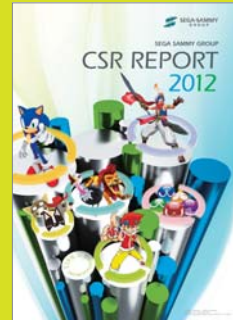


# SUSTAINABILITY

# The SEGA SAMMY Group's CSR Initiatives

*Annual Report 2012* reports on the Group's basic policies and the progress of initiatives for society, the environment, governance, and other non-financial areas. In relation to these areas, the report highlights risks and opportunities that could have a particularly significant effect on the Group's growth and sustainability. At the same time, it focuses on core operating companies: SEGA CORPORATION and Sammy Corporation. For a comprehensive report on the Group's initiatives based on the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines 2006 and the ISO 26000's Guidance on Social Responsibility, please see *SEGA SAMMY Group CSR Report 2012*.



*SEGA SAMMY Group CSR Report 2012*

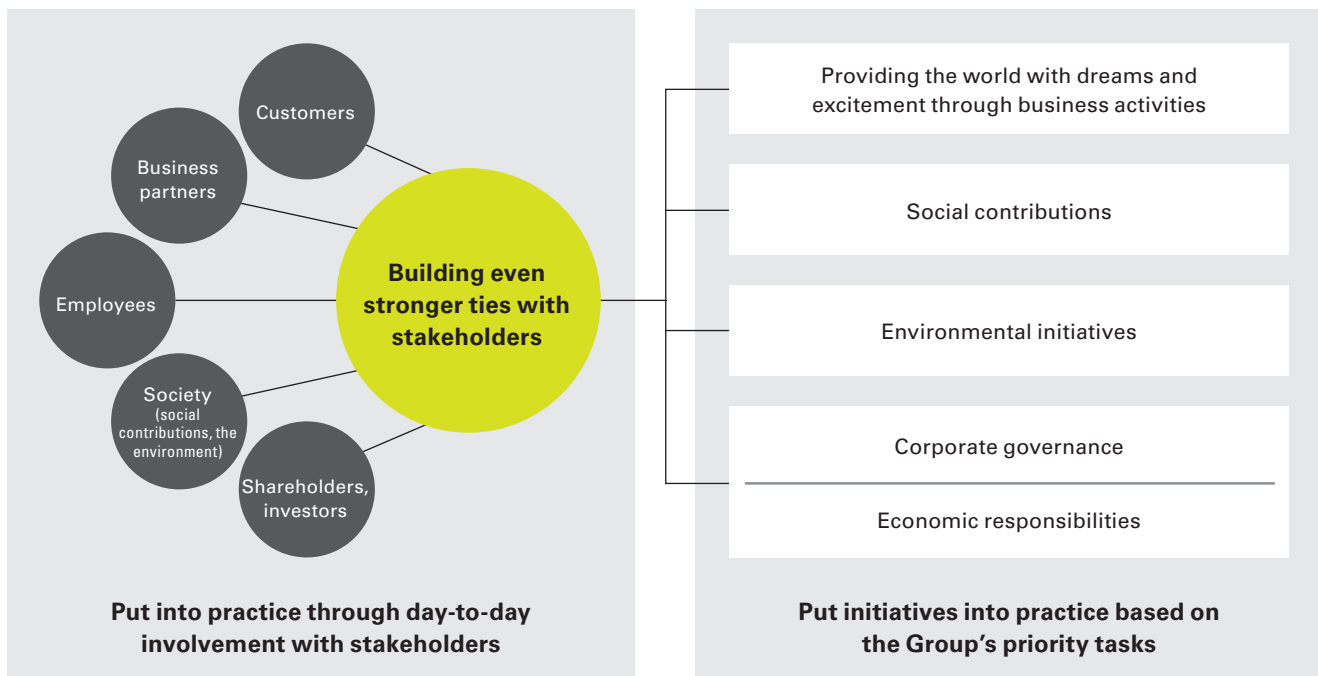
➔ [http://www.segasammy.co.jp/english/pr/commu/csr\\_report.html](http://www.segasammy.co.jp/english/pr/commu/csr_report.html)

## The SEGA SAMMY Group's Basic Approach to CSR

“By providing entertainment filled with dreams and excitement to people throughout the world, we will strive to enrich our society and culture.” Adhering to this Group Management Philosophy, the SEGA SAMMY Group pursues corporate social responsibility (CSR) initiatives that it is uniquely qualified to realize. These initiatives meet our responsibilities, thereby responding sincerely to society's various requirements and expectations and building even stronger ties with stakeholders. We categorize initiatives under four priority tasks: providing the world with dreams and excitement through business activities, social contributions, environmental initiatives, and corporate governance and economic responsibilities.

We will advance businesses activities with the aim of remaining a company society views as trustworthy and promising growth.

### The SEGA SAMMY Group's CSR Initiatives and Stakeholder Engagement



### Realize mutual sustainability between the Group and society

Group CSR Charter: As a responsible corporate citizen, we will comply with all relevant laws, regulations, and social norms and further deepen the relationship with our stakeholders. Through these efforts, we believe we can provide sound management of our Group and fulfill our responsibilities to society.

### CSR Promotion System

The foundation for promoting CSR activities is sound management. Therefore, the Company sought to enhance corporate governance, compliance, and risk management by establishing the Group CSR Liaison Committee in-house. This committee coordinates the Group's CSR activities.

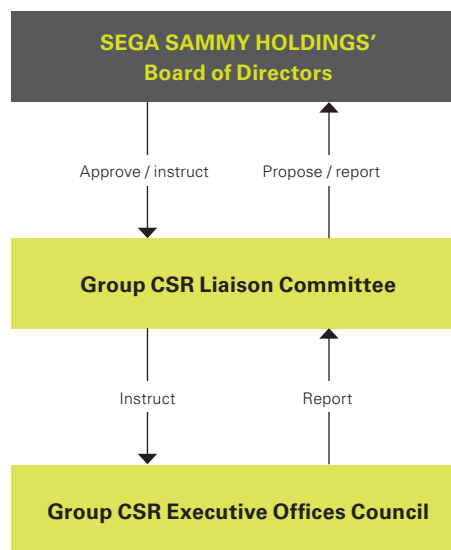
Moreover, to facilitate CSR activities, the Company established the CSR Promotion Office, which has overall responsibility for CSR activities. This office holds meetings of Group CSR Executive Offices Council, which members of the CSR Executive Offices of Group companies attend, and follows a plan–do–check–act (PDCA) cycle for initiatives related to specific CSR activities.

### Initiatives for Priority Tasks

Society has numerous types of stakeholders, and it demands and expects many things from companies. While they are all important, meeting every expectation uniformly is not possible. With this in mind, in fiscal 2010 the SEGA SAMMY Group identified and categorized the tasks it should tackle. Based on this, we have been setting out targets and managing the progress of initiatives to address priority tasks since fiscal 2011.

Furthermore, in fiscal 2012 we reviewed the “materiality,” or relevance, of our initiatives and decided on four common priority tasks that the entire Group can tackle (please see the opposite page). Based on these priority tasks, each operating company will set out targets and take steps to realize them, while SEGA SAMMY HOLDINGS manages their progress.

The SEGA SAMMY Group's CSR Promotion System



Employees

The Group recognizes that employees and their creativity and ambition are its most important management resource and the foundation of sustained growth. Accordingly, the Group rigorously ensures respect for human rights, establishes comfortable and safe workplaces, provides opportunities for employees to develop their capabilities, and promotes diversity.

