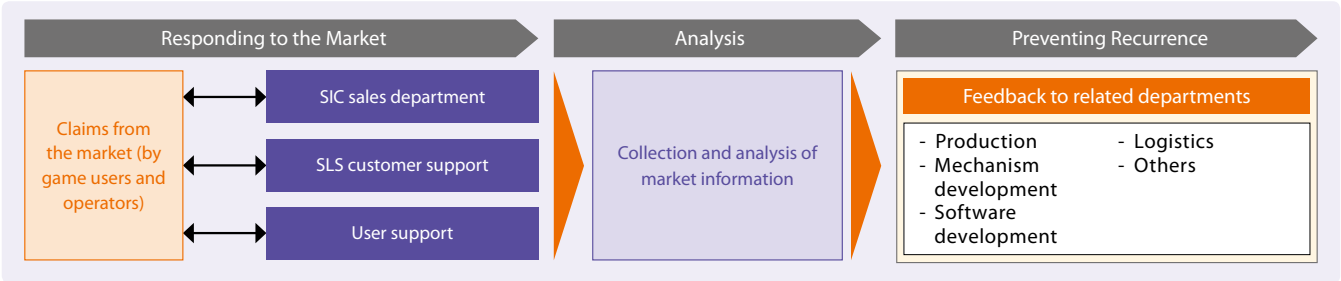
*Japan Amusement Machine and Marketing Association, Inc.

Flow of the AM Equipment Quality Assurance System



DR: design review

Mechanism for Utilizing Customer Input



PP At SAMMY Corporation, we offer safe, high-quality products and services after undertaking quality assurance initiatives for proactive creativity and effective improvement. Also, we take the following actions to eliminate major failures that could compromise safety.

(1) Develop quality manuals and manage quality records
(2) Verify that the 4M (man, machine, material and method) system is being properly implemented by suppliers and as necessary, conduct audits and provide guidance
(3) Conduct process audits for production and gaming testing for machines under a high-temperature environment
(4) Optimize inspection specifications for movable accessories
(5) Reinforce collaboration between our development, sales, and production departments to improve product quality

As a result of these efforts, we achieved our target of eliminating major failures.

Quality Assurance Action (Pachislot and Pachinko Machines Business)



Creating a Wholesome Environment for User Enjoyment

Product and Service Labeling

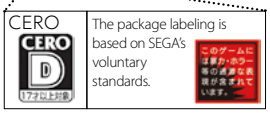
E At SEGA Games, we label product packaging, user manuals and other tools for home video game software in accordance with the relevant laws and regulations, industry group guidelines and internal rules. By applying clear and appropriate labels, we ensure that customers can

confidently use our products and services. We also proactively specify the range of users for each product and address any ethical concerns. SEGA labels all of its products in line with assessments conducted in countries around the world. In Japan, SEGA indicates the target age group for each game based on the ratings system of the Computer Entertainment Rating Organization (CERO*), and also labels products in accordance with our own voluntary standards. With the expertise accumulated through the CERO rating system and previous cases, we have formulated guidelines that cover 9 categories and 26 items. Furthermore, we share as needed information on the latest cases from both Japan and overseas concerning voluntary ethical restraint through an intrablog to raise employee awareness.

*Computer Entertainment Rating Organization



JUDGE EYES: Shinigami no Yuigon (Judgement) ©SEGA



Labeling the age of the intended audience under the CERO rating system and a label based on SEGA's voluntary standards

The package labeling is based on SEGA's voluntary standards.

Initiatives for the Appropriate Use of Content

E PP SEGA Games of the Entertainment Contents Business and Sammy Networks of the Pachislot and Pachinko Machines Business provide content for smartphones and tablet mobile terminals. Particularly in light of problems related to excessive game use by minors and the associated fees, we have instituted age authentication for most titles for the domestic market that sets an upper limit on monthly fees that can be accumulated. In connection with the game "gacha," in which players use points and other items that we sell, we also take steps to temper player expectations by avoiding ambiguous statements that could result in accumulating excessive fees. For example, we have established in-house guidelines for clearly stating the rarity of items that players can acquire or the probability of their acquisition, item by item. We intend to continue our efforts through such measures, all of which are in accordance with the guidelines of industry associations. This allows us to create a wholesome environment for game playing in which users can enjoy themselves with a sense of security.

Measures against Illegal Customer Behavior

PP The Revised Amusement Businesses Law Enforcement Ordinance, in effect since July 2004, is primarily intended to control excessive gambling on amusement machines and prevent improper modifications. Adhering to this ordinance, the Pachislot and Pachinko Machines Business has established a special group to prevent users from illegally manipulating amusement machines for illicit benefit. We will continue to collect market information and build amusement machines that are resistant to abuse. To combat improper modifications, which are becoming increasingly complex, we monitor and manage the distribution of our amusement machines to completely eradicate from the market any amusement machines that have been illegally modified.

Groundless walkthroughs and strategy guides have been circulating in some areas of the market, and we are implementing various countermeasures. These include the use of the Sammy website, pamphlets and other such media to encourage caution.



Warnings against improper activity are included in pamphlets that provide details on machine models and advice on how to play.

©SUNRISE/PROJECT GEASS Character Design©2006 CLAMP・ST
©SUNRISE/PROJECT GEASS Character Design©2006-2008 CLAMP・ST
©BANDAI NAMCO Entertainment Inc. ©Sammy

Ethics and Social Considerations

E In compliance with the Standards for Elimination of Unhealthy Amusement Machinery established by JAIA, SEGA Interactive conducts in-house inspections prior to commercialization. It does this to identify any expression that may be excessively cruel or cause discomfort to customers.

PP SAMMY Corporation has established an ethics committee, which serves as an in-house audit function. Moreover, it has developed pachislot and pachinko machines that satisfy prevailing ethical standards and social codes. We have formulated our own guidelines and strictly control our products to ensure that they do not contain any content that could lead to criminal acts or significantly encourage gambling. For more information on our efforts to prevent addiction, please refer to "Countermeasures to Addiction" under the "Social Factor" section of our integrated report.

Countermeasures to addiction

E The annual conference of the World Health Organization in May 2019 recognized gaming addiction as a new mental disorder, defining it as a pattern of excessive online and video gaming that can impair an individual's daily functioning.

For the "gacha" game, which has strong gambling elements that can lead to excessive fees, the Entertainment Contents Business has taken steps particularly in light of problems related to excessive game playing by minors and the associated fees. These measures include age

authentication for certain titles that restrict the amount of monthly fees and in-house guidelines to temper player expectations by avoiding the use of ambiguous terms and prevent the charging of exorbitant fees.

