SEGASammy























SEGA SAMMY GROUP

CSR BOOKLET 2020

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Company Profile

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
SEGA SAMMY HOLDINGS INC. Hajime Satomi

President and Group COO, Representative Director
SEGA SAMMY HOLDINGS INC. 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	8,798 (consolidated)

As of March 31, 2020

Group Overview

The SEGA SAMMY Group continuously creates experiences that move the heart of 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 2020 Results

Pachislot and Pachinko Machines Business

PP

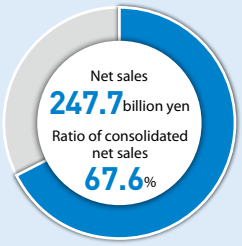


Major Business Line
Development, production and sales of pachislot and pachinko machines

Group Companies
SAMMY, RODEO, ELEC, GINZA (and 13 other companies)

Entertainment Contents Business

E

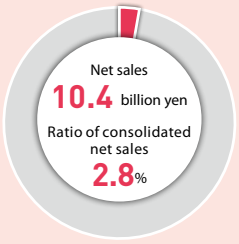


Major Business Line
Development and sales centered on the core product of digital games as well as packaged games and amusement machines; development and operation of amusement centers; planning, production and sales of animation films; and development, production and sales of toys

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
Development and management of hotels and golf courses related to the integrated resort business and other facilities busines

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

Major CSR Activities (Fiscal Year)

2004
- SEGA CORPORATION and SAMMY CORPORATION integrated their businesses to create the SEGA SAMMY Group

2005
- Established the Group Management Philosophy, Group CSR Charter, and Group Code of Conduct

2006
- Published the CSR Handbook
- Determined key CSR items and the CSR promotion plan

2007
- Began publishing the CSR Report
- Published the Environmental Handbook
- Published the Compliance Handbook

2009
- Began publishing a CSR Report for employees
- Published a Guide to CSR (employee handbook)
- Conducted a materiality analysis

2010
- Held dialogue with NPOs
- Began compliance training for newly appointed Group executives

2011
- Employees began volunteering in areas affected by the Great East Japan Earthquake
- Held dialogue with CSR experts

2012
- Designated common CSR initiative themes for the Group
- Began CSR training for new employees
- Began an event to support reconstruction after the Great East Japan Earthquake
- Invited those who had evacuated into the Tokyo area to the Tokyo Joypolis

2013
- Formulated policy for promoting CSR
- Began voluntary activity (training) for new Group employees in earthquake-affected areas
- Began compliance training for Group executives
- Began training on individual topics

2014
- Declared support for and signed the United Nations Global Compact
- Established the Group Management Policy and Group Guidelines
- Began CSR training for members of management at Group companies

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 2016/2018
ISO 26000 (Guidance on Social Responsibility)

Publication Dates

November 2020
(previous report: September 2019, next report: September 2021)

Scope of this Report

Reporting Period

Fiscal 2020 (April 1, 2019 to March 31, 2020)
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

Major Companies for Each Segment

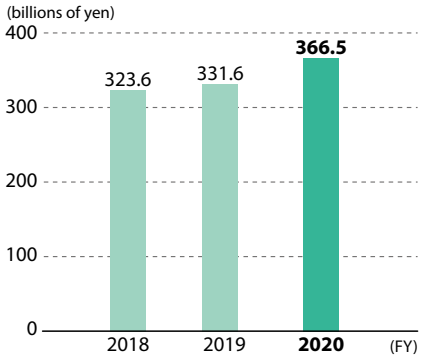
SSHD: SEGA SAMMY HOLDINGS INC., **SHD:** SEGA Holdings Co., Ltd., **SAMMY:** Sammy Corporation, **ATLUS:** ATLUS CO., LTD., **BTF:** Butterfly Corporation, **DL:** DARTSLIVE Co., Ltd., **ELEC:** TAIYO ELEC Co., Ltd., **MARZA:** MARZA ANIMATION PLANET INC., **PSR:** PHOENIX RESORT CO., LTD., **PSS:**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

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

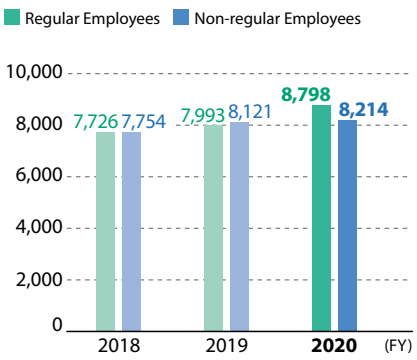
* Abbreviations and departments of persons interviewed for the VOICE columns are accurate as of fiscal 2020. Content related to activities in fiscal 2021 refer to new company names that reflect the organizational restructuring.

Performance Data

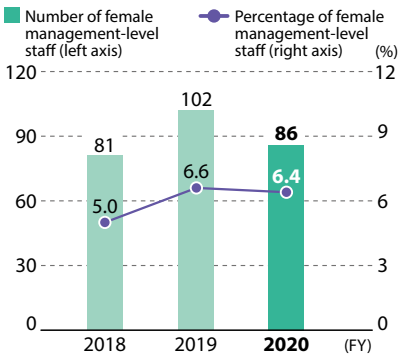
Net Sales (Consolidated)



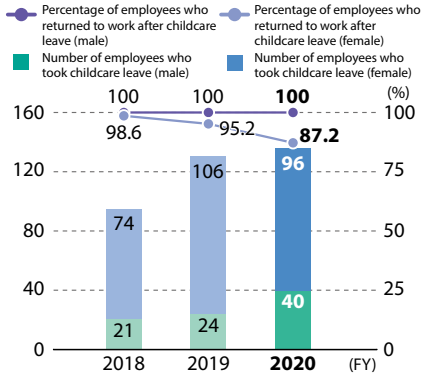
Number of Employees (Consolidated)



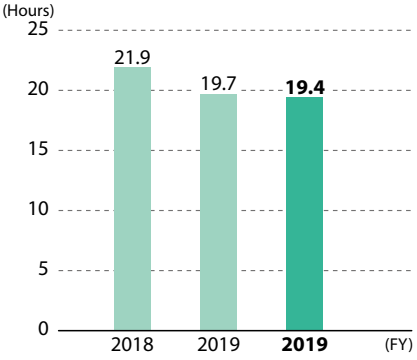
Number and Percentage of Female Management-Level Staff*1



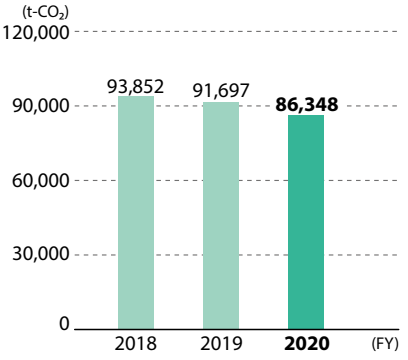
Number of Employees Who Took Childcare Leave and Who Returned to Work After Childcare Leave*1



Average Overtime Hours per Month*1



Total CO_2 Emissions*2



*1 We have made partial changes to the scope of the report and method of data collection. For details, see page 41.
*2 For the method of our environmental data collection and scope of the report, see page 48.

2015

- Began CSR training for employees of Group companie
- Explained and sought cooperation from suppliers for the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook
- Held baseball classes at Fukushima Prefecture and other areas affected by the Great East Japan Earthquake
- Established SEGA SAMMY BUSINESS SUPPORT INC. as a special subsidiary

2016

- Conducted a sustainability analysis of management
- Held a stakeholder dialogue
- Employees engaged in voluntary activities, held supportive events in areas affected by the Kumamoto Earthquake
- Received the Excellence Award in the Environmental Communication Awards, sponsored by the Japanese Ministry of Environment

2017-2018

- Employees engaged in voluntary activities in areas affected by heavy rains in July 2018
- Relocated the Group headquarters to the south area of JR Osaki Station (consolidated about 6,500 employees)
- Launched the Waku Lab work-style reform site on the intranet, introduced a flextime system and experimental teleworking program
- Began publishing the Integrated Report

2018-2019

- Signed a comprehensive partnership agreement with Shichigahama-machi, Miyagi Prefecture on regional revitalization
- Launched compliance training through e-learning
- Opened the SEGA SAMMY Soramori Nursery School
- Sponsored the Tokyo Rainbow Parade
- Included provision on allowance for dependents for same-sex couples in the employment rules
- Full-scale launch of a teleworking program
- Full-scale launch of JOB Plus side-job system
- Began joint research with Kyoto University on the mechanism of gambling addiction

2019-2020

- Established the SEGA SAMMY Culture and Art Foundation
- Received the highest "Gold" rating in the PRIDE Index
- Received the grand prize in the 5th Corporate Volunteer Awards
- Registered for the Tokyo Barrier-free Mindsets Support Corporations
- Opened an official Twitter account for CSR



Fulfilling Our Mission as a Multi-dimensional Entertainment Company by Lifting Hearts in a Gloomy World

Hajime Satomi

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

My sincere condolences to those who have lost their lives to COVID-19, and I wish for a speedy recovery to those still ill with the disease. My respect goes to the medical staff who are doing their best at the frontlines of medical care.

