



SEGA  
SAMMY  
GROUP

CSR 18

BOOKLET

20



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## Editorial Policy

We have been publishing a CSR report with the aim of reporting on the CSR activities of the SEGA SAMMY Group to our various stakeholders, while at the same time enhancing our activities and information disclosure through communication with them.

We updated the editorial policy for our 2018 CSR report to incorporate ESG information, which had been included in a recent integrated report as an emphasis sought by investors and after we had reviewed content that has not been covered by the integrated report as well as what must be reported in depth from a CSR perspective. Additionally, the report includes more “Voice” sections so that it more closely communicates the SEGA SAMMY Group’s business and other engagements as well as the work styles of our employees.

## Guidelines Used for Reference

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

## Publication Dates

September 2018 (previous report: September 2017, next report: September 2019)

## Scope of this Report (Reporting Period)

Fiscal 2018 (April 1, 2017 to March 31, 2018)

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

### Business segments

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

### Major Companies in Each Segment

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

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

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

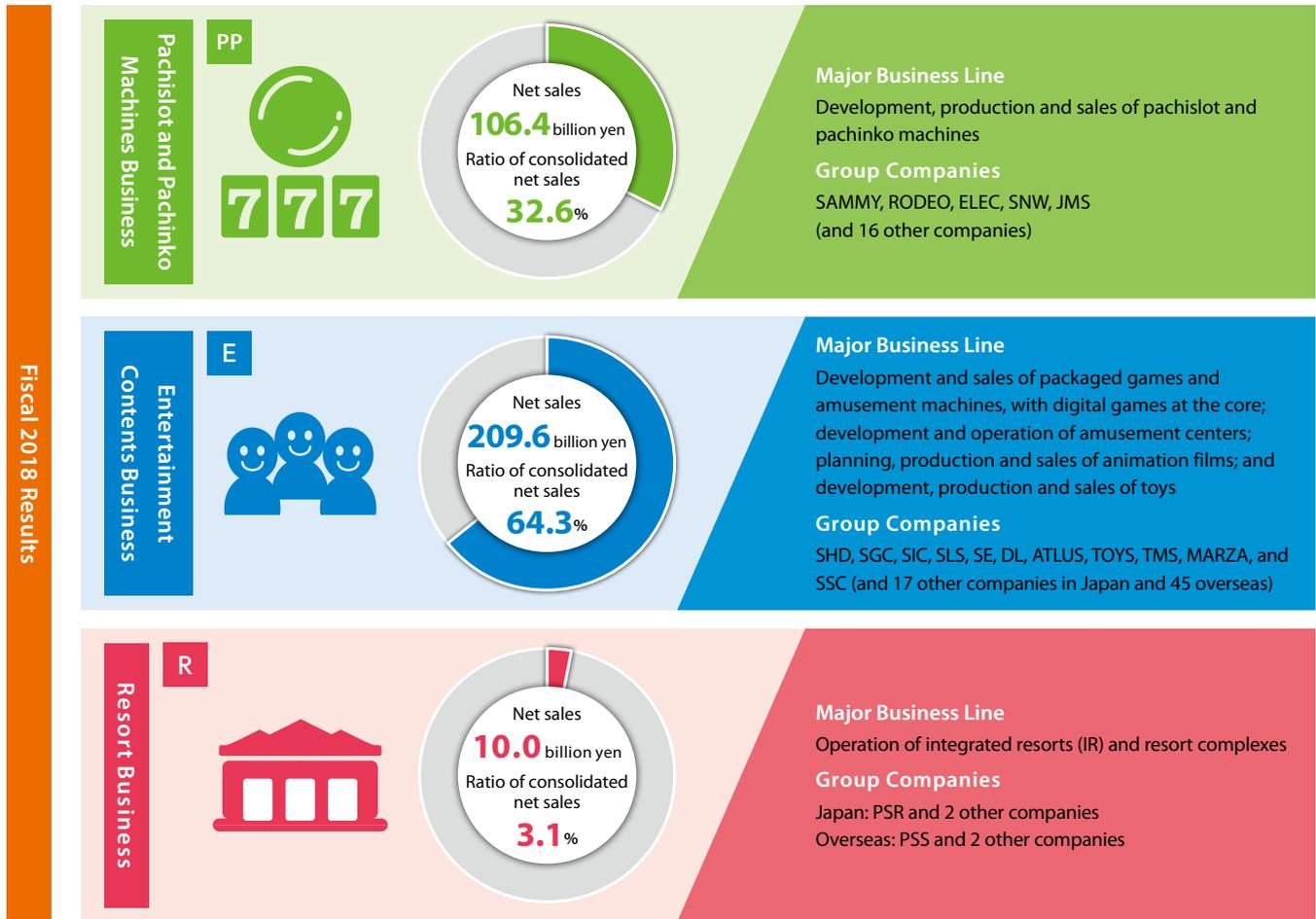
## Company Profile **SEGA**Sammy HOLDINGS