SEGA—Hiring and Workforce

		2010	2011	2012
New graduate hires	Male (Female)	49 (12)	14 (4)	17 (5)
	Total	61	18	22
Mid-career hires	Male (Female)	23 (6)	18 (6)	71 (2)
	Total	29	24	73
Total number of employees (excluding seconded employees)	Male (Female)	2,320 (341)	2,135 (288)	2,130 (280)
	Total	2,661	2,423	2,410
Average years of service		9 years 8 months	10 years 7 months	11 years 4 months

Sammy—Hiring and Workforce

		2010	2011	2012
New graduate hires	Male (Female)	9 (4)	6 (0)	14 (2)
	Total	13	6	16
Mid-career hires	Male (Female)	9 (0)	15 (1)	26 (3)
	Total	9	16	29
Total number of employees (excluding seconded employees)	Male (Female)	959 (110)	943 (105)	959 (105)
	Total	1,069	1,048	1,064
Average years of service		7 years 7 months	8 years 1 month	8 years 9 months

Personnel System

SEGA evaluates its employees based on qualifications, roles, and results to heighten motivation and to enable them to realize their potential. To ensure fair evaluations, all managers receive evaluator training. Furthermore, aiming to support the career development of employees and heighten professional pride, we have introduced a dual-track career system that enables employees to choose either a management track or a professional track, which focuses on specialized skills. In addition, we have introduced an internal recruiting system to cultivate a corporate culture that supports ambitious employees.

Similarly, Sammy encourages employees to develop their professionalism and remain ambitious through a system that also enables employees to choose either a management track or a professional track. Furthermore, this system fosters expertise and clarifies roles. Also, from the current fiscal year we revised our personnel system to enable and encourage each employee to perform to the best of their abilities by clarifying the role of each individual and providing compensation befitting their results and contributions. Another initiative is our self-declaring system, through which employees provide feedback on their levels of motivation and satisfaction with regard to their current positions and the positions to which they aspire.

Education and Training System

Adhering to a basic policy of conducting personnel training in a manner that respects employees' independence, SEGA fosters personnel that are not overly dependent on the company. Furthermore, the company supports managers' efforts to deepen self-understanding and take the initiative in developing their abilities. And through tie-ups with outside education providers, we have established a system that subsidizes the independent efforts of employees to enhance their abilities.

Based on its personnel management policy, Sammy provides training programs for each employee rank, from new employees upwards, and offers employees opportunities to develop their skills. In fiscal 2011, we revised and enhanced the curriculum by breaking down rank-specific training into finer gradations.

Sammy's Rank-Specific Training System

Managers		
Principles of management	Managers	3 days
Fundamentals of work management and mental health	New managers	5 days
Leaders		
Management and business sense	Leaders	2 days
Mindset development for next-generation leaders		
Mid-career employees		
Business execution skills for working with other companies	Mid-career, third year	2 days
Raising awareness as a professional	Mid-career, first year	3 days
New employees		
Self-analysis and reflecting on basic attitude and business skills	New employees, third year	3 days
Understanding expected role and acquiring fundamental skills as a member of society		
New employee follow-up training	New employees, follow-up	3 days
New employee training	New employees	1 month

## Customers

Promptly and flexibly meeting the current needs of customers and continually providing safe and high-quality products and services that meet their expectations is vital to the Group's sustainable growth. Accordingly, the Group has established a product safety and quality assurance system and aims to heighten customer satisfaction through its manufacturing.

### Safety and Quality Assurance System

SEGA is strengthening its quality management system. In this system, the Quality Assurance Department comprehensively manages rigorous pursuit of quality assurance based on related rules. Regarding product safety, SEGA realizes rigorous safety management by manufacturing products in compliance with its voluntary standards as well as the industry's manufacturing guidelines, which the Japan Amusement Machine and Marketing Association, Inc. (JAMMA), determines. After receiving initial approval from senior management, every type of project examines, verifies, and manages the quality of products at appropriate stages, including at design reviews and shipment decision meetings. Furthermore, we are developing systems that enable the timely supply of products by optimizing and sharing information to systemize process control for quality and delivery times from development through to manufacturing and sales.

Meanwhile, Sammy rigorously ensures the provision of safe, quality products through quality assurance initiatives that improve and innovate processes effectively. Since fiscal 2010, Sammy has been reducing the defective product rate by conducting evaluation tests at the development stage and mass production stage and providing feedback on the test results to development divisions rapidly. This system comprises original tests for products, which Sammy established based on Japanese Industrial Standards (JIS). As part of initiatives to eliminate nonconforming products, Sammy also monitors the defective rates of its suppliers on a weekly, semiannual, and annual basis. For suppliers with particularly low scores, Sammy provides guidance on improving performance and meeting quality standards.

### Customer Support System

Aiming to heighten the quality of its products and services even further, SEGA comprehensively responds to feedback from customers through its Customer Support Desk. Moreover, the company has established a department, Voice of Customer, dedicated to communicating customer feedback to other departments in the company. In other efforts to improve quality, Sega Logistics Service Co., Ltd.—responsible for maintenance, repair, component procurement, and other aspects of after-sales service—and related in-house divisions periodically analyze trends in quality problems and provide feedback to development, manufacturing, and sales divisions so that they can take measures to address them.

At Sammy, a customer service center, in collaboration with Group company Japan Multimedia Services Corporation, comprehensively responds to customer feedback and enhances after-sales service. Furthermore, ahead of competitors, Sammy established a customer support system for pachinko hall operators, which has been providing customer services on weekends, during holidays, and late in the evening on weekdays since December 2005.

#### "Premium Member" Web Site for Pachinko Hall Operators

To provide pachinko hall operators with useful information in a timely manner, we operate a dedicated members' web site for pachinko hall operators. In fiscal 2012, we increased convenience for members by including pachislot and pachinko machine service manuals on the web site.



**Business Partners**

The SEGA SAMMY Group views suppliers as partners whom it works with to achieve the shared goal of providing entertainment filled with dreams and excitement.

Throughout the Group, we will establish multifaceted standards and systems for selecting suppliers and other business partners while building fair, equitable, and positive relationships with them based on mutual trust.

**Rigorous Adherence to Fair Trade**

SEGA provides business partners with a document stating its policy of maintaining integrity in business dealings, which is based on the Group Code of Conduct. In addition, the company conducts a variety of seminars for managers and general employees to raise awareness of the importance of maintaining fair and equitable relationships and ensuring integrity in dealings with business partners.

When evaluating and selecting business partners, multiple departments take part in the process to reach a fair decision. Based on the Group Code of Conduct, in fiscal 2012 the Amusement Machine Sales Business segment established a procurement policy, which calls for business transactions to reflect consideration of compliance, quality, safety, reliability, environmental preservation, information security, and occupational health and safety. Also, to ensure stable quality SEGA conducts annual audits of the plants of new and existing business partners.

Sammy has established a procurement policy that emphasizes maintaining fairness and equity and establishing relationships of mutual cooperation and trust with business partners. In adherence with certain purchasing rules, the company evaluates and selects business partners and implements business transactions. In addition, Sammy makes appropriate decisions on the selection of business partners in light of evaluations involving multiple departments and information from the candidate and external research organizations. In adherence with the Group CSR Charter and the Group Code of Conduct, Sammy purchases based on consideration of integrity, economy, safety, quality, maintenance, technology, and the environment. Moreover, the company is extending this approach to its entire supply chain.