What entertainment can do now

Due in part to the spread of COVID-19, people around the world are shrouded in a cloud of anxiety and feel confined. Entertainment, however, can offer hope, joy, and courage that lifts people out of suffering and sadness. Now more than ever, the value of SEGA SAMMY as a multi-dimensional entertainment company is being tested.

Precisely because of these circumstances, every employee must strive to lead the industry as Game Changers, driven by the powerful aspiration of creating brand-new forms of entertainment. Otherwise, we will be quickly washed away by the relentless tide of the times.

Regardless of the changing times, the SEGA SAMMY Group will continue to lift people's hearts by providing quality content as a multi-dimensional entertainment company.

Fostering personnel with proactive mindsets and the ability to persevere

In the Pachislot and Pachinko Machines Business, even under Japan's state of emergency we maintained our efforts to comply with new gambling requirements while at the same time satisfying users.

The global game market is expected to continue expanding as advances in 5G and cloud infrastructure lead to the creation and dissemination of new gaming platforms and business models. As a result of this outlook, we merged SEGA Games Co., Ltd. and SEGA Interactive Co., Ltd., both in our Entertainment Contents Business, in April 2020. We also reallocated domestic resources for greater flexibility in our R&D system and to bolster our competitiveness in the global market.

In the Resort Business, we sought to accumulate know-how toward achieving our top goal of entering the integrated resort business in Japan and forged alliances with business partners to guide our efforts to success.

We have established a system for creating "experiences that move the heart" through entertainment content to attain further growth for the Group. This cannot be realized, however, without the personal growth of our employees. Upholding SEGA's value of "Always Proactive, Always Pioneering" and Sammy's value of "Creation is Life," the SEGA SAMMY Group has been introducing original ideas and unprecedented, pioneering products to the world through a consistent creative effort. If each one of us perseveres to the end with this spirit of challenge and conviction of being Game Changers, a new world will open up before us. Once every employee acquires this ability, we will naturally grow into a company that is both robust and versatile in our response to the changing times.

I am convinced that instilling and deepening the corporate culture of proactively taking on challenges and persevering to the end will lead to sustainable growth for the Group.

Fulfilling our mission as a company that thrives with society

In October 2020, the SEGA SAMMY Group identified five key issues (materiality) to be addressed: Environment, Addiction, People, Products and Services, and Governance. By addressing social challenges through our core business in light of this materiality, we will do our part in achieving the SDGs.

This we can accept as natural provided that some benefit for society can ultimately be drawn from it. I am confident that our business activities, centered on entertainment, and the results of devoting all our efforts to social contribution activities, including support by the Group's human resources and entertainment content for disaster-stricken areas such as those affected by the Great East Japan Earthquake, will lead to sustainable social and corporate development.

All SEGA SAMMY Group executives and employees will work in concert to fulfill our social responsibilities so that our stakeholders can continue to understand our approach as well as the corporate and social contribution activities based on it.

In these times of dramatic change, my job is to hand down the "Game Changer DNA" by continuously conveying my passion and accumulated experience to all executives and employees. We will continue to create new entertainment for a new era and deliver an experience that moves the heart for everyone to accomplish the Group mission of "Constantly Creating, Forever Captivating" —Making Life More Colorful—



Continuing to Be a Sustainable Company by Providing Essential Entertainment for a New Society

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

My heart goes out to everyone who has been affected by COVID-19. I hope that all those who are currently ill recover quickly and soon return to their normal lives.

Becoming an entertainment company that is needed in our "new normal" lifestyle

The spread of COVID-19 has rapidly transformed the lives of people around the world. While this has led us to place a greater emphasis on safety and security, we are also being forced to reexamine the existential value of entertainment. The SEGA SAMMY Group aspires to provide the entertainment needed amid the "new normal," which can be synonymous with our mission of "Constantly Creating, Forever Captivating" —Making Life More Colorful—

Exploring SDGs initiatives unique to SEGA SAMMY

In the past, the SEGA SAMMY Group has sought to unify its corporate culture by sharing the "Mission Pyramid" and "S.S.FIVE" (Our core qualities: Drive, Empathy, Initiative, Control, Resolve) that we should continue to retain as a game changer. In addition, since fiscal 2020, we have unified the values, or DNA, of SEGA and Sammy under the shared themes of "Creation is Life × Always Proactive, Always Pioneering."

Simultaneously we will work toward developing a corporate culture based on respect for diversity, which includes handing down the respective cultures fostered by the two companies. While at first glance this may seem contradictory, a wide variety of personalities and opinions are indispensable for creating experiences that move the heart as a Group that pursues highly diversified businesses. Just as values and a company's DNA become more refined with growth, sustainable management depends upon fostering a corporate culture in which diversity is a given. For this reason, we regard diversity initiatives as one of the five key issues (materiality) identified by the SEGA SAMMY Group to contribute to overcoming social challenges.

Of these materialities, the Group is most closely characterized by responding to social challenges through the provision of its products and services. As the nature of play and customer needs diversify, employees with different backgrounds must embrace and take advantage of each other's values to create content that everyone can safely and securely enjoy. As a multi-dimensional entertainment company, we have the responsibility to be a pioneer. And I am certain we have the power to make this mission a success without fail.

In addressing addiction and the natural environment, we will squarely face up to the negative impact associated with creative activity and pay due attention to the negatives. With regard to corporate governance, we are continuously offering opportunities for meaningful exchanges while raising the transparency of management by revising the amount of compensation for directors.

Our effort to provide the Group's mission of "creating experiences that move the heart" will result in a contribution to SDGs, and that is the idea of true sustainability. I will consistently convey this idea to our employees.

Working with employees to become a sustainable company

Social structures are evolving by the minute and, as I previously mentioned, COVID-19 has considerably accelerated the pace of change. In this context, to enjoy the trust of stakeholders and thrive as a beloved company for many years to come, we must demonstrate an unwavering commitment to the sound, farsighted approach of maintaining the highest standards of ethical behavior and demonstrating civic integrity. I will consistently convey this to our employees, who are the company's greatest assets, and establish a working environment in which each can maintain a sense of responsibility to society, so we can continue as an exemplary company that genuinely contributes to society.

— Delivering Dreams and Experiences that Move the Heart to the World —

SEGA SAMMY Group's Products and Services



(P05) Pachinko Bigdream2 Gekishin @Sammy Pachislot Shin Hokuto Muso ©Buronson & Tetsuo Hara/NSP 1983, Approved No.KOM-620 ©2010-2013 KOEI TECMO GAMES ©Sammy 777 NEXT Pachislot Hokuto No Ken Tomo ©Buronson & Tetsuo Hara/COAMIX 1983, ©COAMIX 2007 Approved No. PGC-405 ©Sammy New Sakura Wars ©SEGA ANPANMAN:FUWAFUWA FUWARI TO KUMONOKUNI (Working Title) ©Takashi Yanase/Froebel-kan,TMS,NTV ©Takashi Yanase/ANPANMAN PROJECT All Rights Reserved Detective Conan The Scarlet Bullet ©2020 GOSHO AOYAMA/DETECTIVE CONAN COMMITTEE All Rights Reserved. SLDS-3G Ltd. (P06) Psalms of Planets Eureka Seven HI-EVOLUTION ZERO ©2017 BONES / Project EUREKA MOVIE ©BANDAI NAMCO Entertainment Inc. ©Sammy Kaido Mokushiroku Kaiji Numa ©Fukumoto Nobuyuki / Kodansha•VAP•Mad House•NTV•D.N.Dream Partners ©Fukumoto Nobuyuki / Kodansha•VAP•NTV ©Sammy

01 PACHISLOT AND PACHINKO MACHINES BUSINESS

Main Group Companies
SAMMY, RODEO, ELEC, GINZA, etc.