PP Discussions regarding addiction began in the pachinko and pachislot machine industry when the Society for Research on Pachinko Addiction was formed in 2003. The Recovery Support Network (RSN), established with support from industry groups in 2006, conducts wide-ranging problem-solving initiatives, such as public outreach and telephone counseling while also collaborating with public institutions.

Moreover, the industry is developing a self-reporting program that allows customers to set limits on the amounts of money they use in machines. It is also in the process of stationing Secure Pachinko and Pachislot Advisors, who provide consultation regarding addiction issues at pachinko halls across Japan. In January 2017, 14 groups from the pachinko and pachislot machine industry (collectively referred to as the 21st Century Pachinko and Pachislot Industry Association) released the Statement Regarding Issues Involving Pachinko and Pachislot Addiction and announced their commitment to participating in industry-wide addiction prevention. The association resolved to strengthen its addiction countermeasures in November 2017 with an emphasis on enhancing its support for the RSN. The SEGA SAMMY Group will play a leading role in these initiatives and contribute to the industry's sound development.



Addiction prevention poster

Developing and operating a safe and reliable IR facility

Launching industry/academia joint research on gambling addiction

R SEGA SAMMY HOLDINGS, INC. and Kyoto University will be jointly conducting process research* on gambling addiction with Kyoto University through the collection and analysis of data on transitions in gambling behavior.

The research will be carried out with the aim of identifying signs that appear prior to a person's engagement in dangerous gambling by collecting and analyzing player data (including Japanese players) at overseas casino operations. With this research, we intend to establish a system to identify players who exhibit signs of addiction and then prevent further progression. At the same time, by establishing facility operations that encourage self-control and restraint, we aim to build consistent, systematic anti-gambling addiction measures through education, prevention, and collaboration with medical institutions for treatment.

*Research will be conducted at the Kyoto University Kokoro Research Center until March 2021.

Japan Toy Award 2019

Six products to win awards including the previous year's hit sales award and two grand prizes

Since its opening in 1991, SEGA TOYS CO., LTD. has been delivering safe and truly enjoyable entertainment to people across generations, from small children to seniors, in Japan and overseas. With our strong commitment to providing a fun time and connections between people across the world, we will keep evolving and growing by delivering new moving experiences not limited to toys but also including other strategies such as restaurants and characters.




Designed & ©2018 Worlds Apart Ltd. All Rights Reserved. ©SEGATOYS

Japan Toy Award 2019
Previous Year's Hit Sales Award
WHO are YOU?



Japan Toy Award 2019
Innovative Toy Category Grand Prize
YUME-PETS "coming babies" series Kittens are born! Puppies are born! Bunnies are born!



Japan Toy Award 2019
Educational Toy Category Grand Prize
Wonderful Channel


©Takashi Yanase/Froebel-kan, TMS, NTV

Japan Toy Award 2019
Co-play Toy Category Excellence Award
Irasshaimase! Anpanman Convenience Store



Japan Toy Award 2019
Communication Toy Category Excellence Award
"Moving Picture Book" Projector Dream Switch


©Takashi Yanase/Froebel-kan, TMS, NTV

Japan Toy Award 2019
Co-play Toy Category Excellence Award
First Time Programming! Which Way Should We Go? Anpanman Drive Car

With Partners

Group CSR Charter

We will maintain fair and impartial relationships with our suppliers and work together diligently as partners to create "moving experiences" continuously.

Group Code of Conduct

Fair Business Relations and Impartial Selections

1. Our relationships with trade partners will always be conducted cleanly, transparently and fairly; and we will not engage in any acts that might be misinterpreted as being part of a "cozy relationship" or collusion.
2. In our relationships with trade partners, we will not engage in any transaction that causes undue detriment by abusing our dominant bargaining position over them.*
3. As to the selection of trade partners, we will comprehensively consider such characteristics as creditworthiness, technological capability, development capability, price, adaptability to environment, and judge them based on fair and open standards.
4. We will conduct transparent and fair transactions even within our group companies.

Entertainment and Gift-Giving

5. When entertaining or giving gifts to trade partners, we will not only follow internal rules stipulated by the relevant company, but will also, in view of social common sense, remain moderate in our conduct and make appropriate judgments.

Individual Profits

6. We will not pursue personal profits from trade partners including receiving profits or favors by using our individual positions.

*Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antitrust Act) and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, etc.



ATLUS

Yasuyo Misaki
Chief Sales Team, Sales and Music Business Dept.
ATLUS Co., LTD

Providing easy-to-understand explanations to establish relationships of trust and improve customer satisfaction and comfort

When we present our games at partners meetings, their only basis for decisions is the verbal description of the product by our sales staff; it is simply not realistic to actually play an entire game during a meeting. Therefore, we must know every detail about the game before we present it to partners, so they can confidently order it. In addition to understanding the content of our games and market trends, I think the most important thing is to establish relationships of trust with partners. When we presented "Persona 5 The Royal," released in October 2019, which included content we believed was guaranteed to succeed, we made sure to explain the product targets and promotion strategies as clearly as possible in order to provide a sense of security in terms of its potential. We will continue to build and deepen such relationships with our partners and also gain their trust in Atlas titles.





SEGA Interactive

Teruhito Abe

Section Manager, Technology Section, Technology Division AM Infrastructure R&D Dept.
SEGA Interactive Co., Ltd.

Creating a win-win relationship with suppliers in trend-setting cashless operations

I manage a project for incorporating an electronic payment system into amusement machines. The system allows customers at game centers to pay game fees with public electronic money. The project was launched largely due to the success of "Thincacloud," a payment solution developed by TF Payment Service Co., Ltd., for the Japanese market. Incorporating the solution in amusement machines reduces the initial introduction cost for amusement center operators. We support the dissemination of electronic payments through acquirer partnerships that negotiate contracts with amusement center operators throughout Japan. Also, we are contributing to industry standardization by bringing our amusement machines into compliance with the POS services provided by the company to amusement center operators. In this way, our collaboration with the company is a win-win relationship that also contributes to the company's business expansion. As cashless payments attract increasing attention, I would like to explore new initiatives while always looking one step ahead to how well customers will accept the project.



Dedicated to the trust of suppliers and thorough pursuit of fairness

I am responsible for sales to casino operators in Macao. Trust is the most important factor in the casino market, and various efforts are made in the pursuit of fairness. Before introducing a product, we work jointly with our suppliers' staff to make sure that the expressions appearing on the game display are clear, that players readily understand the rules, and that no unintended behavior occurs. Sometimes we ask our suppliers to provide staff who can assist players and request that the development department fixes software.