A supplier meeting

**Strengthening Partnerships with Business Associates**

Because SEGA uses a fables manufacturing model, coordination with manufacturing partners is particularly important. Therefore, the company continually strengthens collaboration with these partners to enhance product safety and quality and raise production efficiency. Specifically, SEGA employees periodically visit manufacturing partners' plants to check quality control systems and provide guidance on raising production efficiency. Furthermore, with a view to entrenching manufacturing partners' voluntary quality control systems, we develop and accredit inspectors. Other examples of efforts to strengthen partnerships include the holding of regular meetings with suppliers and the introduction of a "BATON" communication system, which facilitates information sharing and rapid communication.

As for Sammy, it deepens mutual trust by providing numerous opportunities to exchange information and opinions with business partners in the course of day-to-day business transactions. Fiscal 2012 saw Sammy redouble the rigor of its quality control by thoroughly investigating the quality control of its suppliers and secondary suppliers.

**Inspector Accreditation System**

We have established an accreditation system for inspectors to consolidate systems that enable manufacturing partners to conduct quality control independently. Based on the Textbook for SEGA Amusement Product Inspectors, which SEGA's production division publishes, trainees acquire knowledge and learn the specific inspection techniques that inspectors need. Only those passing the exam are permitted to conduct independent audits.

Furthermore, given that SEGA has had certain products manufactured in China in recent years, the company has published a Chinese version of the textbook.



# Environment

## The Group's Overall Environmental Preservation Initiatives

### Environmental Burden and Impact

The Group collects and analyzes basic environmental data from its main operating bases and facilities to evaluate the overall environmental burden of its business activities.

One of the major environmental burdens is the electricity consumption of operating bases and facilities. With this in mind, the Group uses lighting and air conditioning efficiently and is changing over to more energy-efficient equipment. Also, we are reducing the amount of paper our offices use and promoting green purchasing.

### The Group's Basic Environmental Data

		2010	2011	2012
Energy consumption (GJ) (electricity, city gas, LPG, kerosene) <sup>1</sup>	Offices	199,682	186,196	143,078
	Amusement centers	1,651,490	1,428,231	1,180,178
	Manufacturing bases	27,800	27,188	26,134
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> ) <sup>2</sup>	Offices	8,421	7,214	5,536
	Amusement centers	70,967	60,107	47,322
	Manufacturing bases	1,191	1,224	997
Industrial waste discharge (t) <sup>3</sup>	Offices, sales bases, distribution centers (SEGA) / amusement centers, manufacturing bases, distribution centers	483	472	2,230
	Manufacturing bases, distribution centers	1,368	1,385	3,405

1 Offices and amusement centers (excluding spa facilities): Total electricity used

Spa facilities: Total electricity, city gas used

Manufacturing bases: Total electricity, city gas, LPG, kerosene used

For some facilities, estimates were made based on energy usage charges and facility floor area. To convert electricity to heat, we used a primary conversion (9.97MJ/kWh).

2 The CO<sub>2</sub> conversion coefficients used are from "List of Calculation Methods and Emissions Coefficients for the Conversion, Reporting and Public Announcement System," announced by Japan's Ministry of the Environment in March 2010, and "Concerning Public Announcement of Electricity Business-Specific Actual Emissions Coefficients, Post-Adjustment Emissions Coefficients, etc., Fiscal 2010 (Notice)," announced by the Ministry of the Environment in July 2012.

Reference URLs: <http://ghg-santeikohyo.env.go.jp/files/calcul/tiran.pdf>  
[http://ghg-santeikohyo.env.go.jp/files/calcul/list\\_ef\\_eps.pdf](http://ghg-santeikohyo.env.go.jp/files/calcul/list_ef_eps.pdf)

3 (1) Increased year on year because, for the calculation, industrial waste from SEGA's distribution centers was added to industrial waste from offices.

(2) The industrial waste from amusement centers is a combined total, because many amusement centers discharge waste in conjunction with offices (sales bases in each region).

(3) The industrial waste volume of manufacturing bases rose year on year because the number of pachislot and pachinko machines disposed of increased.

(4) Increased year on year because, for the calculation, industrial waste from Sammy's distribution centers was added to industrial waste from manufacturing bases.

### Examples of Environmental Preservation through Business Activities

#### SEGA Adopting Energy-Saving Products

We are developing and marketing energy-efficient amusement arcade machines by incorporating components that use less power.

Specifically, we are switching from cathode-ray tube (CRT) displays to energy-saving liquid crystal displays (LCDs), while for fluorescent lighting and lamps we are changing over to light-emitting diodes (LEDs) and adopting inverter technology. Furthermore, to lower environmental burden we are designing amusement arcade machines that realize energy-saving operation after purchase. For example, we have included separate switches for main power sources and lighting power sources. Thanks to such initiatives, an increasing number of our products enable significant energy savings compared with traditional products.

We intend to continue efforts to curb the amount of power that products consume when in use.

#### SEGA Recycling Amusement Arcade Machines

In the Amusement Center Operations segment, SEGA LOGISTICS SERVICE CO., LTD., which is responsible for the SEGA Group's logistics, recycles materials and components. The company invites intermediate industrial waste processors to distribution centers to disassemble collected end-of-life amusement arcade machines by hand and recycle all of the materials.



Dismantling an amusement arcade machine by hand

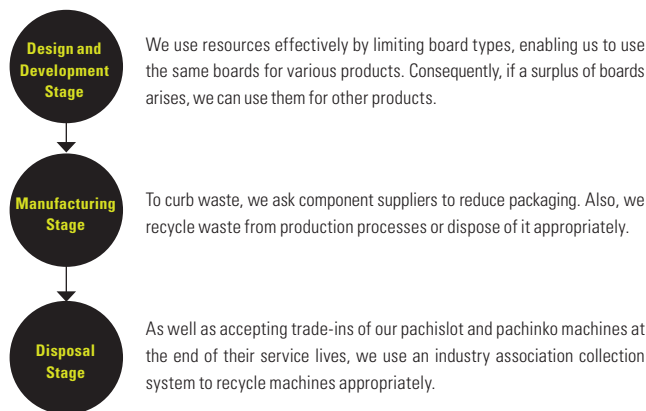
We operate this recycling system of having waste processors come to our bases nationwide. As well as reducing the cost and fuel consumption arising from transporting end-of-life machines and preventing illegal disposal, this system enables us to eliminate landfill waste and incineration waste completely.

#### SAMMY Advancing 3R Initiatives

Having established its own recycling system covering products before, during, and after their service lives, Sammy is advancing 3R (reduce, reuse, and recycle) initiatives. For fiscal 2012, the company achieved a 97.76% recycle rate (excluding thermal recycling).



A reused 15-inch LCD monitor



#### Reusing Resources with the Group

We are saving resources within the Group. For example, through an arrangement between SEGA's and Sammy's procurement departments, we reuse some 15-inch LCD monitors from Sammy's pachinko machines in SEGA's amusement arcade machines. Going forward, we intend to increase such reuse within the Group by establishing common components, such as LEDs, that will enable joint purchasing.