We have two core businesses under this category: the development, production, and sales of our highly unique pachislot and our pachinko machines, which boast unmatched brand power. We possess the product development capabilities for turning new ideas into attractive products, the product supply infrastructure for taking advantage of every sales opportunity, and outstanding sales expertise, all of which enable us to supply products that respond to the needs of the market. The market structure has recently been shifting, and the company's success depends more on its ability to acquire copyrights for promising content and to maximize these opportunities to turn this content into products and services. We intend to acquire the top market share in the pachislot and pachinko machine businesses by leveraging the strengths of the Group.


Psalms of Planets Eureka Seven HI-EVOLUTION ZERO


Kaido Mokushiroku Kaiji Numa

02 ENTERTAINMENT CONTENTS BUSINESS

In addition to the development and sales of digital games, our core business under this category, we are also involved in a wide range of other businesses that provide entertainment: the development and sales of amusement machines and consumer products, the development and operation of amusement centers, the production and sales of animation films, and the development, production, and sales of toys. The development and sales of digital games, smarphone games, and PC online games in particular, is the major growth area for the Group. We are looking to expand our businesses in this area and in SEGA Games. In addition, to respond rapidly to changes in the market and consumer needs, we restructured our organization in 2015 and set up different companies so that each business segment has consistent management oversight over its development, production, and sales, facilitating quick business decisions.


maimai DX
©SEGA


Sumikko Gurashi PC with Exchangeable Mouse


DREAM PETS SERIES BORN PUPPY
©SEGATOYS 2019


Puyopuyo!! Quest
©SEGA

Main Group Companies
SHD, SGC, SIC, SLS, SE, DL, ATLAS, TOYS, TMS, MARZA, SSC, etc.

03 RESORT BUSINESS

We operate integrated resorts and resort complexes. Paradise City, which opened in April 2017, is the first integrated resort complex in South Korea. The development and operation of this complex, including its casino operations, is giving us the opportunity to accumulate experiences and expertise, which can help us toward our goal of establishing similar complexes in Japan. We fully capitalize on our entertainment business expertise in the operation of our Phoenix Seagaia Resort, one of Japan's foremost resort complexes, in Miyazaki Prefecture and where we offer a unique resort-stay atmosphere and experience.

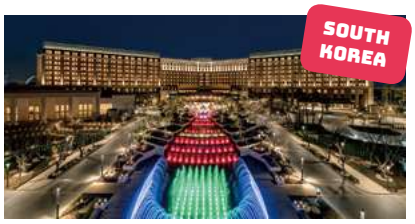

Paradise City


Phoenix Seagaia Resort

Main Group Companies
PSR, PSS, etc.

03 First Integrated Resort Complex in South Korea

Paradise City is an integrated resort that was opened in April 2017, right outside the Incheon International Airport in South Korea. It offers an abundance of world-class attractions such as casinos, hotels, restaurants, and leisure facilities.



Paradise City

03 GOLF COURSES


The North Country Golf Club

02 HOME VIDEO GAMES



Persona5 Scramble: The Phantom Strikers ©ATLUS ©SEGA/ ©KOEI TECMO GAMES All rights reserved. Yakuza : Like a Dragon ©SEGA SEGA LOGISTICS SERVICE DRIVING SIMULATOR ©SEGA Logistics Service Co.,Ltd. All rights reserved DARTSLIVE3 ©DARTSLIVE Co., Sumikko Gurashi PC with Exchangeable Mouse ©2019 San-X Co., Ltd. All Rights Reserved ©SEGA, ©SEGATOYS

Regional Co-Creation through Entertainment

Since the SEGA SAMMY Group began assisting in the reconstruction of Shichigahama-machi in Miyagi Prefecture immediately after the Great East Japan Earthquake in March 2011, we have been thinking about how we could contribute in ways that no one else can. We are now focused on addressing problems through entertainment and co-creating with local residents a new Shichigahama-machi to make it lively and colorful in ways that are uniquely possible for SEGA SAMMY.



Past Activities

Reconstruction to Revitalization



The SEGA SAMMY Group has been involved in a variety of support activities since the immediate aftermath of the Great East Japan Earthquake, ranging from sending employees as disaster relief volunteers to remove debris to hosting support events, such as those with the theme of bringing, as we call it, "smiles and vitality" to people in disaster-stricken areas.

In 2019, we signed a comprehensive partnership agreement with Shichigahama-machi on regional revitalization to create the future of the place together under the theme "regional co-creation." This is the first time the Group has entered into such an agreement with a municipal government.

Since July 1, 2019, the SEGA SAMMY Group's personnel have been sent to onsite assignments in Shichigahama-machi to help boost and sustain the ongoing growth of the regional economy. They are involved in such initiatives as creating new businesses, supporting local businesses, and promoting local brands.



SEGA SAMMY Group's Past Activities at Shichigahama-machi

June 2011	Removal of mud and debris
2012	Hosting the first support event at Shichigahama-machi
2016	Implementing the new employee training program at Shichigahama-machi

Current Activities

Key Initiatives in the Regional Co-Creation Project

Joint Initiatives by SEGA SAMMY Group and Shichigahama-machi

- Introduced SEGA Logistics Service's Driving Simulators
- Exhibited at the Shichigahama-machi Local Industry Fair and donated all the proceeds
- Held a food event using ingredients from Shichigahama-machi at the employee cafeteria in the SEGA SAMMY Group's main office



Personnel who are sent to onsite assignments work in Shichigahama-machi as town officials and are involved in addressing issues the town faces. One related effort is to reduce the number of traffic accidents caused by elderly drivers and help them gain skills with our driving simulators so they can continue driving safely. This is the first time in Japan that a municipal government has introduced this kind of equipment. Since Shichigahama-machi has no trains, many elderly citizens depend on cars to get them to their daily activities. Simulators provide the opportunity to assess their driving skills and mental fitness and may also facilitate community interaction. Those assigned to work as town officials leverage the Group's resources, liaise with other town officials, and actively participate in local events to bring smiles to the town's residents. In addition, all the proceeds we earned at the Shichigahama-machi Local Industry Fair were donated to the town's tourism association.



Additionally, to help the employees in the SEGA SAMMY Group know more about Shichigahama-machi. they organized an event called "Shichigahama-machi - Food Market" at the employee cafeteria in the SEGA SAMMY Group's main office. Employees enjoyed delicious dishes made from local ingredients and purchased local products.

My Involvement in the Regional Co-Creation Project

Creating Memorable Moments for the People in Town



Hiroshi Ishida

Assistant to the Vice-Town Mayor and Disaster Recovery Assistant (Office of Disaster Prevention & Longevity Society Division), Sammy Corporation



Masakazu Hiruta

Disaster Recovery Assistant, Policy Division, Sammy Corporation

I've been thinking about how I can contribute to this town, where everyone knows everyone else, and searching for clues as I deal with my job, and the first year has passed very quickly. A lot of people in town have commented about how I have come to know so much about Shichigahama-machi, and I have to thank everyone who has helped and supported me in this. An elderly resident made a particularly strong impression on me. She was not familiar with the name SEGA SAMMY Group, but she was aware of our Lifelong Learning Festivals and she had a big smile as she told me how much she enjoyed her time with her grandchildren at the event. I will continue to work hard to create more memorable moments for the people in town.

A Typical Day in Shichigahama-machi









What is Shichigahama-machi like?

Shichigahama-machi in central Miyagi Prefecture is the smallest town in Tohoku, with an area of 13.27 square kilometers. It is located in southern Matsushima, one of the Three Views of Japan (Nihon Sankei), surrounded on three sides by water, and blessed with richly abundant nature. Despite its natural setting, it is conveniently located within 20 kilometers of Sendai, Tohoku's largest city. The tsunami that followed the Great Japan East Earthquake flooded more than one-third of its land and ruined its beautiful coastal scenery.