<b>Company Name</b>	SEGA SAMMY HOLDINGS INC.	<b>Chairman and Group CEO (Representative Director)</b>	Hajime Satomi
<b>Address</b>	Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo 141-0033, Japan	<b>President and Group COO (Representative Director)</b>	Haruki Satomi
<b>Established</b>	October 1, 2004	<b>Principal Business</b>	Management and related operations as the holding company of the SEGA SAMMY Group, a multi-dimensional entertainment company group
<b>Capital</b>	29.9 billion yen	<b>Number of Employees</b>	149

As of March 31, 2018

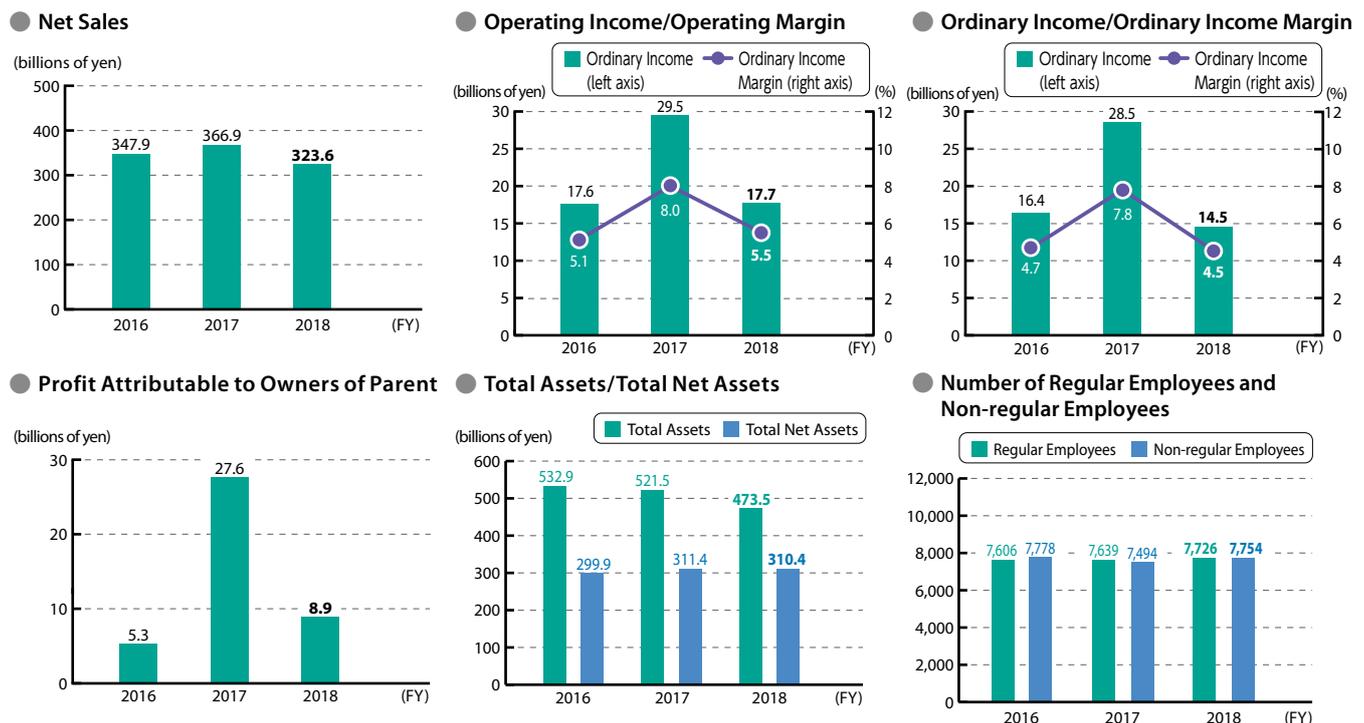
# Group Overview

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



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

## Financial Data (Consolidated)





## Creating Innovative, Moving Experiences and Enriching Society as a Multi-dimensional Entertainment Company

### Hajime Satomi

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

#### Creating new value for society as a game changer

Ten years have passed since the merger of SEGA and SAMMY, and the business environment around us is changing significantly. This makes it crucial for all of the more than 50 Group companies to unite under the SEGA SAMMY Group's Mission of "Continuing to create moving experiences" and making life more colorful." The mission enables us to fulfill our role in society by responding with agility to societal changes and technological innovations. Moreover, it allows us to continuously create high-quality entertainment that meets the needs of the time.

The Pachislot and Pachinko, Entertainment Content and Resort Businesses must all continue to be game changers in their respective industries so that we can constantly provide value in a rapidly evolving entertainment market. We must always provide moving experiences, beyond public expectations, in all types of entertainment. We will then achieve ongoing increases in corporate value by contributing to the development and enrichment of society.

#### Human resources as a driver for further growth

Our nearly 8,000 employees embody flexible, innovative ideas, a spirit of challenge, and the firm resolve to work things through. They are the driving force for the SEGA SAMMY Group to consistently deliver innovative, high-quality entertainment across generations. We consolidated the offices of the Group companies into a single location in August 2018. Our aim was to strengthen collaboration among our businesses and generate synergies by invigorating communication among Group employees. In addition, we have implemented work style reforms that enable employees to work more flexibly. We believe that these reforms represent a vital infrastructure for the Group's future growth. Also they will help to establish a working environment in which all employees can fully exert their capabilities through different jobs and lifestyles toward freely and vigorously creating new innovation.