# Corporate Governance

## Basic Stance

SEGA SAMMY HOLDINGS and the SEGA SAMMY Group regard corporate governance as the most important foundation of corporate activities. Therefore, we have set forth Basic Policies on Corporate Governance consisting of three major corporate management tenets: enhance efficiency, secure a sound corporate organization, and increase transparency. These policies form the basis for addressing such important management issues as selecting Board candidates, deciding compensation for directors, implementing management oversight, and deciding compensation for corporate auditors.

### Enhancing Efficiency

The Group will maximize corporate value by establishing prompt and appropriate decision-making processes and by raising management efficiency, returning the resulting profit to shareholders and other stakeholders.

### Securing a Sound Corporate Organization

We will maximize corporate value amid volatile business conditions by identifying and managing diverse risks. Also, we will ensure a sound organization by establishing compliance systems that enable us to respond appropriately in light of ethical and social norms, including statutory laws and regulations; their underlying social values; and changes to these values.

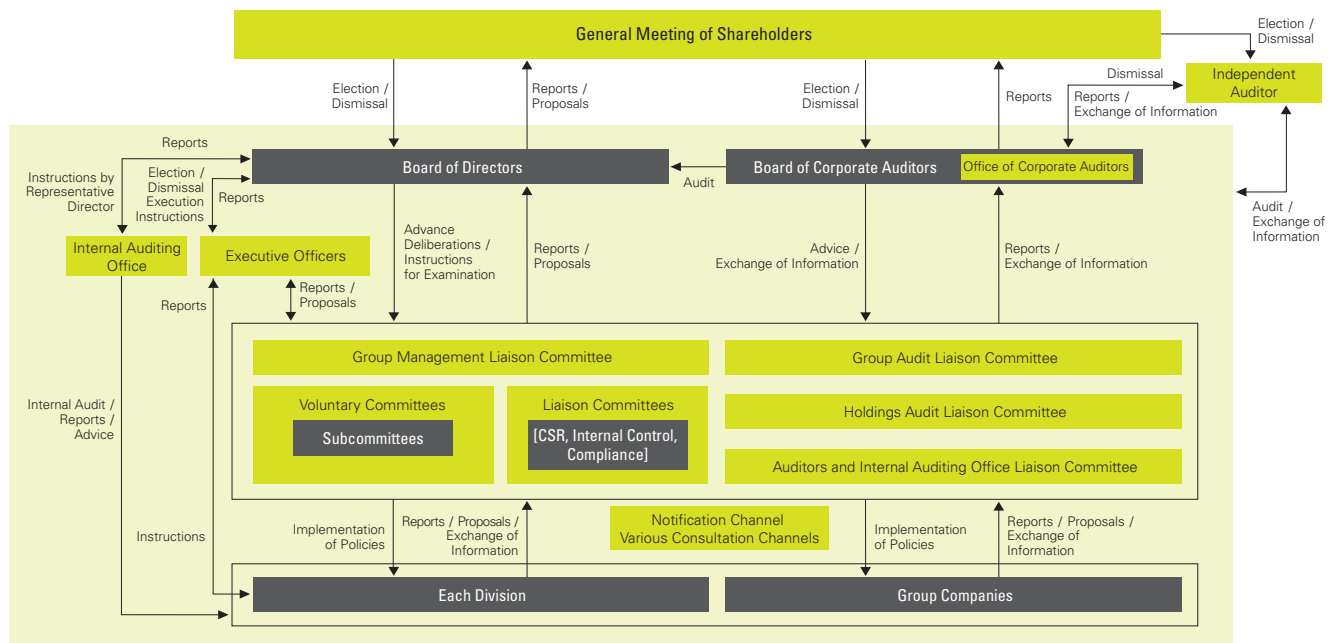
### Increasing Transparency

Given the increasing importance of corporate disclosure, we are committed to being accountable to shareholders and other stakeholders. Accordingly, we will heighten the transparency of business management by increasing and improving disclosure through stepped-up investor relations (IR) initiatives.

The Company and the Group regard corporate social responsibility (CSR) activities as enabling the Group's sustained value creation and the ongoing development of stakeholders. To respond appropriately as a good corporate citizen to a wide range of social needs and expectations, the Group has established the Group CSR Coordination Meeting to organize and mobilize its CSR activities as well as the Group CSR Promotion Office, which is dedicated to such activities. Furthermore, we have established the Group Management Philosophy, the Group CSR Charter, and the Group Code of Conduct, which are the foundation for our CSR activities. In addition, we also establish or revise various in-house rules and manuals, which directly regulate and guide specific types of operational duties. Based on these structures, the whole Group develops CSR activities voluntarily and actively to build favorable relationships with its stakeholders.

## Corporate Governance System

As of June 30, 2012





## Operational and Management Structure

The SEGA SAMMY Group has adopted a corporate auditor system to enable directors to make prompt, optimal decisions amid volatile business conditions based on their wealth of expertise and experience in relation to industry, market trends, products, merchandise, and

Corporate Governance System at a Glance	
Format	Corporate auditor system
Adoption of executive officer system	Yes
Directors	7
Of whom outside directors	2
Term of directors	1 year
Corporate auditors	4
Of whom outside corporate auditors	3
Board of Directors convened	16 times
Outside directors' attendance	100%
Outside corporate auditors' attendance	98%
Independent auditor	KPMG AZSA LLC
Term of auditing contracts	Renewed annually

## Systems for Assuring Objective Business Management

The Company has seven directors, of whom two are outside directors, as well as four corporate auditors, of whom three are outside corporate auditors. The outside directors provide advice on raising the corporate value of the Company and the Group from an external perspective, based on their extensive expertise and experience. Aiming to enable oversight of directors' implementation of operations, we appoint outside directors from among attorneys and business executives. We appoint outside corporate auditors with extensive expertise and experience in a wide range of areas because we appreciate the important role outside corporate auditors perform in realizing corporate governance by heightening the impartiality and independence of the auditing system. Also, we aim to ensure the soundness of business management through auditing from an objective standpoint. At the various meetings that they attend, outside directors and outside corporate auditors provide guidance and advice based on their abundant experience and highly specialized knowledge.

Regarding the independence of outside directors and outside corporate auditors, we deem that persons satisfying the requirements of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange (the "Listing Regulations") do not have conflicts of interest with general shareholders. Therefore, we appoint persons that are not subject to additional disclosure requirements pursuant to rule 211, paragraph 4, item 5 and rule 226, paragraph 4, item 5 of the Listing Regulations. Moreover, we determine items that are "significant" or "significant amounts" with reference to the publicly announced standard model for appointing independent directors. The Company has adopted a policy of appointing all outside directors and outside corporate auditors that are not subject to the above-mentioned additional disclosure requirements as independent directors. Accordingly, we have designated all currently serving outside directors and outside corporate auditors as independent directors.

services. At the same time, we have appointed outside directors and strengthened our executive officer system and internal auditing system, thereby reinforcing corporate governance with respect to operational management and oversight.

## Main Decisions in Fiscal 2012

- Made TAIYO ELEC Co., Ltd., a wholly owned subsidiary of Sammy Corporation
- Acquired treasury stock (5 million shares, ¥8.3 billion)
- Made Phoenix Resort Co., Ltd., a wholly owned subsidiary
- Restructured SEGA's Consumer Business

To support the activities of outside directors, we have established secretariats for executive meetings to facilitate appropriate information distribution and ensure that outside directors have sufficient time to examine the details of proposals and other information related to the meetings they attend.