Population and Number of Households pre/post the Great Japan East Earthquake (2011)

As of July 1, 2020

Population	18,506	Post-Earthquake reduced by 2,349 (-11.2%)
Number of Households	6,733	Post-Earthquake increased by 165 (+2.5%)

Future Activities

How a Multi-dimensional Entertainment Company Can Help Shape Shichigahama-machi's Future

In April 2011, immediately after the earthquake, Shichigahama-machi formulated the initial part of its recovery plan, which ended in fiscal 2016. We are now working on activities detailed in the latter part of the recovery plan, which ends in fiscal 2021.

While the recovery plan has almost come to its end, its goal is not to simply bring back the old town as it was before the earthquake. Genuine recovery will require ensuring that the town is bustling with people and residents are happy.

In the Regional Co-Creation Project, we will continue capitalizing on our experience and expertise as a multi-dimensional entertainment company and effectively deploy our products and services. For example, we are hosting programming classes in local elementary schools, darts competitions to encourage inter-generational socializing, and eSports events to promote interaction within and outside the community. Looking ahead, we will continue to deepen our bonds with the town and work together to make it a place where everyone is happy and proud.



Groupwork with the residents

• Long-term Integrated Plan and Integrated Strategy

Long-term Integrated Plan

Basic Philosophy (target year: fiscal 2021)

Town development focused on allowing people to live in harmony with nature, to live with the human rights respected, and to live comfortably there for many years.

Sea	People	Town
Live in harmony with nature	Live with the human rights respected	Comfortable to live in

Integrated Strategy

Key Vision (target year: fiscal 2061)

Overcome population decline and revitalize local economy



VOICE



Kaoru Terasawa
Mayor of Shichigahama-machi

"SEGA SAMMY-ism" is Transforming Our Town

I would like to take this opportunity to thank everyone in the SEGA SAMMY Group for their continuing support for recovering our town. I feel that the bonds between us have deepened in 2019, as the SEGA SAMMY Group has signed a comprehensive partnership agreement with us and sent personnel to work in Shichigahama-machi.

The personnel from the Group have been working with us as disaster recovery assistants since July 2019, and they have integrated very well into our town. We feel "SEGA SAMMY-ism" in many different ways. They provide a fresh perspective on everything we do. They are great examples for us and an inspiration for young town officials.

Ten years have passed since the earthquake. However, mental health recovery for our people continues. In addition, we are facing new challenges imposed by COVID-19 and must consider its impact on town planning and many other activities.

I sincerely hope we can go back to living our peaceful lives soon. At the same time, I will continue to work hard, with your heartwarming support, for the future of this town. I look forward to a long and prosperous relationship with the SEGA SAMMY Group.

Bringing Smiles Vitality Reconstruction Support

SEGA SAMMY Group's

Since immediately after the Great East Japan Earthquake, the SEGA SAMMY Group has continued to participate in efforts to support people in disaster-stricken areas. We are involved in a wide range of volunteer activities based on their needs while leveraging various Group resources.

Since the Day of the Great East Japan Earthquake

March 11, 2011, 2:46 PM
A great earthquake hit East Japan

Early April 2011
Decide to send employees as volunteers

Our Activities

(March 2011 to March 2020)

Support Fund

Approximately **400** million yen

Volunteer Activities by Employees and Support Events

100 activities and events

Participants: **1,237** employees

Visited by **35,620** people

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

Events Supporting People in Disaster-stricken Areas

In fiscal 2020, we organized entertainment and sports events in Shiogama-shi, Higashi Matsushima-shi, Onagawa-cho, Shichigahama-machi, and Minami Sanriku-cho in Miyagi Prefecture.

At the entertainment events, we set up amusement corners that leveraged the Group's various resources, such as Kira Deco Seal Art, Craft Smart Ball making, Smart Ball, the Darts, Flash Pad, and UFO CATCHER. Employee volunteers also served creative cotton candy. These events were managed and operated by employee volunteers and offered entertainment for all age groups.

For sports events, we organized

Onagawa Sanma Festival 2019

Junichi Hirosawa

Media Sales Dept., Marketing Div., Sammy Networks Co., Ltd.



This was my first time to participate as a volunteer. One parent initially came just to watch his children play but later joined in and enthusiastically competed to win a prize. Watching parents and children having fun playing the game together made me realize the importance of offering entertainment that an entire family can enjoy.

The event also provided a good opportunity for me to interact with employees from Group companies that I don't normally encounter. I felt a spirit of unity at the SAGA SAMMY Group. Although the purpose of my participation was to deliver experiences that move their heart, I was actually moved by those who visited us. I am very glad to have participated.

Higashi Matsushima Summer Festival 2019

Shunsuke Shibuya

Graphic Design Dept., Promotion Div.,
Japan&Asia Publishing Business HQ,
SEGA Games Co.,Ltd.



It was my first time to participate as a volunteer, which I've been always interested in doing. As I greeted everyone who passed by and explained to them how to play the game, I encountered many smiling faces. I clearly felt the potential for entertainment. It would be difficult to find opportunities to work with local residents in events like these on my own. So, I think it is very meaningful that the company provides these opportunities for employees in my group to work together to make a difference. I hope to see more volunteers participate in the future.

Merry Christmas 2019 in Higashi Matsushima

Yuka Jimbo

SPORTS Section, DL Service Strategy Div.,
DARTSLIVE Co.,Ltd.

I was in charge of the darts games that day. Even though one game took a long time to play, and it was hard to win prizes, it was still very popular. And visitors kept coming all day long. Some played more than once, and children encouraged me to come again next year. I feel that everyone enjoyed the game. This was my second time to participate. I was more relaxed this time and was able to enjoy being part of the crowd.

Nine years have passed since the Great Earthquake, and more children have now been born after the event and therefore have no memories of it. But this does not affect our desire to entertain people, and I hope the event will continue far into the future.



June 29, 2011
First round of volunteer activities
Participated in infrastructure reconstruction activities such as removing debris

December 18, 2011
First support event for the disaster-stricken areas
Support mental health recovery by leveraging various Group resources

April 2019
Signed a comprehensive partnership agreement with Shichigahama-machi

Our Support Continues



Infrastructure Reconstruction Phase

Economic Recovery Phase





activities that help children pursue their dreams and explore their capabilities. For example, we held a baseball class and invited Takashi Saito, a former pitcher of the Tohoku Rakuten Golden Eagles, to take part. We also held a swimming class with a SEGA Sammy Group ambassador, Takeshi Matsuda.

Swimming Class 2019 with Takeshi Matsuda



Yuki Ishi
CSR & SDGs Office, SEGA SAMMY HOLDINGS INC.

This was the fourth year we organized this swimming class, and it was again a great success.

During a talk show, Mr. Matsuda noted the importance of treating friends right, how it leads to great friendship, and how you need to work hard to make friendship work. Much of his advice was just as relevant to adults. The target audience for the event was children, and it was tailored to deliver experiences that move their heart. Nevertheless, I felt that the parents of the children in the class also gained fresh perspectives.

Minamisanriku Industrial Fair 2019

Yukiko Mano
Finance & Accounting Div., Accounting Group, SEGA SAMMY HOLDINGS INC.



This was the second consecutive year that I participated in this event. And this time I was in charge of the Smart Ball games. The activity attracted many people, and constantly there were participants queuing up to play all day. It is a game of luck, so when any player got the lucky "777," I felt as though I had personally won, and I was very excited.

I had conversations with many of those who played the game. We also had a few children from the local high school help us run the event. I interacted with so many different people during the two days. I rarely have the opportunity to see end-users enjoying our games or to interact with employees from other Group companies, so I really appreciate these experiences through CSR activities.



Baseball Class with Takashi Saito

Hideki Amanuma
Facility Service Dept., General Affairs and Personnel Div., General Affairs Group, SEGA SAMMY HOLDINGS INC.



I last visited Miyagi Prefecture in 2016 for the 47th JABA Northeast Regional Championship, when I was still a member of the SEGA SAMMY Baseball Club. Although the infrastructure reconstruction for the affected areas after the Great East Japan Earthquake was complete at the time, traces of the damage still remained.