The moving experiences we create enable people to be more relaxed and provide vitality for tomorrow. We pursue the dual solutions of improving our working environment and introducing new programs so that all Group employees can work with pride toward the next leap forward.

#### Becoming the world's number one multi-dimensional entertainment company

The SEGA SAMMY Group is aiming to develop an integrated resort

(IR), the ultimate in entertainment, in Japan. In this context, our greatest strength is that we are equipped with extensive expertise and insights, including planning, development and sales through our businesses related to pachislot, pachinko and packaged games and by operating amusement facilities. Success in developing an IR in Japan will bring a variety of benefits such as creating jobs, invigorating local and national economies by increasing inbound tourists, and strengthening Japan's international competitiveness.

In other words, creating an IR in Japan means developing a new key national industry. An IR involves multi-purpose entertainment facilities that consist of hotels, commercial facilities, restaurants, theaters, convention facilities and casinos. We can bring a sense of happiness to visitors of an IR in Japan by offering moving experiences that are only possible in Japan.

With the shared dream of becoming the world's number one multi-dimensional entertainment company, all SEGA SAMMY Group members will thoroughly engage in Japan's first IR project. Our goal will be to deliver smiles to many people and contribute to the future of Japanese society.

#### Enriching society by providing moving experiences

We deliver moving experiences through entertainment across the world, anytime, anywhere. Also, as a good corporate citizen in the international community, we support sports, the arts and culture for nurturing children as a major asset for the future, contribute to society and communities and protect the environment. One of our contributions to realizing a sustainable global society was signing the United Nations Global Compact as the first in the game and pachislot and pachinko industry in Japan. We have recently observed rising expectations for businesses to contribute to addressing social issues through their commercial operations. Today gaining stakeholder trust is essential for conducting business as a going concern. Therefore, we contribute through several initiatives to the achievement of the SDGs (Sustainable Development Goals), adopted by 193 United Nations member countries, including Japan. The 17 goals and 169 targets of the SDGs are intended to ensure compliance, address global issues and create a sustainable society.