Since casino operators are required to report product details and operational status to government agencies, they present a variety of questions and requests to us, including very specific details about software programming and the fairness of machines. Promptly and accurately responding to each request helps our suppliers gain the trust of players and government agencies, which will in turn deepen the trust of suppliers in SEGA SAMMY Creation.

I will continue to work in good faith with the firm belief that being dedicated to the trust of our suppliers is the way we earn trust.





SEGA Sammy CREATION

Katsuhiro Fujimoto

Sales GR, Sales Division
SEGA SAMMY CREATION, INC.

CSR Procurement Training

With the enactment of the U.K. Modern Slavery Act, laws and regulations governing human rights violations, including child labor and forced labor, are becoming increasingly strict.

Since the entertainment industry is also closely associated with concerns over human rights violations, we conduct CSR procurement training for the procurement and purchasing personnel at our seven Group companies. In fiscal 2019, four seminars have been held with a total of 100 participants. The program, which includes the lecture "CSR procurement—Instilling CSR throughout the supply chain," and playing the card game "Game of Choice," is intended to deepen employee understanding of CSR procurement and provide an opportunity for participants to reflect on their role in society as members of the SEGA SAMMY Group.

Seminars in Fiscal 2019

Company name	Date		Number of participants	Target employees
Joint program for seven companies (SSC, SAMMY, SIC, SE, TOYS, SLS, and DL)	2019	February 14	22	Procurement and purchasing personnel
		February 22	36	Procurement and purchasing personnel
		February 26	22	Procurement and purchasing personnel
		March 5	20	Procurement and purchasing personnel
Fiscal 2019 total	4 sessions		100	

CSR Procurement Seminar Program

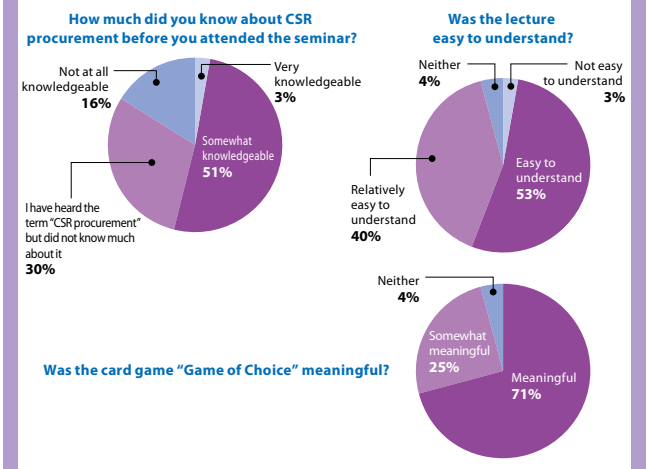
15:15	Explanation of the purpose of the seminar
15:30	Lecture: CSR procurement—I nstilling CSR throughout the supply chain
16:30	Break
16:40	Group work (card game)
17:40	Post-seminar questionnaire
18:00	Closing

Note: Lecturer and facilitator are the staff from the CSR & SDGs Office

Seminar Details and Post-seminar Questionnaire

During the CSR procurement seminar, participants deepen their understanding during the lecture "CSR procurement—Instilling CSR throughout the supply chain." Participants then break up into groups to play the "Game of Choice," in which they play different roles, such as the company, consumers, retail stores, the community, a tier one supplier, an NGO, and a shareholder and think about what actions they would take in response to a given risk. Then they discuss why they decided to take such actions. Different groups interact with each other and share their understanding and knowledge of procurement and purchasing, resulting in over 90% of the participants responding in a questionnaire that the seminar had been meaningful.

Questionnaire Summary



Participant Comments

- By putting ourselves in other people's shoes, we were able to deepen our understanding of their positions.
- I had not previously been familiar with the term "modern slave," but the seminar raised my awareness of the issue. When I work with suppliers going forward, I will start paying more attention to who they work with.
- Interactions between employees were meaningful. I could easily understand the meaning of CSR and felt encouraged to find a deeper joy and sense of responsibility in my work.
- I am conscious of it every day, but this program helped me realize again how important it.
- Each speaker was clear and the role-playing exercise effectively deepened our understanding of where other people stand.
- Not all CSR-related problems can be easily addressed. As a company, we must take measures in advance to prevent such problems from occurring.

Ensuring Fair and Impartial Procurement

Ensuring Fairness in All Respects

Requests to Suppliers

We ask our suppliers to undertake the measures and actions described in the following items and based on the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook.

I. Labor
Prohibit discrimination, inhumane treatment, and infringements of human rights; pay appropriate wages; regulate working hours; respect the rights to freedom of association; and prohibit child labor

II. Environment
Control hazardous chemicals; minimize environmental pollution; and promote the 3Rs, the appropriate disposal of waste, and the reduction of final waste

III. Occupational Health and Safety
Promote workplace safety and hygiene; take appropriate measures for occupational injuries and illnesses; and promote employee health management

IV. Product Quality and Safety
Ensure product safety

V. Fair Trading and Ethics
Prohibit corruption, bribery, and abuse of a superior position; provide accurate information on products and services; respect intellectual property; and implement appropriate export control

VI. Information Security

URL SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook
https://www.segasammy.co.jp/english/media/file/pr/commu/csr/20141101_supplychain_csr.pdf

▶ Promoting CSR Activities in Procurement and Purchasing

E Since fiscal 2016, the basic agreement signed before any transaction stipulates the supplier's commitment to the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook. Also, we ask our suppliers to renew current agreements, with 85% agreeing to do so.

PP The Pachislot and Pachinko Machines Business upholds internal rules including the Internal Regulations on Managing Outside Orders for Production and Purchasing. Established purchasing rules are applied for the evaluation and selection of business partners. Before commencing business with new suppliers, we assess and analyze data provided by them as well as from external research organizations to evaluate the suitability of the candidates. In regard to annual audits, we review content every year and send a questionnaire to suppliers for a review of their own performance on such issues as conflict minerals, child labor, and fair trading. The 47 companies that participated in the audits in fiscal 2019 confirmed that they understood the importance of the content for their respective businesses and that they have implemented all necessary corrective measures. We will continue our efforts to gain the understanding of our suppliers on our CSR procurement policy and seek their cooperation through annual audits.

Amusement Material Procurement Policy

Basic Stance

1. All employees engaged in amusement materials procurement at SEGA will comply with legal and social norms and conduct themselves with sound judgment in keeping with the SEGA SAMMY Group Code of Conduct and internal rules.
2. SEGA amusement materials procurement will be conducted with integrity and impartiality, and we will deal with our business partners fairly and sincerely.
3. We will endeavor to build trusting relationships with our business partners by conducting fair trade, and we will work with our business partners to improve technologies and product quality, pursue economy and efficiency and achieve mutual success.