To support the work of outside corporate auditors, we have established the Office of Corporate Auditors, which is under the direct control of the Board of Corporate Auditors. In accordance with corporate auditors' orders, the office's personnel assist corporate auditors in their duties. Furthermore, to ensure the independence of the office from the Board of Directors, the Board of Corporate Auditors must approve the appointment, transfer, and evaluation of the office's personnel. Furthermore, we have secretariats for executive meetings, the Office of Corporate Auditors, the Internal Auditing Office, and the

Outside directors	Reason for appointment	Fiscal 2012 Board of Directors' meetings attendance
Yuji Iwanaga	To reflect Mr. Iwanaga's perspective as an international attorney and extensive expertise in relation to business management of global corporations in the Company's business management.	Attended 16 of 16 meetings (including 11 of 11 ordinary Board of Directors' meetings)
Takeshi Natsuno	To reflect Mr. Natsuno's wealth of experience and extensive expertise as a business executive in the Company's business management.	Attended 16 of 16 meetings (including 11 of 11 ordinary Board of Directors' meetings)
Outside corporate auditors	Reason for appointment	Fiscal 2012 Board of Directors' meetings attendance
Tomio Kazashi	To reflect Mr. Kazashi's wealth of experience and expertise in business and as a corporate auditor in the Company's auditing.	Attended 16 of 16 meetings (including 11 of 11 ordinary Board of Directors' meetings)
Toshio Hirakawa	To reflect Mr. Hirakawa's wealth of experience and expertise in business and as a corporate auditor in the Company's auditing.	Attended 16 of 16 meetings (including 11 of 11 ordinary Board of Directors' meetings)
Mineo Enomoto	To reflect Mr. Enomoto's expert perspective as an attorney and extensive expertise in relation to business management in the Company's auditing.	Attended 15 of 16 meetings (including 10 of 11 ordinary Board of Directors' meetings)

Internal Control Department to facilitate appropriate information distribution and to ensure that outside corporate auditors have

sufficient time to examine the details of proposals and other information related to the meetings they attend.

## Compensation of the Independent Auditor

The independent auditor KPMG AZSA LLC audits the accounts of the Company. The designated limited liability partners of KPMG AZSA are the certified public accountants Satoshi Nakaizumi, Michitaka Shishido, and Hiroyuki Nakamura. Furthermore, the Company has not concluded any contracts with this independent

auditor for the performance of non-auditing services. Compensation of the independent auditor for fiscal 2012 is as shown on the right.

	Compensation for audit and attestation	Compensation other than for audit and attestation
Company	¥109 million	¥0 million
Consolidated subsidiaries	¥182 million	¥8 million

## Compensation of Directors

Consultations among the representative directors determine the compensation of each director based on consideration of their responsibilities and performance and the limit the Ordinary General Meeting of Shareholders has approved for compensation. Furthermore,

consultations among corporate auditors determine the compensation of each corporate auditor based on consideration of their responsibilities and the limit the Ordinary General Meeting of Shareholders has approved for compensation.

Compensation of directors and corporate auditors for fiscal 2012 is as follows.

Position	Directors / corporate auditors	Total compensation (¥ million)	Total compensation by type (¥ million)			
			Basic compensation	Bonus	Stock options	
Directors	Internal	4	547	371	150	25
	Outside	2	31	31	—	—
Corporate auditors	Internal	—	—	—	—	—
	Outside	2	24	21	3	—

Notes:

1 The Ordinary General Meeting of Shareholders convened in June 2006 approved a compensation limit of ¥600 million for directors. Furthermore, the Ordinary General Meeting of Shareholders convened in June 2012 approved a compensation limit of ¥1,000 million for directors.

2 The Ordinary General Meetings of Shareholders of SEGA CORPORATION and Sammy Corporation convened in June 2004 approved a compensation limit of ¥50 million for corporate auditors.

The compensation paid to directors who received ¥100 million or more in consolidated compensation for fiscal 2012 is as follows.

Name	Position	Total consolidated compensation, etc. (¥ million)	Company	Total consolidated compensation by type (¥ million)		
				Basic compensation	Bonus	Stock options
Hajime Satomi	Director	617	The Company	240	120	7
			Sammy	—	250	—
Keishi Nakayama	Director	201	The Company	78	30	3
			Sammy	—	90	—
Hisao Oguchi	Director	127	The Company	53	—	3
			Sammy	—	70	—

## Enhancing Operational Implementation, Auditing, and Oversight through Collaboration among Boards and Committees

In addition to the Board of Directors and the Board of Corporate Auditors, the Company has established the following committees to coordinate efforts on a Groupwide basis and enable the enhancement of operational implementation, auditing, and oversight.

### Board of Directors

Comprising seven directors, the Board of Directors strives for agile business management. It convenes once a month in principle, holding extraordinary sessions as required. Furthermore, the Board of Directors makes decisions and receives reports on certain significant management matters of Group companies.

### Board of Corporate Auditors

Meeting once a month and holding extraordinary sessions as required and comprising four corporate auditors, the Board of Corporate Auditors thoroughly examines and analyzes specific issues.

### Group Management Liaison Committee

Meeting as required, the Group Management Liaison Committee builds consensus in the Group through information sharing and rigorous discussion. The committee comprises the Company's directors, corporate auditors, and executive officers, and the directors of SEGA CORPORATION and Sammy Corporation.

### Holdings Audit Liaison Committee

The Holdings Audit Liaison Committee comprises standing corporate auditors from the Company, SEGA, and Sammy; executives responsible for the accounting divisions of the three companies; and representatives of the Company's independent auditor, KPMG AZSA LLC. Meeting monthly in principle, committee members exchange opinions from their respective standpoints and enhance accounting compliance.

### Group Audit Liaison Committee

The Group Audit Liaison Committee comprises standing corporate auditors from Group companies. They convene as required to share information on timely issues for the Company and the Group, such as revisions in statutory laws and regulations, and to establish close collaboration among the standing corporate auditors of Group companies.

### Auditors and Internal Auditing Office Liaison Committee

The Auditors and Internal Auditing Office Liaison Committee comprises standing corporate auditors from the Company, SEGA, and Sammy as well as members of the Company's Internal Auditing Office. The committee meets every month in principle with the purpose of ensuring the soundness of business management by sharing information between the said standing corporate auditors and the Company's Internal Auditing Office.

### Voluntary Committees

The Board of Directors establishes voluntary committees as required to examine and discuss specific issues related to the Group's business management, the results of which are reported back to the Board of Directors. Moreover, these committees establish subcommittees to examine and discuss more specialized issues.

### Liaison Committees

Liaison committees are bodies that examine and discuss and coordinate the Group's corporate governance policies. Currently, there are three committees: the Group Internal Control Liaison Committee, the Group CSR Liaison Committee, and the Group Compliance Liaison Committee. The Group Internal Control Liaison Committee and Group CSR Liaison Committee, which meet quarterly in principle, comprise managers responsible for internal control and CSR at the Company, SEGA, and Sammy. The Group Compliance Liaison Committee, which convenes every six months in principle, comprises the compliance officers of the Company, SEGA, Sammy, TAIYO ELEC Co., Ltd., Sammy NetWorks Co., Ltd., SEGA TOYS CO., LTD., and TMS ENTERTAINMENT, LTD.