The SEGA SAMMY Group plays a role in realizing a society in which people can lead enjoyable lives. It does this by capitalizing on its free, creative, original corporate culture to consistently create moving experiences that exceed public expectations.

# Making a Colorful Society by Providing Moving Experiences while Maintaining a Solid Sense of Group Unity

## Haruki Satomi

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



### Making society more colorful with moving experiences with positive impact for overcoming negativity

The SEGA SAMMY Group developed and implements the SEGA SAMMY Group Mission Pyramid as a guideline that helps every employee fully understand the focus of our business and work together to achieve that. We set the Group Mission of “Continuing to create moving experiences and making life more colorful” as a supreme concept that defines our existence.

Entertainment is intrinsically both positive and negative. The latter includes the negative influence of games on children and addiction to pachislot and pachinko machines. For instance, during the aftermath of the Great East Japan Earthquake in March 2011, people criticized the massive electric consumption by pachinko halls, game arcades and other entertainment facilities while people suffered power shortages. Such aspects call into question the very purpose and reason for entertainment to exist at all.

Securing lifeline is certainly a top priority in times of disaster. True restoration, however, requires the recovery of a sense of well-being across society as well as the reconstruction of infrastructure. Everyone must regain their personal vitality and hope. I believe that entertainment has the power to deliver this essential vitality and hope to people. Bringing moving experiences with a powerful, positive impact for overcoming negativity is the very essence and mission of the SEGA SAMMY Group as an entertainment company.

“Making life more colorful” was chosen as the subtitle of the Group Mission to communicate the commitment expressed therein. We will focus on establishing a working environment in which employees can pursue their aspirations of “adding light colors rather than dark ones to society.” And we believe that this will result in a more colorful society.

### Work style reforms that result in specific improvements

I believe that among all of our stakeholders, human resources represent a top priority. Excellent employees satisfy customers, and customer satisfaction creates shareholder value. With confidence in this concept, the SEGA SAMMY Group has implemented many initiatives for developing and fully utilizing the talents of our human resources.

Our sweeping work style reforms constitute the core of these efforts. Specifically, we substantially reduced working hours, the frequency and duration of meetings and encouraged diversified work styles. Even as many companies in Japan prohibit their employees from maintaining second jobs, we introduced a side business program for employees, called “JOB Plus,” in April 2018. This was one of the first such efforts by a leading entertainment enterprise from the perspective of creating a working environment in which employees with different jobs and lifestyles can work with vitality. They can also exert their full capabilities as the foundation for the future growth of the Group.

In August 2018, we integrated the head office functions of all Group companies. This improved management efficiency, invigorated interaction between Group employees, and helped to promote business ties among Group companies. Moreover, we will be able to produce an unprecedented level of innovation, capitalizing on synergies with start-ups that occupy our co-working spaces. Now that our work style reforms have taken root, we are ready to advance them into the final stage of fine-tuning for significant improvement.

### Addressing global issues while fostering our corporate culture

The SEGA SAMMY Group updated its Group brand logo in August 2018. The new logo, which links all letters together as a symbol of the integration of the head office functions of Group companies, has brought about a strong sense of unity across the Group, both physically and conceptually. These actions are intended to achieve sustainable growth and an increase in the Group’s corporate value. In addition, we are striving to nurture the SEGA SAMMY Group culture by combining the corporate cultures of Group companies.

With the adoption of the SDGs by the United Nations, companies are expected to develop their business while contributing to the realization of a sustainable society by addressing social issues through their operations. Meeting these expectations is consistent with the Group management philosophy of “Enriching life through entertainment.”

The intrinsic value of entertainment, our core business, does not lie in the provision of products and services but rather in the creation of moving experiences that exceed customer expectations. Every member of the SEGA SAMMY Group is committed to the continuous pursuit of this value with a sense of unity.