▶ Continuing to Strengthen the Framework for the Subcontract Act Compliance

PP Building and operating a system of compliance with the Subcontract Act and other regulations is of the utmost importance, and we are stepping up internal seminar accordingly. Moreover, we participate in seminars during Subcontract Act Compliance Month, every year in November, and rollout the content, such as changes, to the relevant departments of our Group companies.

We established the SEGA SAMMY Group Corporate Ethics Hotline as an internal and external consultation contact for maintaining sound business transactions based on integrity and mutual trust with business partners.

To prevent unfair treatment, SEGA SAMMY HOLDINGS responds as a neutral party to inquiries, which are handled responsibly by the director in charge.

Prohibition of Child Labor and Forced Labor

E Initiatives have been underway, primarily at overseas production plants and similar facilities, to prohibit child labor and forced labor. Every two months, members of the purchasing and quality control divisions of SEGA Interactive visit plants that produce prizes, as a team of Group employees and third-party representatives perform factory audits, including on-site inspections, resulting in auditing 92% of our suppliers. The results of these audits showed no suppliers that were at a high risk.

SEGA Entertainment conducts a survey of major suppliers, manufacturing prizes used at amusement facilities, on slavery and human trafficking in order to ensure appropriate management and reduce any associated risks (audited 80% of our suppliers).

SEGA TOYS is pursuing the conclusion of a master manufacturing contract incorporating a clause that obligates compliance with laws about child labor and forced labor, the provision of a human rights seminar for the purchasing division and local employees in charge, and the confirmation of a third-party certification for labor standard compliance (audited 96% of our suppliers).

From February to March 2019, we held four seminars on CSR procurement for 99 people in charge of purchasing and procurement. We plan to provide the seminars to overseas staff in fiscal 2020.

Response to the U.K. Modern Slavery Act

E As our commitment to the Modern Slavery Act 2015, enacted in March 2015, the SEGA SAMMY Group posts the statement on the corporate website.

URL Modern Slavery Act Transparency Statement
https://www.sega.co.uk/modern-slavery-act-transparency-statement

Partnership with Suppliers

Coordination with Suppliers

E SEGA Interactive has been working to strengthen its relationships with suppliers by holding supplier meetings, in which we share purchasing and development policies concerning the environment and quality. In fiscal 2019, the meetings were attended by 143 people from 85 companies, and 96% of them informed us that the meetings were beneficial.



Supplier meeting in fiscal 2019

Joint Quality Conferences with Partner Companies

PP We hold joint quality conferences once a year for partner companies that assemble pachislot units. All seven subject companies (13 participants) attended the meeting in February 2019 and reviewed the first mass production of Pachislot Souten, which led to the proposal of a mechanism to incorporate opinions in future product development. We will seek to renovate our manufacturing system to involve our partners actively and continue to strengthen our collaboration with a focus on quality control.

■ **Joint Quality Conferences (February 2019)**

			Total
Partner companies	Total participants (companies)	7	7
	Total participants (people)	13	30
SAMMY	Total participants (people)	17	



Joint quality conference in February 2019

With Employees

CSR Charter

Our employees bring to us creativity and a spirit of challenge. They are our most cherished assets and the fuel for our growth. We will cultivate a corporate culture that allows them to fully exploit their talents and enables us to grow together with our employees.

Group Code of Conduct

Improvement of Workplace Environment

1. By considering the safety and health of employees, we will build a workplace environment where employees can work with a sense of security.
2. We will create a company, which enables employees to fully utilize their individual capabilities and to feel rewarded and challenged.

Harassment and Discrimination

3. We will not commit and will prevent any acts that disturb the workplace environment such as sexual harassment, harassment by superiors and invasion of privacy
4. We will not commit and will prevent both discriminatory acts that damage equal employment opportunity and discriminatory treatment based on such factors as a person's race, beliefs, sex, age, disability, academic background or family origin.

SEGA SAMMY College is now open!

To encourage employees to become motivated to learn, SEGA SAMMY College was opened in September 2018. It is intended to develop leaders specifically for SEGA SAMMY. The college offers lectures on business skills and presentations by experts invited from other industries.

In the six months after it opened, about 1,400 Group employees have studied there together. I am pleased to note that all the lectures have facilitated lively discussions among employees across companies. The increase in the number of free lectures by volunteer employees highlights a corporate culture that supports learning and development moving in the right direction.

SEGA SAMMY College will continue to evolve as a place for developing human resources that contribute to the realization of our Group mission of "continuing to create moving experiences" as well as a space where Group employees learn together and motivate each other.





Marina Mihara

Human Resource Development Department, Group Executive Office
SEGA SAMMY HOLDINGS, INC.

Sharing with the world the charm of darts games that delight everyone

Our Online Service Planning and Promotion Team creates for and disseminates to people around the world experiences involving the charm of darts games.

First, we raised worldwide interest through joint promotion efforts driven by synergies with other Group companies. Second, we created face-to-face interaction for darts players working at companies through OFFICE DARTSLIVE machines, placed in offices). Under the corporate philosophy of DARTSLIVE Co., Ltd., "We play. We play together," we will promote sports entertainment internationally, focused on DARTSLIVE services as a fusion of sports and entertainment, to delight everyone. We welcome all the fun and exciting ideas and events! You will not be disappointed by the entertainment delivered by our Team DARTSLIVE!

Team members

Front row from the left
- **Nana Azuma**
- **Maho Katsutani**
- **Daisuke Maeda**

Middle row
- **Yuki Yatsu**

Back row from the left
- **Masato Yazaki**
- **Akira Taku**
- **Yasuyuki Kato**
- **Takashi Takenouchi**



Takashi Takenouchi

Online Service Planning and Promotion Team,
Online Service Promotion Department
DARTSLIVE Co., Ltd.





Daisuke Sugawara

Professional, Sales and Planning Department,
Sales Division
SAMMY Corporation

Sales Division's pachislot and pachinko industry study group

Until now, we have been sharing information as generally understood knowledge without having to put it in writing. However, as the number of employees increased following the growth of our company, we felt the need to more explicitly manage our knowledge base.

We started a study group with concerned people in response to requests from our affiliated Group companies, such as how to view the operation data of our products (pachislot and pachinko machines) aggregated by a hall computer and how to interpret revised rules. The study group also focused on accurately communicating the selling points of new products in our sales activities subject to changes in regulations and internal rules. So far, about 160 people have participated in our study group meetings.