I felt slightly different this time. I was happy and energized seeing children who had been so small when the earthquake struck now grown up into such fine junior high students as they participated in this baseball class, obviously enjoying themselves. I could clearly see the enthusiasm in their faces as they listened to Mr. Saito and former players of the SEGA SAMMY Baseball Club. The memory of those faces is still fresh in my mind.

I truly enjoyed interacting with children of Shichigahama-machi through baseball. And it reminded me that baseball is really a great sport.

Disaster Relief Employee Volunteers after Typhoons No. 15 and No.19 and the Torrential Rain in Chiba Prefecture in 2019

From August to October 2019, many parts of Japan suffered devastating damage from typhoon No. 15, typhoon No. 19, and torrential rains. After seeing the severity of this damage, we decided to send our employees as disaster relief volunteers to Kawagoe City in Saitama Prefecture, where SAMMY's Kawagoe Factory is located, as well as to Sakura City in Chiba Prefecture, the location of a SEGA Logistics Service's Sakura office and the Sakura Nanso Office.



Kawagoe City, Saitama Prefecture

Hideo Yokozeki

Reuse Promotion Dept., Production Planning Div., Production Group Div., SAMMY Corporation

I used to play in Kawagoe City when I was very small. I wanted to do something for the city, so I joined as a volunteer.

In the morning I joined a group asked to remove wood and debris that had been swept into the area by the flooding river, then in the afternoon I helped to clean a support center for people with developmental disabilities. The mud that had been thrown into the building required a lot of shoveling and was extremely difficult to get rid of. We finally managed to clean one room. Other volunteers who worked with me shared the same sentiment that we had achieved very little, despite having so many capable men and women working together. One night of rainfall clearly can cause damage that takes months and years of recovery. It reminded us how severe nature can be and how helpless we are against it.

I hope to adjust my work schedule and volunteer again.



Sakura City, Chiba Prefecture

Mikio Ina

Amusement Design Production Div., SEGA Interactive Co., Ltd.

My first volunteer work for Sakura City, where I had worked when I was in my 20s, was very emotional. I was heartbroken every time I saw more details of the damage in Sakura City on the news.

I was involved in dismantling and removing damaged greenhouses on a farm, which were not tasks that were too complex. We followed the supervisor's plans and instructions and readily completed the tasks without any injuries. I was glad to see smiles on the faces of the farm owners.

Hachioji City, Tokyo

Masaki Kitasaka

SEGA SAMMY Baseball Club, SEGA SAMMY HOLDINGS INC.



Hachioji City, where the Baseball Club is based, suffered enormous damage after the rivers overflowed, including damage caused by a landslide near the SEGA SAMMY Baseball ground. We had planned to participate in a baseball class hosted by Tobuki Cleaning Center over the weekend, but it was cancelled, so we participated in volunteer activities in the Takao area instead.

Our main activity was to help remove mud and debris. The mud was very heavy, and just putting it into sandbags and loading the bags onto trucks was exhausting. The area has a high percentage of elderly citizens, and it was very rewarding to see the delight on their faces after our hard work.

I felt the area needed the capable hands of the younger generation. I would like to volunteer again and make myself useful.

The 5th Corporate Volunteering Awards

The SEGA SAMMY Group was awarded the 5th Corporate Volunteering Awards, organized by the Tokyo Voluntary Action Center (TVAC), a non-profit organization, for its ongoing effort to support the reconstruction of areas stricken by the Great East Japan Earthquake and its employees' active participation in volunteer activities across Japan. The general manager of the Group CSR & SDGs Office of SEGA SAMMY HOLDINGS, as well as two employees with volunteer experience and a representative of the reconstruction support organization, attended the award ceremony and were praised by many people for closely collaborating with organizations in the disaster-stricken areas and having employees volunteer.



Fiscal 2021 New Employee Training Program Postponed

Since fiscal 2014, our new employees have been visiting areas stricken by the Great East Japan Earthquake as part of their training in April every year. However, for fiscal 2021, we decided to indefinitely postpone the visit as a measure against the spread of COVID-19.

SEGA SAMMY Group's Response to COVID-19

COVID-19 has dramatically transformed society by disrupting people's lives and forcing companies to make changes to their operations and work styles in terms of safety and security. In accordance with national and local government policies, the SEGA SAMMY Group strives to prevent the infection and spread of COVID-19 by voluntarily suspending operations at amusement facilities and resort businesses while also implementing remote work and distributing masks to employees and their families.

Response in Our Commercial and Amusement Facilities





In response to the nationwide spread of COVID-19, we placed top priority on the safety of our customers and employees at facilities operated by the Group and are continuing with related measures. On February 29, we decided to temporarily close Orbi Yokohama before other facilities had taken that step, and subsequently we suspended operations at commercial facilities and video game arcades according to local rates of infection and local government policies. After the state of emergency was lifted, we resumed business in stages and have been working to avoid the "Three Cs" (closed spaces, crowded places, and close-contact settings) through measures such as ventilating spaces, disinfecting equipment touched repeatedly by a number of people, and restricting entry. In addition, we urge our staff to take care of their own health, wear masks, wash and disinfect their hands, and frequently gargle.

We have distributed 124,700 masks to our facilities across the country, and we ask customers to wear masks, disinfect their hands, and maintain social distancing while in our facilities. Moreover, those with a fever or who have other coronavirus symptoms are restricted from entering. Through these measures, we have been working to prevent the spread of the virus.

Donating Masks to Local Governments

To fulfill the Group mission of "Making Life More Colorful" through entertainment, we donated masks to local governments and associations with connections to the SEGA SAMMY Group. We donated a total of 12,500 masks to the Shinagawa Children's Dining Network, headquartered in Shinagawa Ward, Tokyo, to Shichigahama-machi in Miyagi Prefecture, which has concluded a comprehensive cooperation agreement on regional revitalization, and to the Hachioji Council of Social Welfare in Hachioji City, Tokyo, where the SEGA SAMMY Baseball Club's home field is located.



Responses at the Headquarters and Group Companies

Internal measures at our headquarters and Group companies are in place to ensure the safety of our customers, business partners, employees and their families. We consider these as part of our role in helping to control the spread of the virus and ultimately eradicate it.

After the state of emergency was declared, we required all employees to work from home except for a minimum number of personnel who had special permission to come to our offices and were involved in operations vital to maintaining corporate management and business continuity.

Since the Group had already introduced a telecommuting system as part of its work style reforms in April 2019, the transition to remote work proceeded smoothly without a reduction in productivity. To lower employee anxiety and stress while there was limited communication and as staff company-wide were working in enclosed spaces due to telecommuting, we held an online meeting with the president that many employees attended to share their ideas on areas for improvement.

Since the state of emergency was lifted, employees have been urged to continue working from home and to stagger their work hours. We also encourage them to monitor their temperature before going to work, wear a mask in the workplace, wash and disinfect their hands, avoid the "Three Cs," and maintain social distancing, while company rules in principle prohibit business trips and restrict inviting guests to the office, visiting other offices, and holding internal and external events.

Furthermore, we created a webpage entitled, "Notice Concerning the Novel Coronavirus (COVID-19)" on the Group's "COMPASS+" intranet in order to disseminate information, including messages from the president and notes on working from home. And at our Osaki headquarters we are making improvements in our work environment so that employees can do their jobs with a sense of security. For instance, we have been distributing one mask a day to each employee who is required to be at the office.



Online meeting with the President

Management

Structure of the SEGA SAMMY Group's Management Philosophy

Group Mission Pyramid

Adhering to its objective of providing dreams and experiences that move the heart 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.