## Internal Control

In addition, an internal control project launched in fiscal 2006 established an assessment and reporting framework for internal control in accordance with the stipulations of Japan's Financial Instruments and Exchange Act, which requires "Management Assessment and Audit concerning Internal Control Over Financial Reporting" (J-SOX). Also, the Company has rectified deficiencies that the project identified. As a result, systems to ensure the reliability of financial reports have become firmly established in the Group. We believe that internal controls operated effectively in relation to the financial reports the Group issued for fiscal 2012. As we continue to ensure the reliability of financial reports, we will maintain and build internal control systems to increase efficiency and ensure soundness. Furthermore, based on the Company Act, SEGA SAMMY HOLDINGS has determined a basic policy on the establishment of internal control systems and is developing systems accordingly.

## IR Activities

The Company strives to ensure fair and timely disclosures to shareholders and investors. Accordingly, it holds briefings for institutional investors and analysts on full-year and interim financial results and makes the briefing information available on the Internet. To provide briefings on first-quarter and third-quarter financial results, the Company holds telephone conferences. In fiscal 2012, for overseas investors we held roadshows in Asia in July 2011 and in Europe in November 2011. Furthermore, the Company's representative directors and IR managers participated in conferences that securities companies organize.

In addition, the Company continuously takes measures to further investors' understanding of its business activities. For example, we are increasing and improving the IR-related materials available on our web site. Moreover, the web site has a section for individual investors that includes readily understandable explanations of the Group.

Furthermore, the Company endeavors to heighten the objectivity of its business management by reflecting valuable opinions and requests received from shareholders and investors in its business management.

### Main IR Activities in Fiscal 2012

Financial results briefings	2
Quarterly financial results briefings (telephone conferences)	2
Small-scale meetings	1
One-on-one meetings (domestic investors)	327
One-on-one meetings (overseas investors)	110
Overseas roadshows	2 (Asia 1, Europe 1)
Conferences	4

## Risks Related to Growth Strategies and Countermeasures

Below are the significant risks that we have identified as concomitant to our growth strategies for each business segment and business area. Mindful of these risks, we incorporate countermeasures into our growth strategies. The following only includes risks that are closely related to our business management strategies. For other business risks that could affect the Group's business results, please see page 76 in the "Operational Risks" section of our annual securities report.

### Groupwide

#### Dependence on the Pachislot and Pachinko Machine Business

The Group depends on the Pachislot and Pachinko Machine Business segment for more than 70% of its operating income. This segment's market is effectively limited to Japan. Also, changes in the regulatory environment could significantly affect the segment's earnings.



#### Strategic Countermeasures

To acquire stable leading shares of the pachislot and pachinko machine market, we have set out providing even better products suited to each age group as a priority strategy. Also, from a medium-term viewpoint, we are converting our earnings structure by strengthening operations outside the Pachislot and Pachinko Machine Business segment centered on SEGA, which is not limited to the Japan market and targets players in a wide range of age groups.

#### Business Expansion through M&As

To strengthen existing businesses and enter new business areas efficiently, the Group explores mergers and acquisitions (M&As) in Japan and overseas. However, statutory laws and regulations beyond the Group's control, changes in the conditions the Group faces, or an inability to generate synergies initially anticipated could affect the Group's earnings.

The Group has entered the resort complex business by acquiring the shares of Phoenix Resort Co., Ltd. Depending on the progress of this business, it may require additional investment. Also, the Group's operational management competence could affect earnings.



#### Strategic Countermeasures

The Group only decides to invest in projects in new areas when it can exploit expertise and assets accumulated in the entertainment business to create synergies with its existing businesses and thereby heighten its corporate value while curbing investment. When considering additional investment, we will assess return on investment carefully and continue to avoid creating a bloated balance sheet.

### Pachislot and Pachinko Machine Business

#### Changes in Market Conditions Due to Changes and Laws and Regulations

Revisions to statutory laws and regulations can significantly affect the pachislot and pachinko machine markets. Most recently, the July 2004 revision of regulations pertaining to the Entertainment Establishments Control Law resulted in 1. departure from the market of less frequent players; 2. deterioration of the financial positions of pachinko halls; 3. cyclical upturns and downturns in sales of pachislot and pachinko machines; and 4. emergence of an oligopoly comprising certain major brands and manufacturers.



#### Strategic Countermeasures

Based on a medium-to-long-term viewpoint, to address 1. and 2. the Group is expanding its base of players by developing products that offer innovative gameplay that appeals to diverse players and stepping up sales of pachinko boards, which mitigate the investment burden of pachinko halls. Meanwhile, in response to 3. and 4. we are building a product portfolio that boasts powerful pachislot and pachinko machine brands by bolstering product appeal in the pachinko machine business, which still has comparatively large scope for growing its market share.

## Amusement Machine Sales Business

### Deterioration of the Financial Positions of Amusement Center Operators

The financial positions of amusement center operators affects this business significantly. Recent years have seen a growing need for measures that help improve investment efficiency for amusement centers operators—who are facing challenging conditions due to slumping consumer spending—and thereby revitalize the market.



### Strategic Countermeasures

We are endeavoring to revitalize the market by introducing a revenue-sharing business model that increases investment efficiency for amusement center operators while securing long-term stable earnings for the Group; expanding sales of CVT kits, which help curb investment for amusement center operators; and introducing new types of games. Furthermore, we are entering overseas markets that offer growth potential.

## Amusement Center Operations

### Market Contraction Due to Slumping Consumer Spending

This business is susceptible to consumer spending trends, and its ability to introduce amusement arcade machines that appeal to diverse players could affect the Group's business results. Furthermore, the Amusement Center Operations segment is subject to regulation based on the Entertainment Establishments Control Law and other related statutory laws and regulations, including cabinet orders and ministerial ordinances. The Group complies with this law and related statutory laws and regulations. However, the enactment of new laws or revisions to this law and related statutory laws and regulations could affect the Group's business results.



### Strategic Countermeasures

In Japan, we have been closing or selling amusement centers with inadequate potential or profitability and have completed the establishment of business lines and an earnings structure befitting market scale. Overseas, we have also finished selling amusement centers with inadequate profitability. At the same time, we are opening up fresh markets by developing new-concept amusement centers. Overseas, we are capitalizing on our expertise to develop the licensing business, which does not involve owning and operating amusement centers.

## Consumer Business

### Contraction of the Packaged Game Software Market on a Global Scale and a Rapid Shift toward SNS and Smartphone Platforms

In Japan and overseas, the traditional packaged game software market is shrinking due to the rapid expansion of the content market for SNS and smartphones centered on casual games. Because the competitive conditions and structure of the new markets for such platforms differs significantly from those of the packaged game software market, we need to ensure that our development expenses, development speed, and marketing strategies reflect changes in conditions.



### Strategic Countermeasures

We are aiming to prepare and implement strategies rapidly, centered on SEGA Networks, Ltd., which we established by divesting the main capabilities of SEGA's network business. Furthermore, rather than the casual game market, which due to a low entry barrier entails competition with countless companies worldwide, we are developing this business with a focus on relatively high-end content differentiated by SEGA's signature graphics and imaginary worlds. Moreover, we are mitigating risk by controlling development expenses based on careful analysis to ensure the returns justify investment.

**Compliance**

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Based on the Group Code of Conduct, the SEGA SAMMY Group is undertaking a variety of initiatives to ensure that all employees are aware of compliance and to enable them to act appropriately. Furthermore, having identified loss risks within and outside the scope of its business management and clarified the tasks it should address, the Group implements operations and takes measures to reduce loss, minimize the loss of management resources, and prevent recurrence.