"I was able to acquire a wide range of knowledge from basic matters I should have known in the first place to ongoing issues." "I was able to gain the right knowledge." "I thank you for helping me grasp difficult content in a very easy-to-understand manner." These are a few of the comments we received from participants. Having study group meetings has been a rewarding experience, making me realize that the process is just as important as the results for achieving sustainable growth.

I would like to continue to contribute to society through helping others by sharing the "right knowledge" of the pachinko industry with our employees.

TOPIC

Opening of SEGA SAMMY Soramori Nursery School

SEGA SAMMY Soramori Nursery School was opened as an in-house service on April 1, 2019 to assist employees achieve a work-life balance. Larch wood harvested from SEGA-no-Mori in Minamiaiki Village of Saku County, Nagano Prefecture was used for the school's interior, creating an environment where children can explore their curiosity and develop rich creativity. In addition to supporting our employees in comfortably returning to work from maternity and childcare leave and providing different work style options, we will strive to create an environment where parenting employees can confidently develop their careers.

Note: The Group's second nursery school opened after the North Tsukushi Nursery School (Chitose City)

Nursery room designed with a forest theme





An educational environment that encourages children's creativity

Preparing for the 2020 Tokyo Paralympics

At the swimming pool in the Ocean Club fitness facility of the Sheraton Grande Ocean Resort, I am currently instructing Kazunari Maeda, an Ocean Club member, who has been training every day in preparation for the 2020 Tokyo Paralympics to be held in Japan for the first time in 56 years.

Currently, my main goal is to help Mr. Maeda participate in the event. Nothing would make me happier than for the two of us, including me as a referee, to stand together on the stage at the Paralympics Games here in Japan.



Although many barriers must be overcome, such as meeting time standards, to participate in the Paralympics Games, we will do our best to stand on the world stage, which is the goal we have been working toward.

Thank you for your continuing support.

Note: Miki Kawagoe acquired a Japanese para-sports instructor qualification (2000) while working in a hospital in Miyazaki Prefecture and since then has been participating in various para-sports events. She is also licensed to serve in similar roles, including as a Japan Swimming Federation class B referee, and she accompanies Mr. Maeda and referees for tournaments in which he competes.



Miki Kawagoe
The Ocean Club
PHOENIX RESORT CO., LTD.

PHOENIX SEAGAIA RESORT

TOPIC

Opening Waku Lab, an information exchange site for generating work-style reform ideas

In 2018, the SEGA SAMMY Group opened Waku Lab, an information exchange site on our intranet to encourage individual employees to suggest work-style reforms through their own ingenuity. We are actively sharing these reforms across company boundaries by aggregating and disseminating the initiatives of Group companies and communicating examples of internal efforts.

Comment from Waku Lab editorial staff

Two years have passed since the full-scale launch of SEGA SAMMY Group's work-style reforms. Even those most determined to change their work style may not be sure where to start without getting a clue from someone else's creativity for envisioning their ideal work and vacation styles. The accumulation of these small efforts by individuals and teams will eventually lead to major improvements. Waku Lab was created to facilitate this exchange of ideas toward realizing authentic work-style reforms.

For the year and a half since its opening, we have been introducing examples of improvements in our work and vacation styles to realize the Seven Work-Style Reform Themes. With employees leading the way, we intend for the site to offer a variety of helpful tips for making progress towards better work styles.

The site also includes "realization" posts obtained through information such as company initiatives and personal experiences for maintaining a balance between work and childcare or nursing care and side job experiences, exchanged with companies other than Group companies with monthly updates.



Seven Work-Style Reform Themes

1. Further rectification of long overtime hours
2. Raise transparency of operations and avoid dependence on individual skills
3. Implementation of diverse work styles such as flex time and telework
4. Support for nursing and childcare and promotion of female participation
5. Adoption of health guideline management
6. Capacity development through provision of educational opportunities
7. Reflection of work-style reforms in establishment of Company goals and the personnel evaluation system

Cultivation and Evaluation of Human Resources

Personal System

E At SEGA Holdings, SEGA Interactive and SEGA Games, we provide a dual-track career system to support the long-term career development and professional attitude of employees, who can choose between a management path for those who want to be organizational leaders or a specialist path for those who want to focus on applying their own knowledge and technical skills. We regularly conduct an employee satisfaction survey to identify their level of recognition and attention to issues, expected value, level of dissatisfaction and other items, and we incorporate our findings into various personnel measures.

In training, we have a system in which a coach is assigned to each new employee for both professional and personal support along with other training programs to support the development of younger employees. This involves new employee follow-up training and second year training.

In regard to personnel assessment and rewards, we use an assessment/incentive system. Through this we consider time productivity in addition to performance and conduct in order to reward employees who demonstrate high productivity.

PP Employees are provided with a personal choice system through which they can select a management or professional course, a scheme for promoting a sense of professionalism and the will to take on employee challenges. We believe we can draw out the best performance of each employee by clarifying the roles expected of them and properly treating them in accordance with their contribution to success in those roles.

In addition to personnel development training for different levels of employees, we are strengthening our management team and conducting fair personnel assessments by increasing the capacity building opportunities provided for managers. Through our Internal Commendation Program, we presented the Fiscal 2019 Chairman & President's Award to 63 individuals involved in 10 projects and the Proactive and Pioneering Award to 33 individuals, which encourages employees to take on challenges. Also, we launched our "Just Do It G30" system, through which employees propose ideas with the spirit of "always proactive, always pioneering." Of the roughly 450 ideas proposed over the past three years, 55 have been implemented. In addition, we conduct employee satisfaction surveys and other measures, such as a self-declaration system that allows employees to declare the jobs they would like to try. Through these efforts, our employee turnover rate for the last five years has only been about 2%. We will continue to create an environment in which employees are highly motivated.

Promoting Diversity

Supporting Women to Participate More Actively

E To enhance corporate growth, an action plan is in place for accelerating the best possible participation and performance of female employees in our business operations and efforts are being made to achieve its targets.

At SEGA Holdings, SEGA Games and SEGA Interactive, the four years from fiscal 2017 to 2021 have been set as a planning period for ensuring that women represent at least 30% of all new graduate applicants. The planning will include the development of guidelines for equitable gender selection, and seminars for female students will be jointly conducted with universities. Various initiatives will also be taken to achieve the goal of a 100% return to work rate after childcare leaves, including updating information updates for those on leave and providing staff working shorter hours the same salary corresponding to full-time work until their child reaches the age of three.

PP To support employees who are on childcare leave in the Pachislot and Pachinko Machines Business, we have introduced e-learning to develop skills and eliminate career gaps. It also provides a communication channel for them to monitor company activities during a leave. We are also continuing our efforts to support the career advancement of female employees, such as by launching a review project team of female staff who will take the initiative in activities related to developing career development policies in demand by female employees, and to introduce policies that better meet their needs.