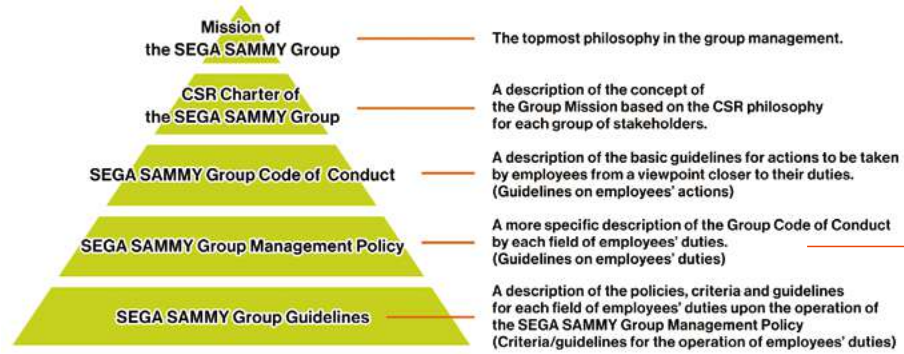
In 2017 we formulated a new Group mission statement and developed the SEGA SAMMY Group Mission Pyramid for the Group and Group companies to instill the mission statement into all of our employees. The Mission Pyramid is divided into three levels: Values, or our corporate DNA; our Mission (raison d'être) and Vision (ideal self), which are ultimately linked 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: "Constantly Creating, Forever Captivating" —Making Life More Colorful—

While sharing the value of "Creation is Life" and "Always Proactive, Always Pioneering," we will continue to provide "experiences that move the heart" 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/gr_charter/

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 & SDG Policy
https://www.segasammy.co.jp/english/pr/commu/csr/

Policy on Promotion of SEGA SAMMY Group's CSR & SDG Activities

Referring to the materiality map of the US Sustainability Accounting Standards Board (SASB), the SEGA SAMMY Group has identified materiality to be addressed, under key categories and five key issues, through CSR activities aimed at achieving the SDGs.

Five Key Issues

1. Environment

We design products with a view to mitigating the environmental impact of manufacturing processes and enhancing efficiency through recycling and reuse. Further, we are advancing efforts to preserve the environment and reduce power consumption.

2. Addiction

We are taking steps to tackle and prevent different types of addiction, such as addiction to playing pachinko and pachislot machines; addiction to video games, or "gaming disorder," which can seriously affect health; and gambling addiction, which is strongly related to the integrated resort business.

3. People

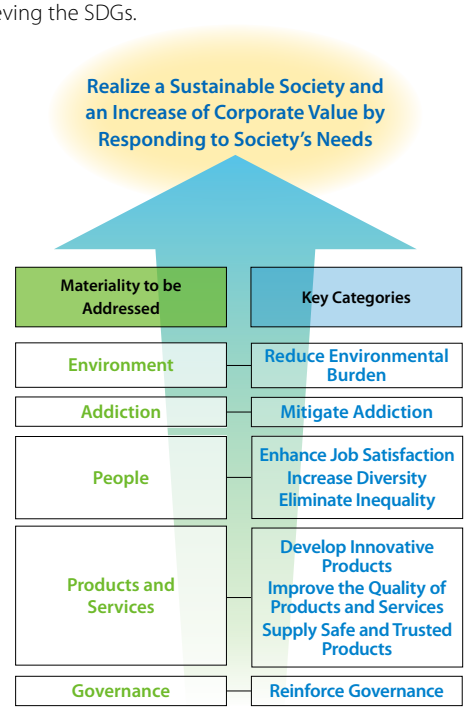
We are striving to create motivating working environments for diverse human resources and to build a corporate culture with a high level of creativity. We also aim to make diversity an inherent part of our business while ensuring fairness by respecting human rights, prohibiting discrimination of any kind, and protecting the disadvantaged.

4. Products and Services

To create "experiences that move the heart" through entertainment in order to make life more colorful, we build development processes that allow us to provide innovative products, continually improve the quality of products and services, and supply products and services that can be enjoyed with safety and confidence. We are also proactive in our approach to solving social issues through our business, which will lead to continuous growth and maximize corporate value. At the same time, as a good corporate citizen, the entire Group is enthusiastic when interacting with local communities and contributing to society by providing and promoting diverse entertainment.

5. Governance

We will emphasize corporate governance, including compliance and risk management; strengthen legal compliance frameworks and internal control systems; ensure sound business management; enhance transparency; and improve efficiency through rigorous governance management. In addition, we intend to remain a company that society trusts and supports for many years to come, by keeping all employees aware of our social responsibilities through educational programs and by conducting CSR/SDG activities unique to the SEGA SAMMY Group.



The Sega Sammy Group believes that it is important to create an environment in which each and every employee takes pride in his/her work and will come to realize that they contribute to the sustainable development of society, by way of continuously providing "experiences that move the heart" to people all around the world. By promoting CSR (Corporate Social Responsibility) and SDGs (Sustainable Development Goals), we aim to become a corporate group that is trusted, needed and respected by society.

URL Policy on Promotion of CSR / SDGs Activities of SEGA SAMMY Group
https://www.segasammy.co.jp/english/pr/commu/csr/

CSR and SDGs 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 SDGs 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 SDGs 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.

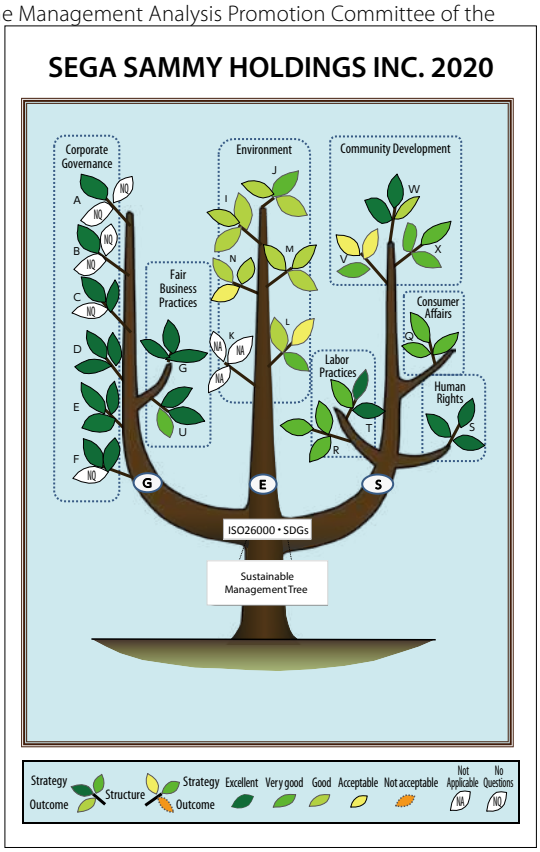
The status of the CSR and SDGs activities is posted in the CSR BOOKLET on our website and thus shared within and outside the Group. In addition, the Board of Directors receives reports on both the results of a survey (1,036 respondents in fiscal 2020) attached to the CSR Communication Report, the employee 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 (contribution to the environment and society). 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

Since 2016, we have been subjecting our management to a sustainability analysis by the Management Analysis Promotion Committee of the Sustainable Management Forum of Japan. Our average score was 82.5%, marking three consecutive years of improvement. We scored 97.3% in the area of governance, maintaining high levels in each aspect. Our score in the environmental area has remained at a slightly low 62.2% since our industry has a relatively low impact on the environment, but we have continued to achieve progress since the first analysis. We particularly cooperate with the Task Force on Climate-related Disclosure (TCFD), which is being required of the financial sector amid the growing impact of global warming on business. We have also been recognized for bolstering our efforts in response to comments we received last year by seeking to grasp Scope 3 level CO_2 emissions across our entire business, including our supply and value chains. Our score in the social area rose to 86.7% due to the partnership agreement we signed on regional revitalization with Shichigahama-machi, Miyagi Prefecture, including the dispatch of employees, and as major Group companies advanced in their respective SDGs initiatives. The COVID-19 crisis is currently causing significant changes in employee work styles, including manufacturing. We will seek to reduce our environmental impact further by promoting new work styles and sales methods, such as telework and e-commerce.