**Compliance Promotion Structure**

Established in fiscal 2010 to strengthen initiatives throughout the Group, the Group Compliance Liaison Committee spearheads efforts to build internal structures that enable sound management in accordance with statutory laws and regulations and social norms.

In fiscal 2012, we began Compliance Advancement Initiatives to prepare and implement initiatives on a Groupwide basis. These initiatives seek to inform employees about the whistleblower system to ensure operational duties are performed appropriately and to strengthen the compliance system for individual statutory laws and regulations.

Furthermore, with a view to assisting the effective advancement of compliance, SEGA conducted a compliance awareness survey targeting directors and other employees in relation to compliance awareness, operational problems, and workplace environments. Based on analysis of the results of this survey, we will further bolster compliance systems and conduct continuous monitoring.

**Rigorously Informing Employees about the Group Code of Conduct**

The Group complies rigorously with corporate ethics and statutory laws and regulations by ensuring all employees of the Group understand the Group CSR Charter and by providing guidance on conduct consistent with the spirit of this charter in the Group Code of Conduct.

Because inculcating the Group Code of Conduct among employees is important to our compliance program, we distribute a CSR guidebook to employees that includes the Group Code of Conduct, the Group Management Philosophy, and the Group CSR Charter. Employees can also view these on the Company's intranet.

**Basic Policy on Intellectual Properties**

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Regarding intellectual properties as important for enhancing the Group's competitiveness and a significant resource supporting business management, the Group has set out policies for each Group company. At SEGA, the intellectual properties promotion committee comprises members from each division, who are tasked with educating and spreading awareness about intellectual properties. These activities aim to prevent the infringement of third-party intellectual property rights while ensuring appropriate management of the company's

**Nurturing and Spreading Compliance Awareness**

To nurture and spread compliance awareness, the Group holds compliance seminars for Group companies as needed and all employees can view a compliance handbook on the intranet, which provides specific, readily understandable concrete examples of situations employees may encounter in everyday duties. In particular, we are strengthening compliance with the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontractor Payment Act) by conducting periodic compliance audits. Moreover, legal affairs divisions educate and provide guidance on subcontractor-related issues to all divisions.

We will share instructive examples from Group companies with other Group companies to generate synergistic benefits and thereby maintain and enhance compliance.

**Strengthening Compliance with Subcontractor Payment Act**

The Group is strengthening compliance with the Subcontractor Payment Act by conducting periodic compliance audits. Moreover, legal affairs divisions educate and provide guidance on subcontractor-related issues to all divisions. Furthermore, to strengthen compliance, internal audit divisions instruct divisions to conduct self-monitoring continuously and share monitoring results with the internal audit, legal affairs, and internal control divisions.

**Whistleblower System**

Consistent with the spirit of the Group CSR Charter, the Group has established a whistleblower system to enable self-correction within the Group and the Company and to prevent scandals due to illegal or unfair practices. Each Group company has established a whistleblower system and a contact point at an external law office. The Group investigates reported matters, rectifies them, and takes measures to prevent recurrence. Also, the Group has established a system that protects whistleblowers.

With five years having passed since the establishment of this system, we continue to remind employees about it through the Company's intranet, while also continuing to make revisions to it in order to make it even easier for employees to use.

intellectual property rights to protect and expand businesses. Furthermore, the SEGA SAMMY Group is implementing anti-counterfeit initiatives to protect and enhance the SEGA brand.

Sammy conducts thorough risk assessments through technological investigations at each stage of R&D. Also, the company raises employee awareness through regular training related to intellectual property and a dedicated intranet site with a wealth of information about intellectual property.

# Directors, Corporate Auditors, and Executive Officers

As of June 20, 2012

## Directors



### Hajime Satomi

Chairman of the Board and Chief Executive Officer

- 1980 President and Representative Director of Sammy Industry Co., Ltd. (currently Sammy Corporation)
- 2003 Chairman and Director of Sammy NetWorks Co., Ltd. (current position)
- 2004 Chairman and Representative Director of SEGA CORPORATION  
Chairman, Representative Director, and Chief Executive Officer of Sammy Corporation  
Chairman, Representative Director, and Chief Executive Officer of SEGA CORPORATION  
Chairman of the Board and Chief Executive Officer of the Company (current position)
- 2005 Chairman and Director of SEGA TOYS CO., LTD. (current position)  
Chairman and Director of TMS ENTERTAINMENT, LTD. (current position)
- 2007 President, Representative Director, Chief Executive Officer, and Chief Operating Officer of SEGA CORPORATION
- 2008 Chairman, Representative Director, and CEO of SEGA CORPORATION (current position)
- 2012 Outside Director of Phoenix Resort Co., Ltd.  
Chairman of Sammy Corporation (current position)  
Director of Phoenix Resort Co., Ltd.  
Chairman and Director of Phoenix Resort Co., Ltd. (current position)



### Keishi Nakayama

Executive Vice President and Representative Director

- 1989 Entered into Sammy Industry Co., Ltd. (currently Sammy Corporation), as General Manager of the General Affairs Division
- 2004 Senior Managing Director of the Company
- 2005 Director of Sammy Corporation  
Director of Sammy NetWorks Co., Ltd.  
Director of SEGA TOYS CO., LTD.  
Executive Vice President and Director of the Company
- 2007 Executive Vice President and Representative Director of the Company (current position)
- 2008 President, Representative Director, and Chief Operating Officer of Sammy Corporation
- 2011 Director of Sammy NetWorks Co., Ltd. (current position)
- 2012 Vice Chairman, Representative Director, and Chief Executive Officer of Sammy Corporation (current position)  
Director of Phoenix Resort Co., Ltd. (current position)



### Naoya Tsurumi

Director

- 1992 Joined Sega Enterprises, Ltd. (currently SEGA CORPORATION)
- 2005 CEO of Sega Publishing Europe Ltd.
- 2006 CEO and President of Sega Holdings U.S.A., Inc. (current position)  
Chairman of Sega of America, Inc.  
Chairman of Sega Publishing America, Inc.
- 2008 Director of SEGA CORPORATION
- 2009 Managing Director of SEGA CORPORATION  
Chairman of Sega Europe Ltd.
- 2010 CEO of Sega Amusements Europe Ltd.
- 2012 President, Representative Director, and Chief Operating Officer of SEGA CORPORATION (current position)  
CEO and President of Sega Holdings Europe Ltd. (current position)  
Director of the Company (current position)



### Hisao Oguchi

Director and Chief Creative Officer (CCO)

- 1984 Entered into Sega Enterprises, Ltd. (currently SEGA CORPORATION)
- 2003 President and Representative Director of SEGA CORPORATION
- 2004 President, Representative Director, and Chief Operating Officer of SEGA CORPORATION  
Vice Chairman and Director of the Company
- 2005 Chief Executive Officer of Sega Holdings Europe Ltd.
- 2006 Chairman of Sega Holdings U.S.A., Inc.
- 2007 Executive Vice President and Representative Director of SEGA CORPORATION
- 2008 Representative Director of SEGA CORPORATION  
Director of SEGA CORPORATION, Director of Sammy Corporation, Director and Chief Creative Officer of SEGA CORPORATION  
Director and Chief Creative Officer of the Company (current position)  
Director and Chief Creative Officer of Sammy Corporation
- 2009 Senior Managing Director of Sammy Corporation
- 2011 Representative Director and Senior Managing Director of Sammy Corporation
- 2012 Executive Vice President and Representative Director of Sammy Corporation (current position)