# “Playbit”

<https://playbit.jp>

## Makes Our Society More Positive through Entertainment

We want to create moving experiences by changing people's negative feelings into positive ones by offering a service that only a multi-dimensional entertainment company can. This is the aspiration behind launching Playbit. Playbit is a point program with a focus on smartphone games and other entertainment offered by SEGA Games.

### Enrich Your Daily Life a Bit More!

Users who sign up with Playbit earn points for satisfying specific conditions set by alliance partners. They can exchange points for credits that can be used for smartphone games and other content of the SEGA SAMMY Group. They can also exchange points for credits granted by our alliance partners.

One of these partners, Tokyu Corporation, has been issuing coupons to passengers who commute during off-peak hours

in order to address overcrowded trains during rush hours.

#### Alliance Partners for Playbit Include:



The company made them exchangeable with Playbit points. It also made it possible for passengers who obtain Tokyu's coupons to play smartphone games on less crowded trains, while at the same time, Tokyu successfully eased train congestion. In addition, the passengers can read comic books published by Kodansha, another alliance partner, which brings more enjoyment to users. The Playbit program is intended to enrich daily life in small yet significant ways, by converting small acts into entertainment value. We have so far signed Playbit alliance partner agreements with about 15 companies and organizations.

#### Basic Playbit Mechanism



**Voice of Alliance Partner:**

Tokyu Corporation



**Accumulating Game Points through Early Morning Commuting**

We incorporated Playbit into our coupon program, *GoodChoice Coupon*, for passengers who commute during off-peak hours. This enabled us to offer our customers a new type of incentive: taking early morning trains to play games, which consequently popularized the program among a broader range of customers.

Obtaining virtual goods for smartphone games while commuting during off-peak hours.



**Entertainment Has Infinite Potential!**



**Manato Ito**  
DMS Management Division  
Deputy General Manager, No. 1 Solution  
Business Department  
SEGA Games Co., Ltd.

**Creating a Society for Casually Enjoying Entertainment**

Negative emotions are frequently experienced in everyday life. For instance, stress is felt when riding on an overcrowded train, waiting in a long line, or doing household chores. The SEGA SAMMY Group has focused on entertaining users with pachislot and pachinko machines, games and resort businesses. The basic concept underlying Playbit is to enrich daily life with the infinite potential of entertainment. And this has been my aspiration since joining the company.

Many companies have been offering their own loyalty programs. I believe the objective of the SEGA SAMMY Group's program is to deliver moving experiences along the lines of: life becomes a little better or feels happier when using Playbit, rather than the basic economic benefits of accumulating points through shopping.

There have been many trials and errors, but the creation and launch of the program was the result of efforts by my team members, who are committed to instilling more entertainment in everyday life. At present, we plan to acquire at least 100 alliance partners who grant points and another 100 partners who offer services through which users can redeem points, with the shared vision of enriching people's lives through entertainment.

We intend to contribute to creating a society in which people casually enjoy entertainment as part of daily life. This is part of the mission of the SEGA SAMMY Group, a multi-dimensional entertainment company.



**Playbit program staff**

Bringing Smiles and Vitality

# SEGA SAMMY Group's Reconstruction Support

Our Activities (March 2011–March 2018) ⇒ FY2019 activities underway

● Support fund	Approximately <b>400</b> million yen	● Supporting events	<b>42</b> activities involving <b>29,891</b> visitors <small>(cumulative total those who played games in the SEGA SAMMY Group's amusement corners)</small>
● Volunteer activities by employees	<b>54</b> activities <b>634</b> employees	● Invitations to visit a facility (TOKYO JOYPOLIS attraction center)	<b>24</b> visits by <b>625</b> invitees <small>(cumulative total)</small>