Respect for Human Rights

Initiatives to Eliminate Harassment

E At SEGA Holdings, SEGA Interactive and SEGA Games, we focus on preventing harassment so that every employee can work comfortably and can thus perform at their best. Measures to strengthen our effort include in-house training, mini-tests on the intranet and case studies. Several consultation counters are available inside and outside the Company for executives and employees (including loaned employees, part-time staff and temp staff) who have concerns or issues.

Creating a More Attractive Workplace

Supporting Work-life Balance

E As part of the work style reforms initiated by the Group, we introduced a flextime system to SEGA Holdings, SEGA Games and SEGA Interactive in July 2017 to raise employee awareness about their time management as well as to improve labor productivity and achieve a better work-life balance. In addition, we introduced the Job Plus (JOB+) side job system in July 2018, which allows eligible employees to obtain side jobs, and a support system for LGBT employees in February 2019, continuing our efforts to embrace diversity in the workplace. In April 2019, SEGA Holdings also introduced the teleworking system for employees to work outside the office, including at home. These systems provide employees with a safe and productive work environment for balancing work with various personal situations such as nursing care, childcare, and other types of caregiving.

PP To promote a work-life balance in our workplaces, we have introduced a flextime system and teleworking system, which was officially adopted in April 2018. Another flextime system was introduced for those working shorter hours due, for example, to childcare or nursing care. We also introduced the Job Plus system, which enables employees to strengthen their capabilities and facilitate self-realization with the experiences gained from both their main job (SAMMY) and their side job.

A medium-term production plan was formulated at Sammy's Kawagoe Factory to encourage employees to take paid leave during slow seasons and in turn more effectively balance their work and personal life. In regard to the teleworking system now promoted across the entire company, there have been discussions on how it can be adopted by factory workers, and a satellite office for other headquarters staff was established in the Kawagoe area. In addition to being certified as a Gold-level company by Saitama Prefecture, which acknowledges companies that offer diverse ways of working,* our female factory employees are participating in seminars. These are organized by the prefecture to support the success of women in improving and creating more comfortable and productive workplaces.



*Companies that offer diverse ways of working are certified under the categories of Platinum, Gold, and Silver, corresponding to the number of items that meet six requirements.

Occupational Safety Initiatives

PP E The Health and Safety Committee meets every month to ensure employee well-being and safety. Also, we are working to achieve zero workplace accidents by constantly making efforts to prevent accidents and improve workplace safety. In the event of an accident, the cause is investigated and improvement measures are taken to prevent any recurrence.

Sammy's Kawagoe Factory conducts what we call 6S patrols*, in which employees check for latent risk factors around them and work for improvements case by case, and also 8S patrols, in which two Ss (security and saving energy) are added to 6S patrols, putting significant effort into the safeguarding of personnel health and safety.

PP In fiscal 2018, we set up safe walking zones in areas outside the factory. We also put up more guide rails along the product conveyor lines inside the building in response to results of a risk assessment conducted in fiscal 2017. We improved the content of the factory's safety standards and advanced them into standards (guidelines) that correspond with actual production site conditions. In addition, our salespersons are committed to safe driving and every year obtain a Safe Driver card, only issued to drivers who have not committed a traffic accident or violation for more than a year.

*6S refers to safety plus five Japanese terms (all starting with the letter S) relating to orderliness, cleanliness and discipline.

Health Maintenance

PP E When we consolidated our Group companies in Osaki, we integrated the health management center of SEGA HOLDINGS and the medical office of SAMMY to establish the SSHD health management center. Four occupational health staff members are available for consultation during work hours. Internal medicine and psychiatric doctors work in shifts to handle more specialized consultations.

In addition, the monthly meetings of the Health and Safety Committee will be jointly held with Group companies, mainly led by SSHD, to foster a common understanding among employees working in Osaki. Meeting minutes and other related information will be posted on the intranet of each company to ensure that all employees are kept informed. At the same time, we will encourage the participation of companies that have not yet attended the meetings. Individual efforts by each company such as group influenza vaccinations, stress level checks, and countermeasures for rubella will also be reviewed across the Group.

To ensure 100% participation in regular health checkups, we continue to provide mobile health screenings and offer financial assistance for receiving comprehensive medical examinations. In-house standards have been established from the viewpoint of health and safety, and health management interviews are conducted to manage presymptomatic health risks and to prevent lifestyle-related diseases.

Although the number of employees working long hours who are subject to health interviews has been decreasing since the flextime system was introduced, we will continue to monitor their health conditions using questionnaires. We will also ensure that managers appropriately manage employee working hours and encourage them to take leave so all Group employees can maintain a healthy work-life balance.

CSR Seminars

Since fiscal 2014, we have been holding CSR seminars for employees of our Group companies.In fiscal 2019, we held 25 seminars, attended by 898 participants. A total of 127 seminars with 3,329 participants from 18 Group companies have been held.These are intended to deepen understanding of what it means for a company to exist in harmony with society and the CSR activities of the Sega Sammy Group through discussions and group work. The seminars also provide opportunities for employees to think about their roles in society as members of the Group.

Seminars in Fiscal 2019

Company name	Date		Number of participants	Target employees
Joint seminar for five companies (SSHD, SAMMY, SHD, SGC, and SIC)	2018	March 27	48	General employees
		March 28	49	
		June 14	38	
		June 15	49	
		June 21	37	
		June 22	38	
		June 27	42	
		October 15	34	
		October 16	32	
		October 22	33	
		October 23	28	
		November 6	33	
		November 7	37	
		November 28	37	
	2019	February 4	32	Professionals
		February 6	29	
		February 27	30	
		March 6	27	
SSGE	2018	April 10	61	General employees
PSR	2019	January 10	10	New employees
		January 11 (am)	23	General employees
		January 11 (pm)	13	
New employees	2018	November 8	49	New employees
		November 9	38	
		November 28	51	
Fiscal 2019 total	25 sessions		898	
Total since fiscal 2014	127 sessions		3,329	

CSR Seminar Program2019

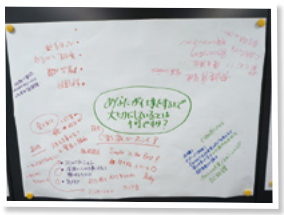
14:00	Opening with an explanation of the seminar's purpose
14:15	Lecture 1: What it means for a company to exist in harmony with society Lecture 2: CSR activities of the Sega Sammy Group
15:15	Break
15:25	Group work 1 (World Café)
16:45	Group work 2 (World Café)
17:20	Presentation
17:45	My CSR declaration, post-seminar questionnaire
18:00	Closing

Note: Some content differs depending on target participants.