### Haruki Satomi

Director

- 2004 Joined Sammy Corporation
- 2005 Joined SEGA CORPORATION
- 2009 Vice President of Digital Business of Sega of America, Inc.
- 2011 Senior Vice President of Digital Business of Sega of America, Inc.  
Director of Sammy NetWorks Co., Ltd.
- 2012 President, Representative Director, and Chief Executive Officer of Sammy NetWorks Co., Ltd. (current position)  
Director of Sega of America, Inc. (current position)  
Director of Sega Europe Ltd. (current position)  
Director of SEGA CORPORATION (current position)  
Director of the Company (current position)  
President, Representative Director, and Chief Executive Officer of SEGA Networks, Ltd. (current position)\*

\* As of July 2, 2012



Messages from Outside Directors



**Yuji Iwanaga**<sup>1</sup>  
Outside Director

- 1981 Registered with The Japan Federation of Bar Associations (current position)
- 1984 Partner of Lillick McHose and Charles Law Office (currently Pillsbury Winthrop Shaw Pittman LLP) Registered with the State Bar of California (current position)
- 2003 Outside Director of Manufacturers Bank
- 2005 Outside Director of JMS North America Corporation (current position)
- 2006 Outside Director of TAIYO YUDEN Co., Ltd. (current position)
- 2007 Outside Director of the Company (current position)

Due in part to numerous scandals involving major corporations, recent years have seen a marked increase in society's concern about the effectiveness of corporate governance, in other words concern about whether companies have established and operate appropriate governance systems.

Comprising directors that the general meeting of shareholders has appointed, the board of directors is responsible for the business management of a company. Given that they are unable to become directly involved in the business management of companies, shareholders naturally appreciate the need for appropriate corporate governance and systems that instill confidence. Looking ahead, I believe corporate governance is set to become even more important. However, I do not think that there is a single definitive answer to the question of which type of corporate governance is best. This is because operational structures, management strategies, and business conditions differ depending on the company or the industry.

At meetings of SEGA SAMMY HOLDINGS' Board of Directors, exchanges of opinion are lively, and business management decisions reflect the expertise of outside directors and outside corporate auditors. While there is no doubt that the importance of corporate governance will increase, I believe that careful discussion focused on further strengthening the systems that enable corporate governance is necessary.

I think the role expected of me as an outside director is to state frank opinions at meetings of the Board of Directors from a viewpoint different from that of other directors. Mindful of this, I will do my utmost to contribute to the Company's corporate value based on experience garnered as an international attorney and through involvement with business management in the food industry and the electronics industry.



**Takeshi Natsuno**<sup>1</sup>  
Outside Director

- 2005 Senior Vice President, Managing Director, Multimedia Services Department of NTT DoCoMo, Inc.
- 2008 Guest Professor, Media and Governance of Keio University (current position)  
Outside Director of the Company (current position)  
Director of PIA CORPORATION (current position)  
Outside Director of transcosmos inc. (current position)  
Director of Livewire Inc. (current position)  
Director of NTT Resonant Inc. (current position)  
Director of SBI Holdings, Inc. (current position)  
Director of DWANGO Co., Ltd. (current position)
- 2009 Outside Director of DLE Inc. (current position)  
Outside Director of GREE, Inc. (current position)
- 2010 Outside Director of bitWallet, Inc. (current position)  
Director of U-NEXT, Inc. (current position)
- 2011 Outside Director of CUUSOO SYSTEM CO., LTD. (current position)  
Director of Ecohai Co., Ltd. (current position)
- 2012 Director of SEGA Networks, Ltd. (current position)\*

\* As of July 2, 2012

Faced with growing uncertainty due to climate change, natural disasters, and unpredictable economic phenomena, society is looking to listed companies to play an increasingly significant role. As well as contributions through economic activities, society expects companies, as members of society, to implement activities that set a good example. In other words, the key requirements are that companies continue to enhance corporate value by continuing to generate earnings through economic activities and that these economic activities are appropriate for the company as a good corporate citizen and a member of society. In this sense, not only developing their businesses but also building and operating appropriate corporate governance systems is vital for companies.

Particularly high expectations are being focused on the entertainment industry, in which the Group operates, as a sector that can help drive the Japanese economy out of stagnation. As one of the corporate groups shouldering this weighty responsibility, the Group should be proud but must also redouble efforts to enhance corporate value and corporate ethics.

As an outside director, I am committed to benefiting the Group as well as distributing information outside the Group with a view to heightening the SEGA SAMMY Group's standing in society even further.

## Auditors



**Tomio Kazashi<sup>2</sup>**

Standing Corporate Auditor

- 1990 Director of Cosmo Securities Co., Ltd.
- 1996 Managing Director of Cosmo Securities Co., Ltd.
- 1999 Managing Director of Cosmo Investment Management Co., Ltd.
- 2005 Standing Corporate Auditor of Sammy NetWorks Co., Ltd.
- 2008 Substitute Corporate Auditor of the Company
- 2009 Corporate Auditor of Sammy NetWorks Co., Ltd. (current position)  
Corporate Auditor of SEGA TOYS CO., LTD. (current position)  
Standing Corporate Auditor of the Company (current position)



**Toshio Hirakawa<sup>2</sup>**

Corporate Auditor

- 1994 Director of Marusan Securities Co., Ltd.
- 1996 Managing Director of Marusan Securities Co., Ltd.
- 2001 President and Representative Director of Marusan Finance Co., Ltd.
- 2004 Standing Corporate Auditor of Sammy Corporation (current position)  
Corporate Auditor of the Company (current position)
- 2005 Corporate Auditor of TMS ENTERTAINMENT, LTD. (current position)



**Hisashi Miyazaki**

Corporate Auditor

- 1984 Entered into Sega Enterprises, Ltd. (currently SEGA CORPORATION)
- 2001 General Manager of Accounting Dept. of SEGA CORPORATION
- 2006 General Manager of Finance Dept. of SEGA CORPORATION
- 2007 Standing Corporate Auditor of SEGA CORPORATION (current position)  
Corporate Auditor of the Company (current position)



**Mineo Enomoto<sup>2</sup>**

Corporate Auditor

- 1978 Registered with The Japan Federation of Bar Associations
- 2000 Established Enomoto Law Office (current position)
- 2004 Corporate Auditor of Sammy NetWorks Co., Ltd.  
Corporate Auditor of SEGA CORPORATION (current position)
- 2005 Substitute Corporate Auditor of the Company
- 2006 Corporate Auditor of Nippon Koei Co., Ltd. (current position)
- 2007 Corporate Auditor of the Company (current position)

1 Qualified external directors as provided in Paragraph 2, Clause 15 of the Companies Act of Japan.  
2 Qualified external auditors as provided in Paragraph 2, Clause 16 of the Companies Act of Japan.

## Executive Officers



**Hideo Yoshizawa**  
Senior Executive Officer



**Koichi Fukazawa**  
Senior Executive Officer



**Tetsushi Ikeda**  
Executive Officer



**Seiji Shintani**  
Executive Officer



**Koichiro Ueda**  
Executive Officer



**Takatoshi Akiba**  
Executive Officer



**Kenichiro Hori**  
Executive Officer