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



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



In fiscal 2018, we held an “ochakko” gathering to chat with residents in temporary housing in Minami Sanriku-cho, Higashi Matsushima-shi, Onagawa-cho, Shichigahama-machi in Miyagi Prefecture and Iitate-mura in Fukushima Prefecture. We also participated in community events and set up a corner that leverages the Group's various resources such as Smart Ball, Kira Deco Seal Art, E-ederu sunaba, the Darts, Flash Pad, UFO CATCHER, and THE ADVENTURE OF PANDA AND FRIENDS. We also organized Original Cotton Candy and a class for making craft Smart Balls to entertain residents. In October we held the SEGA SAMMY Group Baseball Class for junior high school students in Shichigahama-machi, with invited guest Naoyuki Shimizu, a former pitcher of Chiba Lotte and Yokohama DeNA. In November we held a swimming class in Shichigahama-machi and Higashi Matsushima-shi, with invited guest Takeshi Matsuda, a swimming medalist at the Rio Olympic Games.



### [Iitate-mura New Year Event for Residents]

#### Tomohiko Furuya

General Affairs Department, Sammy Networks Co., Ltd.

I first participated in a volunteer activity in Iitate-mura in Fukushima Prefecture. The village is located in an inland area affected by the radioactive accident. The evacuation order for the area was just lifted on March 31, 2017. I came across unusual scenes where many mounds of contaminated soil had been covered with the vinyl sheets typically stored on fields for rice and other agricultural products. I supported an event called the New Year Event for Residents at Iitate-mura, and many of the participants enthusiastically attempted to break their own Flash Pad records. I was happy that so many residents participated and had a good time. In addition to the event, I was able to enjoy two days communicating with people from Group companies and unexpectedly reuniting with old friends. I believe it is very important to take advantage of every opportunity to see this affected area with our own eyes and learn its status.



### [Onagawa Sanma Festival 2017]

#### Noboru Umegaki

Administration Department, SEGA SAMMY CREATION INC.

I heard Onagawa was one of the hardest hit areas and needed four years to regain railroad service from the Ishinomaki Line. The festival to celebrate a good catch of sanma (saury) was held in front of Onagawa Station. The area was beautifully reconstructed with a new station having a hot spring facility and a pedestrian pathway leading to the sea. With fine weather, many people visited the venue starting in the morning, and crowds gathered around the SEGA SAMMY booth. Although I was a little worried about being able to help them have fun playing Smart Ball, because I'd never been in the position before, I was ultimately able to fully enjoy working with other staff. Seeing the children engrossed in the games and excited made me again realize the sheer pleasure of play.

### Community Response

Rubble covering the entire area was what I saw immediately after the Great East Japan Earthquake. Seven years have passed since then, and now the beach has regained its beauty and vitality. The bathing facilities at Shobutahama beach, the oldest bathing beach in the Tohoku region, resumed full-fledged operation in summer 2017. All the residents attending the firework display had a smile, and the reflection of the fireworks on the sea was deeply moving. I am grateful to everyone for their support.

Shichigahama-machi is the smallest town in the Tohoku region. Given that fact, we worked to reconstruct the town in response to resident needs and aspirations. We were most encouraged by the smiles on children's faces. The various events to support the affected area represented rays of hope for us. We are always encouraged by reconstruction proposals by the SEGA SAMMY Group's new employees in their training program. We regard all of you as partners. Let's work together for this town's rebirth!



#### Shigeki Ogino

Policy Department, Shichigahama-machi, Miyagi Prefecture

**[SEGA SAMMY Group Baseball Class with Naoyuki Shimizu]**

**Fukuyuki Yamasaki**

Personnel Department, Corporate Division,  
SEGA Holdings Co., Ltd.

I first participated in this event as a former member of the SEGA SAMMY Baseball Club. After asking children if they wanted to continue playing baseball in senior high school, I expected some of them to say that they wanted to play in the professional league or at the National High School Baseball Championship at Koshien Stadium. But I found out that more of them planned to stop playing baseball after junior high school. I was very disappointed. I guess there could be good reasons, such as having relatively few ballfields and not having experienced how exciting a baseball game can be or having families that were not rich enough to allow them to continue playing baseball. I felt strongly motivated to express the pleasure and attractiveness of baseball to children.