Seminar Details and Post-seminar Questionnaire

- In the CSR seminar, participants deepen their understanding of what it means for a company to exist in harmony with society and CSR activities of the Sega Sammy Group through lectures.
- Participants then express their opinions and exchange ideas to address social issues in group sessions through brainstorming and discussion.
- Various groups interact with each other during the seminar, resulting in over 85% of the post-seminar questionnaire respondents confirming that it was helpful and fun. Of the participants, 90% demonstrated an understanding of the importance of CSR, and over 91% think the company's CSR initiatives are closely related to its sustainability.





Participant Comments

- I may not be able to help in every situation, but the seminar made me think deeply about what we are producing, for what purpose, and how it can help us.
- I felt that the group discussion was particularly meaningful because it made me realize that the SEGA SAMMY Group offers more value to society than I had previously thought.
- The interactions between employees were meaningful. I could easily understand what CSR truly means, and I would like to make CSR efforts in my work with responsibility and pleasure.
- I was able to deepen my understanding of CSR, and I would like to keep on challenging myself to discover how I can contribute.
- I now have a deeper understanding of our Group mission and CSR, and I am also driven by a sense of mission to fulfill social responsibilities as a member of the SEGA SAMMY Group.
- It was an opportunity for me to rethink how I should be carrying out my daily work and whether I am on the right track.

Personnel and Labor Data

Scope, and the "Count Method"

● FY2017: 16 domestic companies, 2 overseas companies (composition of employees only), FY2018 and FY2019: 15 domestic companies, 2 overseas companies (composition of employees only)

* Data coverage for FY2019: about 90% of the sales ratio and more than 70% of the regular employment ratio
SSHD, SHD, SIC, SGC, SE, SLS, TMS, TOYS, DL, SAMMY, SNW, BTF, JMS, JNEXT, and PSR, Overseas: SOA (Sega of America, Inc.) and SOE (Sega Europe Ltd.)

*For abbreviations, see page 2.

Composition of Employees

		FY2019 (15 domestic companies)			FY2019 (2 overseas companies)		
		Total	Male	Female	Total	Male	Female
Number of employees		12,631	8,356	4,275	248	177	71
	Regular employees	5,667	4,634	1,033	248	177	71
	Non-regular employees*	6,964	3,722	3,242	—	—	—
Number of foreign nationals		108	68	40	—	—	—
Number of employees		40.3	41.0	37.2	—	—	—
Average length of service (year)		12.5	13.0	10.0	—	—	—

*Part-time and temporary employees will account for the number of non-regular employees starting in fiscal 2019.

Persons with Disabilities Employees

	FY2017	FY2018	FY2019
Number of employees	168	205	212
Rate of employment	1.90	2.12	2.14

Composition of Management-level Staff

	FY2017	FY2018	FY2019
Number of female management-level staff	78	81	102
Percentage of female management-level staff	6.7	5.0	6.6

Management-level Staff and Board Members in Fiscal 2019

		Total	Specialists	Managers	Division Managers	Executive Officers	Directors
Number of board members by position		1,550	325	845	251	47	82
	Male	1,448	300	780	241	46	81
	Female	102	25	65	10	1	1
Ratio of females		6.6	7.7	7.7	4.0	2.1	1.2

Note: Specialists are included in the category of management-level staff from fiscal 2019.

Recruiting

	FY2017			FY2018			FY2019		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Number of new graduates	124	74	50	139	86	53	135	84	51
Turnover rate of new employees (%) (within 3 years from employment)	23.9	17.3	46.7	20.4	16.4	28.1	15.7	5.3	31.4
Number of mid-career recruits	212	161	51	226	169	57	224	133	91
Rehired employees after retirement	43	35	8	43	40	3	57	50	7

Occupational Health and Safety

	FY2017	FY2018	FY2019
Number of industrial accidents	1	0	1
Rate of lost worktime injuries	0.1	0	0.1

Note: Number of industrial accidents = number of accidents accompanied by lost worktime

Data on the System Supporting Both Professional and Private Lives

	FY2017			FY2018			FY2019		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Maternity/Childcare leave (number of employees)	45	—	45	55	—	55	66	—	66
Childcare leave (number of employees)	82	12	70	95	21	74	130	24	106
Number of employees who returned to work after childcare leave	57	12	45	56	20	36	82	22	60
Percentage of employees who returned to work after childcare leave	—	100	90.9	—	100	98.6	96.5	100	95.2

Note: Breakdown of childcare leave taken by male employees in fiscal 2017: within a week: 7 people, 1 week to 1 month: 2 people, 1 month or more: 3 people

Work-life Balance

		FY2017	FY2018	FY2019
Average overtime hours per month		17.3	21.9	19.7
Number of paid leaves taken		8.2	11.5	12.5
	General employees	—	12.2	13.1
	Management-level staff	—	9.3	10.5
Percentage of paid leaves taken		46.2	63.7	69.5
	General employees	—	69.4	75.1
	Management-level staff	—	48.0	54.5
Number of annual holidays		125.1	124.1	125.8
Total number of employees who took volunteer leave		57	46	42
Total number of days for volunteer leave taken		92	70	101

Notes

■ Composition of non-regular employees
Part-time and temporary employees will account for the number of non-regular employees starting in fiscal 2019.

■ Average overtime hours
We are promoting work style reforms and since fiscal 2018 have included overtime hours of discretionary employees, calculated based on their hours in attendance, insofar as possible.

■ Percentage of paid leaves taken
Percentage of paid leaves taken is calculated by dividing the number of paid leaves taken per year by the number of statutory paid leaves given per year. Since fiscal 2018, figures of the management-level staff and general employees have been shown separately. Non-statutory paid leaves adopted by some Group companies have also been taken into account.

■ Annual holidays
The number of annual holidays of relevant companies is calculated by the weighted average of the number of regular employees.

Examples of the System Supporting Both Professional and Private Lives

Childcare

System	SSHD, SHD, SAMMY, etc.
Childcare leave	In cases where a child is still not admitted to a nursery school, even after having reached two years of age, until the day the child is admitted to such a school in the following April
Shorter working hours for childcare	- Up to 2 hours per day until the child enters elementary school - Up to 1 hour clock-out time earlier until the child reaches the third grade

Nursing

System	SSHD, SHD, SAMMY, etc.
Nursing leave system	93 business days per person (including shorter working hours for nursing)
Shorter work hours for nursing	Up to 2 hours per day within 93 business days
Nursing leave system	Allowed to take a long-term nursing leave up to the number of unused annual paid leave days

With Shareholders and Investors

Group CSR Charter

We will view our business with a global perspective in our efforts to ensure sustained growth and to maximize enterprise value. Additionally, we will enhance management transparency and meet the expectations of our shareholders and society through fair and timely disclosure and appropriate return of profit.