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, Women's Empowerment Principles (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, Principle 2: and Make sure that they are not complicit in human rights abuses.	Management: Structure of SEGA SAMMY Group's Management Philosophy and SEGA SAMMY Group's CSR With partners: Ensuring Fair and Impartial Procurement With employees: Respect for human rights	Pages 13–20 Pages 30–33 Pages 34–41
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, Principle 4: Elimination of all forms of forced and compulsory labor, Principle 5: Effective abolition of child labor, Principle 6: Elimination of discrimination in respect of employment and occupation.	Management: Structure of SEGA SAMMY Group's Management Philosophy and SEGA SAMMY Group's CSR With partners: Ensuring Fair and Impartial Procurement; CSR Procurement Training; partnership with suppliers and clients With employees: Cultivation and Evaluation of Human Resources; Promoting Diversity; Respect for Human Rights; Creating a More Attractive Workplace	Pages 13–20 Pages 30–33 Pages 34–41
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges, Principle 8: Undertake initiatives to promote greater environmental responsibility, Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Management: Structure of SEGA SAMMY Group's Management Philosophy and SEGA SAMMY Group's CSR With Society-Environment: Green Power Certificates System; Designing Environmentally Friendly Products; Twelfth Year of the Adopt-A-Forest Activity: SEGA-no- Mori; Seagaia Beach Cleaning in Hitotsuba Campaign	Pages 13–20 Pages 44–48
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Management: Structure of SEGA SAMMY Group's Management Philosophy and SEGA SAMMY Group's CSR Management: Compliance With partners: Ensuring Fair and Impartial Procurement	Pages 13–20 Pages 17–18 Page 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 2020, 761 participants from 13 companies participated, bringing the overall total since October 2013 to 4,090. The participants learned about the changing social environment surrounding our business and 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 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. (For more information on the CSR seminars, please see page 40).



Group work during a CSR seminar

Corporate Governance

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

Corporate Governance
https://www.segasammy.co.jp/english/ir/library/printing_annual/

Compliance

Our Policy

The SEGA SAMMY Group implements a variety of initiatives under the Group Code of Conduct and the Group Management Policy to ensure that all employees understand and act out of an awareness of compliance.

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, directors, 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.

Internal Audit

In addition to various partial audits conducted at Group companies to ensure compliance, SEGA SAMMY HOLDINGS' 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. We also monitor progress on items requiring improvement to ensure that customer safety comes first. Important auditing issues are reported twice a year at board meetings of SEGA SAMMY HOLDINGS.

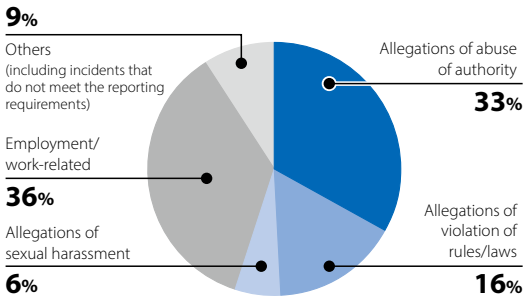
■ Major Improvements

Initiatives	Progress/Results
We conduct safety inspections at 74 amusement centers nationwide to prevent injuries and accidents.	As a result of inspections in fiscal 2020, we found 211 cases where improvement was required, and we requested that operators take the necessary remedial actions. 1. 123 findings related to facilities and equipment 2. 71 findings related to pachislot and pachinko machines 3. 17 findings related to food safety
We ensure the thorough compliance required for promoting an integrated resort and conduct audits on the status of safety management.	We conduct audits on vital themes and confirm improvements by conducting follow-up audits. (1) Response to regulations on work style reforms (2) Status of personal information management (3) Status of response to information security
We seek to raise the safety and security of the food we provide at the Group's restaurants by confirming the integrity of the origins of food materials and displays on the menus.	• As a result of our investigation into the origin of food materials and content displayed in our menus, we confirmed the appropriateness of our displays and measures for preventing the presentation of misleading information. • We confirmed attendance led by the master cook at government-sponsored seminars and lectures by public health centers.

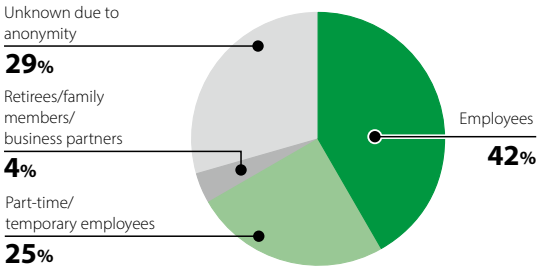
Internal Reporting System

The SEGA SAMMY Group Corporate Ethics Hotline is an internal reporting system set up both inside and outside the company to prevent regulatory violations, misconduct, and other improper conduct through the self-corrective functions of the Group and company. SEGA SAMMY HOLDINGS became a registered enterprise under the internal reporting certification program (declaration of conformity) of the Consumer Affairs Agency of Japan as of December 13, 2019. The program was launched by the agency in February 2019 to promote proper development and administration of internal reporting systems that constitute the key elements of internal control and corporate governance. Under this program, an enterprise evaluates its own internal reporting system and is registered by a designated registration institution if it complies with the Guidelines for Private Enterprises Regarding the Development and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act. A total of 19 incidents were reported in fiscal 2018, 24 in fiscal 2019, and 136 in fiscal 2020. A breakdown of the types of incidents reported and whistleblower attributes for fiscal 2020 is as follows.

■ Types of Incidents Reported (FY2020)



■ Whistleblowers Attributes (FY2020)



Compliance Promotion Activities

Ensuring Full Compliance with the Rules and Enhancing Awareness

We provide seminars by employee level for Group companies to enhance awareness and foster understanding 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 prevent violations and strengthen compliance across the Group. The office ran a standard e-learning program for the employees of 23 Group companies for providing knowledge on compliance. It also conducted a compliance awareness survey with a 94% response rate to organize training focused on key aspects in an effort to grasp latent risks in the Group and make improvements.

■ Compliance Seminars (FY2020)

	Frequency	Number of Participants	Target Companies
Newly-appointed executives	1	13	All Group companies, including SSHD, SHD, SAMMY, SE, SGC, SIC, TMS, TOYS
Executives	2	134	
Total	**3**	**147**	
Managers (in Tokyo)	28	1,109	23 Group companies, including SSHD, SHD, SAMMY, SE, SGC, SIC, TMS, TOYS
Managers (in local regions)	6	68	
Total	**34**	**1,177**	

■ e-Learning (FY2020)

	Number of Courses	Number of Participants	Target Companies
Managers	5	6,549	23 Group companies including SSHD, SHD, SAMMY, SE, SGC, SIC, TMS, TOYS
General employees	4		

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 16 major Group companies once a year and share results at SEGA SAMMY HOLDINGS' 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 addressed the novel coronavirus pandemic in 2020 through a Group-wide effort to prevent the spread of infection.

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 Group 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. The SEGA ID offers easy, convenient access to the various services of the SEGA Group through a single ID. Personal information associated with the SEGA ID is managed by SEGA HOLDINGS, which has obtained Privacy Mark (P Mark) certification.

Issues by Theme, Result of Activities, and Relevance to SDGs

We specify issues to be addressed each year and manage the progress and results of our efforts on CSR initiative themes upheld by the Group. We have worked to fulfill our "Road to 2020" medium-term management strategy formulated in May 2017 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 establishing the framework for achieving 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.

SEGA SAMMY Group's Materiality to Be Addressed, Key Categories, and Results

Note: See page 2 for abbreviations.