**[Merry Christmas 2017 in Higashi Matsushima]**

**Tetsuji Kato**

Manufacturing control Department  
Manufacturing Division,  
SAMMY Corporation

This is my first time to participate in volunteer activities. I joined the project with the hope that our entertainment content would help the residents in the affected area to recover emotionally. Visitors waited for a long time to play games that lasted only a few minutes. Given participant expectations for our event, I realized my time with each of them represented a precious moment, and I was determined not to make them feel uncomfortable. The event offered me a valuable opportunity to associate with people from different Group companies. It also helped me realize that continuing these activities created valuable encounters and bonds with residents, ultimately transforming them into assets.

**[Minamisanriku Utatsu Revival Summer Festival 2017]**

**Yui Nakano**

Reuse Promotion Department Production Planning  
Division, SAMMY Corporation

The SEGA Sammy booth was very popular. Some children kept trying until they won prizes and mothers struggled to win to soothe their crying children who wanted prizes. I was impressed by seeing scenes of tears followed by smiles and excitement, and I still clearly remember the thrilling time I shared with residents and our sense of mutual gratitude. Volunteering provides wonderful opportunities for making people happy, sharing fun and interacting with people outside of doing business. And I want to continue taking part in volunteer activities.



**[Shichigahama-machi Lifelong Learning Festival 2018]**

**Goro Iwasaki**

R&D Div. #1  
SEGA Interactive Co., Ltd.

This was the seventh time we hosted this event at Shichigahama, which has welcomed many participants every year. I clearly recognized their strong expectations for and trust in SEGA SAMMY, which have been developed through holding this event in the same venue every year.

This kind of activity offers a good opportunity for achieving common objectives across the Group especially now, as we are in the preparation process toward consolidating and relocating our head office functions. I encourage Group employees to participate in our volunteer activities, which are conducive to facilitating communications. This surely will be an invaluable experience for them all.



**[SEGA Sammy Swimming Class with Takeshi Matsuda]**

**Shunsuke Nishizawa**

Legal & Compliance Department, SAMMY Corporation

At the end of class, swimmer Takeshi Matsuda stressed: "Players who achieved an excellent performance in a major event are supported by those around them. Therefore, let's become people who others are willing to support. Never forget to thank all of those around you for their help." I want to remember his words whenever I am working, raising children or living other key moments.

As someone who devoted his childhood to swimming, I was extremely excited to be in the same pool with an athlete who had participated in four consecutive Olympic Games and medaled in three consecutive Games. It was the same moving experience that a young devoted soccer player has when being on a pitch with Messi or Ronaldo.



**[Summer Festival 2017 in Higashi Matsushima]**

**Manabu Mochizuki**

Merchandise Planning Department,  
Operation Group Division,  
SEGA ENTERTAINMENT Co., Ltd.

I managed the UFO CATCHER section at the festival. We adjusted the machines so that they would make bigger movements than those at game arcades. As a result, many residents played the game several times and were pleased with their prizes. When I shouted "You made it, you made it!" to a resident lifting up a prize with good balance, he responded with a big smile. This kind of event reminds us of the basic goal of providing fun to customers. I expect many children and families to participate in the festival and have a good time with other residents in the coming years.



## Fiscal 2019 New Employee Training Program



In fiscal 2019, 133 new employees visited the affected areas (Onagawa-cho, Shichigahama-machi and Higashi Matsushima-shi in Miyagi Prefecture) as part of our new employee training program. In addition to participating in support activities such as beach cleanups, they engaged in the interactions with the community. This included presenting proposals for reconstruction initiatives to the tourism department of the local government and communication with kindergarten students.



The significance of the disaster to me was revealed in the emotions I experienced while visiting the affected area. The visit provided an opportunity to reconsider deeply and repeatedly the services we create and provide and for whom.

We can lead our lives without entertainment. In that sense, it is different from food, clothing and housing. Nevertheless, I believe entertainment is essential for us to recover from the disaster and resume ordinary, meaningful lives. I realized that providing the residents with pleasant moments that help them forget their anxieties will lead to a spiritual recovery from the sad experience.