Group Code of Conduct

Highly Transparent Management and Interactive Communication

1. We will comply with relevant laws and other rules; properly and fairly disclose company information; and strive to secure transparency in management.
2. We will actively listen to the voices of shareholders, and strive to achieve bilateral and interactive communication.

Positive and Fair Disclosure Attitude

3. We will strive to pro-actively disclose company information that contributes to helping investors understand our group.
4. We will strive to treat all investors equally and to prevent company information being unevenly distributed.

Proper Return of Profits, Maximization of Enterprise Value, and Perpetuity

5. We will efficiently manage assets and properly return profits to shareholders.
6. By always keeping an eye on global situations and trends and responding to social needs, we aim to maximize enterprise value and grow continuously.

Insider Trading

7. We will comply with the laws, company regulations and rules regarding insider trading*, and handle undisclosed material facts in strict confidence.

*Refers to Article 166 of the Financial Instruments and Exchange Act, etc.

VOICE



Emi Yamane

Finance & Accounting Division, SEGA SAMMY HOLDINGS INC.

Gaining the trust of shareholders and investors through communication

I am in charge of the preparation of quarterly financial materials, communication with shareholders and investors, and the creation of communication tools such as business reports.

The most important element of investor relations is having a clear understanding of the performance and business strategies and backgrounds of the entire SEGA SAMMY Group and communicate that information in a prompt, accurate, and easy-to-understand manner. Another important role of investor relations is understanding public perceptions and expectations of the SEGA SAMMY Group through interaction with shareholders and investors and then disseminating the information throughout the company so all of us can work towards developing an organization that meets the expectations of all our stakeholders.

I will consistently strive to facilitate active and interactive communication between our shareholders and investors and Group companies while also serving as a bridge for establishing mutual trust.



Disclosing Information to Shareholders and Investors

IR Policy

In accordance with our IR Policy, SEGA SAMMY HOLDINGS works to earn the understanding and trust of shareholders and investors by disclosing information in keeping with the Financial Instruments and Exchange Act, other laws and the rules of the Tokyo Stock Exchange for timely disclosure. We also provide a wide range of information on management policies, business activities and more. If there is a chance that it could affect the investment decisions of investors, we actively disclose voluntary information that does not fall under legal and timely disclosure rules. Information disclosures are made on the Tokyo Stock Exchange's TDnet and our website.

URL SEGA SAMMY Group IR Policy
https://www.segasammy.co.jp/english/ir/ir_policy/

Communication with Shareholders and Investors

▶ Accessible General Meetings of Shareholders

To ensure that more shareholders can attend our regular general meeting of shareholders, we avoid the busiest days of the year and choose meeting sites with sufficient capacity. Our June 2019 meeting was held at the auditorium of our new headquarters in the Osaki Garden Tower, with 184 shareholders in attendance. We have an ongoing commitment to make it easy for shareholders to submit their comments and questions and ensure that our meetings run smoothly.

▶ Investor Relations

SEGA SAMMY HOLDINGS has an IR Information Center, which provides briefings to investors in Japan and abroad and responds to shareholder and investor inquiries. For institutional investors and security analysts in and outside of Japan, we provide results briefings once every six months and telephone conferences to discuss quarterly results. Furthermore, we hold events such as facility tours and workshops for securities analysts to deepen their understanding of our business. We also participate in company information sessions and other events to actively communicate with individual investors.



Briefing for individual investors

Past Activities

	FY2018	FY2019
Financial results briefings (quarterly, including teleconference)	4	4
Small meetings	1	2
Individual meetings (domestic investors)	117	128
Individual meetings (overseas investors)	195	169
Business segment briefings (including facility tours)	4	3
Overseas roadshows (including conferences)	7 (North America: 3, Asia: 2, Europe: 2)	5 (North America: 1, Asia: 2, Europe: 2)
Domestic conferences	4	4
Events for individual investors	2	1

External Evaluation of our Investor Relations

A list of awards the SEGA SAMMY Group has received from third-party institutions for its IR activities in fiscal 2019 is shown below.

Integrated Report
https://www.segasammy.co.jp/english/ir/library/printing_annual.html

- 2018 Award for Excellence in Corporate Disclosure selected by securities analysts
  First place in the Advertising Services/Media/Games industry
  The Securities Analysts Association of Japan (October 2018)
- Internet IR Best Company Award 2018, Commendation Award
  Daiwa Investor Relations Co., Ltd. (November 2018)
- Gomez IR Site Comprehensive Ranking 2018, Silver Medal
  Morningstar Japan K.K. (November 2018)
- 2018 Listed Company Website Quality Ranking
  Ranked 23rd in the comprehensive ranking segment—Nikko Investor Relations Co., Ltd. (December 2018)

Appropriate Returns of Profits

Basic Policy on Profit Sharing

SEGA SAMMY HOLDINGS identifies profit distribution to our shareholders as a top management priority. Our basic policy is therefore to return an appropriate level of profits to shareholders. To provide a stable dividend stream, we pay dividends twice a year, at interim and year-end during the fiscal year. For fiscal 2019, our interim dividend was 20 yen per share and the year-end dividend was 20 yen per share.

▶ Shareholder Benefits Program

In February 2018, we introduced the shareholder benefits program to express our gratitude to all shareholders for their ongoing support and to offer an opportunity to experience our services. We have expanded our shareholder benefits based on the feedback we have received since the program was introduced.

Record date	Number of shares held	1	2	3	4
End of March/End of September (twice a year)	100–999	Voucher value JPY1,000	—	—	—
	1,000–2,999	Voucher value JPY1,000	Voucher value JPY10,000	—	—
	3,000–4,999	Voucher value JPY1,000	Voucher value JPY20,000	—	—
	5,000 and over	Voucher value JPY1,000	Voucher value JPY20,000	1 voucher	1 voucher

1. Voucher for UFO Catcher, redeemable at SEGA game centers in Japan or redeemable at SEGA Catcher Online
2. Facility use ticket, redeemable at Phoenix Seagaia Resort (Miyazaki Prefecture)
3. Free accommodation ticket usable at Sheraton Grande Ocean Resort in Phoenix Seagaia Resort (Miyazaki Prefecture), free accommodation ticket (1 room, maximum 2 persons)
4. Free accommodation ticket (1 room, maximum 2 persons) usable at Paradise Hotel & Resort in Paradise City (Incheon, South Korea)