Key Categories and Key Issues	Initiatives		Fiscal 2020 Progress and Results	Main Page References	Related SDGs
Environment Reduce Environmental Burden	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.33 P.44-48	3 9 12 13
		Promote the 3Rs (especially recycling)	• Recycled trade-in machines (achieved 93%) [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 2020 (actual): 168,184 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 (250m²) [PSR]	P.44-48	7 11 13 14 15
Addiction Mitigate Addiction	Implement countermeasures against gambling addiction	Joint reseach for gambling addiction	• Jointly conducted research with Kyoto University	P.21-22 P.27-29	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]		
	Implement countermeasures for user enjoyment	Continue measures against illegal customer behavior	• Measures against illegal customer behavior [PP]		
People Enhance Job Satisfaction Increase Diversity Eliminate Inequality	Work style reforms	Work style reforms	• Promotion of the work style reform (Measures against overtime hours, increased number of paid leaves taken, introduced a flextime system, the teleworking system, etc.)[Group] • Opened SEGA SAMMY College (total attendance: 4,398 students) [Group]	P. 34–40, Integrated Report	5 8 10
	Increase Diversity Eliminate Inequality	Increase Diversity and Eliminate Inequality	• Introduced the LGBT support system and sponsored Tokyo Rainbow Pride [Group] • Received the highest "Gold" rating in the PRIDE Index • Introducing a side work system and other work style reform systems [Group]		
Products and Services Develop Innovative Products Improve the Quality of Products and Services Safe and Trusted Products	Develop Innovative Products	Addressing social issues through business activities	• Held SDG training for Group executives, and 11 of the key Group companies formulated SDG plans [Group] • Gamification [SEGAXD] • Development, manufacturing, and sales of accessible design toys [TOYS] • Development, manufacturing, and sales of drive simulator [SLS] • "Shumikatsu!" for senior hobby activities and exchange opportunities [SGC]	P.21-22 P.51	3 4 8
		Organize events and make products that leverage Group-related content	• 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]		
	Improve the Quality of Products and Services Safe and Trusted Products	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.26-28	12
		Further improve the customer support system	• Improved the customer support system [E, PP, TOYS]		
	Contribution to local communities	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 (5 events) [SSHD, E, PP, TOYS, TMS, SE, SLS, DL] • A comprehensive partnership agreement with Shichigahama-cho, Miyagi Prefecture [SSHD]	P.7-8	11
		Conduct other Groupwide social contribution activities and support the development of culture, etc.	• Established the Dance Base Yokohama and supported arts and cultural activities including the Tokyo Jazz Festival [SSHD] • Participated in the Picture Book Campaign (353 books) (creating an environment for entertainment in underdeveloped countries) [Group] • Donated toys, etc. [SSHD, TOYS]	P.49-54	1 2 3 4 10
		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]		
Governance Corporate Governance	Strengthen governane system	Strengthen governane system	• Responded to the corporate governance code, established the Independent Advisory Committee and Management Strategy Committee, and held seminars for SSHD executives, etc. [SSHD] • Maintainint the Group Compliance and Risk Liaison Committee and Promotion of training for SSHD Executive [Group] • Reported to the Board of Directors the degree to which the Group Missions and Code of Conduct have been instilled in the Group [SSHD]	P.13-18	16
	Strengthen compliance	Strengthen compliance	• Held a compliance seminar for Group executives (3 sessions, 147 participants), held compliance seminars for managers [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 23 Group companies	P.17	16
	Promotion of CSR/SDGs management	Instill a widespread awareness of the Group's Management Philosophy through continuous top-down communication	• Held a CSR seminar for Group employees (21 sessions, 14 companies, 761 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 11,000 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.13-16 P.40	—
		Manage and share CSR information	• Collected CSR information by means of the information media (newspapers, magazines, etc.) and provided it to Group companies [SSHD]		



Realizing a prosperous society by executing the mission of multi-dimensional entertainment through the provision of "experiences that move the heart"

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

The underlying purpose for promoting the SEGA SAMMY Group's CSR activities is to provide "experiences that move the heart" through business activities we are expected to undertake. We believe that responding to social demands through our business instead of through the SDGs will lead to the sustainable development of society as well as the SEGA SAMMY Group and will ultimately contribute to achieving the SDGs.

In order to continue to be a corporate group that society needs, we reviewed the four key CSR/SDG themes that we have promoted to date. Then, in October 2020, the SEGA SAMMY Group identified five key issues (materiality) to be addressed: Environment, Addiction, People, Products and Services, and Governance. Focusing on the materiality will encourage us to contribute to achieving the SDGs.

In terms of the environment, we will focus on protection by reducing the environmental impact of the cabinet manufacturing process and cutting down on plastics. With regard to the rising incidence of addiction, we will further deepen our joint research with Kyoto University, which began in 2017, and strive to prevent addiction.

SEGA Sammy's people, approximately 8,800 employees, are indispensable for providing experiences that move the heart. We are currently focused on establishing a corporate culture in which diversity, including work style reforms, is commonplace. By

SEGA SAMMY Group's Contribution to the SDGs

Products and Services

Concrete Initiatives

- **Supply quality products and services that can be enjoyed with safety and confidence**
- **Improve development processes**
- **Respond to a super-aging society with fewer children, capitalizing on entertainment content**

CASE 1 Extending Driving Life Expectancy with a Driving Simulator

Traffic accidents involving elderly drivers have been increasing, and therefore reducing these accidents has become a major concern of society. Sega Logistics Service in collaboration with Sompo Japan Insurance Inc., developed a driving simulator with cognitive driving capabilities and functions for evaluating and training for driving skills. Sompo Japan Insurance was seeking to inspect cognitive functions and maintain and improve driving skills using a simulator to better understand accidents and elderly hit-and-run incidents. This data was matched with the SEGA SAMMY Group and its technology and corporate philosophy to aid in the simulator's development.

The simulator has been introduced in Shichigahama-machi, Miyagi Prefecture, with which the SEGA SAMMY Group has a comprehensive partnership agreement. This arrangement will help provide a richer life for senior citizens as well as a safe and secure automotive society by reducing elderly accidents and extending their driving life expectancy.



CASE 2 Support for Programming Education



In a society where everything is connected to and can be managed on the Internet, the extent of programming knowledge a child possesses will have a significant influence on their future career choices. Programming classes at elementary schools have been mandatory since the 2020 academic year, although challenges remain in securing instructors.

Leveraging the knowledge of gamification—applying game elements and features to other fields—is the specialty of the SEGA SAMMY Group, and we have supported programming classes using the learning content of our action puzzle game "Puyo Puyo," jointly developed with Asial Corporation, which handles application production and related skills. In addition to solving classroom-related problems, we will support programming learning at the various educational levels of children, who will forge the future.

accumulating the wisdom of employees from a variety of backgrounds, we seek to improve the quality of our products and services and will continue to create entertainment content that enables customers to have experiences that move their heart while safely and securely enjoying our products and services.

We believe that strengthening governance, the foundation of corporate management, is essential for meeting these challenges, and we are designing a system for supervising business execution and further enhancing execution functions. Furthermore, we are convinced that improving management transparency and providing responsible explanations to stakeholders will attract useful external feedback and ultimately help to establish a stronger management foundation.

Responding to social demands through our business operations is the ideal path to sustainability, and we believe that the SEGA SAMMY Group has entered the stage of taking action toward realizing its ideals. We will fulfill our mission of providing "experiences that move the heart" by stepping up our efforts on key issues to contribute to achieving the SDGs through all our business activities.

Implemented SEGA SAMMY Initiatives

February 2019	dentified key SDGs themes
April 2019	Established the SDGs Promotion Office
May 2019	Held SDGs seminars for executives
July 2019	Formulated a new action plan and started considering each company's initiatives for the next plan
October 2020	Identified five key issues (materiality)



The SEGA SAMMY Group is advancing its business activities to address the challenges faced by society, which will ultimately contribute to achieving SDGs. We believe that continuing this cycle is the essence of corporate sustainability and will meet the demands of society by faithfully executing the Group's mission of "Making Life More Colorful" through entertainment.

People

Concrete Initiatives

- Pursue work style reforms that lead to stronger businesses
- Realize diversity
- Establish a creative corporate culture by creating an environment in which diverse human resources play an active role

CASE Supporting Broader Awareness of LGBTs

The SEGA SAMMY Group has a dependent allowance system for same-sex couples and provides e-learning seminars on LGBT for domestic Group employees.

In addition, since fiscal 2019, we have been supporting the activities of Tokyo Rainbow Pride, which strives to increase awareness of sexual minorities.

Addiction

Concrete Initiatives

- Establish social credibility by practicing educational activities together with the industry
- Deepen research to prevent gambling addiction
- Respond to game addiction and obsession concerns

CASE Joint Research with Kyoto University

We are taking unique measures through joint prevention research on gambling addiction with Professor Toshiya Murai of the Kyoto University Kokoro Research Center.

Environment

Concrete Initiatives

- Visualize CO_2 emissions throughout the value chain
- Reduce cabinet waste loss due to reuse of pachislot and pachinko machines
- Conserve the natural environment and save energy

CASE Environmentally Sound Product Development

SEGA Europe Ltd. abolished the use of plastic packaging for some games. It also continues to focus on recycling the cabinets of pachislot and pachinko machines to reduce waste.



Governance

Concrete Initiatives

- Transparent management
- Review of executive compensation