**Natuko Oba**  
SEGA ENTERTAINMENT  
Co., Ltd.



**Tomohiro Sasaki**  
SEGA Games CO., LTD.

At first, I did not know how my game development job related to my training in the affected area. Having become involved, I realized that people constitute the foundation for both activities. The program gave me an opportunity to learn and consider the people and their state of mind, which I had not previously known, and what approach we should take for people in different situations. As an entertainment company, we can provide residents with moments of pleasure in their lives. We have held a game event in Miyagi Prefecture in the past, and I am really interested in getting involved in activities like that in the future.

I got to see with my own eyes that devastating events have occurred in Japan. I was very shocked to see all the houses and streets in the area affected by the tsunami being replaced with new ones. Also, the surface color of the mountain changes at a certain height because of the tsunami. In addition to our new employee training program, I believe the best support activity for us is providing entertainment that the affected residents can enjoy with a smile. And, after seeing the mayor cheerfully talking about pachinko following his lecture, my aspiration to create entertainment that makes people happy was renewed.

**Takahiro Kaneko**  
SEGA TOYS CO., LTD.



# Management

## Structure of the SEGA SAMMY Group’s Management Philosophy

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

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

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

While sharing the value of “Creation is Life” and “Always Proactive, Always Pioneering,” we will continue to provide moving experiences to people around the world as a Game Changer.

We will contribute to enriching our society and culture by bringing more energy and excitement.

### Group Mission Pyramid



\*1 Operating income margin for the Pachislot and Pachinko Machines Business, excluding the item of “Other/Elimination” \*2 ROA (%) = Profit attributable to owners of parent / Total assets

SEGA SAMMY Group CSR Charter <https://www.segasammy.co.jp/english/pr/commu/csr/>

SEGA SAMMY Group Code of Conduct [https://www.segasammy.co.jp/english/pr/commu/csr/gr\\_csr/](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/](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](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. We have also disclosed our CSR procurement activities in a guidebook.

## Our Policy on CSR

The SEGA SAMMY Group considers CSR activities an important way to create value continuously for the Group and achieve the sustainable development of society.

### Group CSR Initiative Themes

In 2012 we set four CSR initiative themes that the Group as a whole can act on: Contributing through our business, Serving society, Addressing environmental issues, and Engaging in corporate governance and economic responsibility. Under these, approved by the board of directors of SEGA SAMMY HOLDINGS, we are conducting progress management for each business company. (For details about our key initiatives, see page 14.)

We present our employees with the CSR Policy so that they again review the Group's past CSR activities in order to further instill a CSR mindset among the staff and so that they understand how the Group's CSR activities will be promoted.

 **Our Policy on CSR**  
<https://www.segasammy.co.jp/english/pr/commu/tpm.html>



### Group CSR Framework

The Group CSR Promotion Office set up in SEGA SAMMY HOLDINGS supervises and manages Group CSR activities.

To promote these activities, the Group CSR Offices Council is in place. It is chaired by the general manager of the Group CSR Promotion 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. We share our CSR activities through distributing the printed CSR report (only in digital format via website from the 2018 report) to the executives of all Group companies as well as all general managers and those holding higher ranks at SEGA Corporation and Sammy Corporation. In addition, the Board of Directors receives reports on both the results of a survey, involving 1,000 respondents to the questionnaire attached to the CSR Communication Report, and the extent to which our management philosophy and code of conduct have been instilled.

### Relationships with Our Stakeholders

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

Stakeholders	Major Communication Opportunities	Major Responsibilities
Customers	Sales activities, user support desk and services at shops and facilities	Provision of safe, secure, high-quality products and services
Partners	Procurement activities, briefings, supplier meetings and business partner consultations	Fair and impartial business practices, building ties and calling on partners to promote CSR
Shareholders and Investors	Publication of various reports, websites and IR activities	Information disclosure, solid management and corporate growth and appropriate return of profits
Employees	Intranet, consultation desk, satisfaction surveys, and labor-management consultation	Improving a workplace environment, fair assessments and career development opportunities and respect for human rights and diversity
Society (the environment and society)	Website, communication with local communities and social contribution activities	Prosperity of core business, environmental management, cooperation with society and social contribution activities

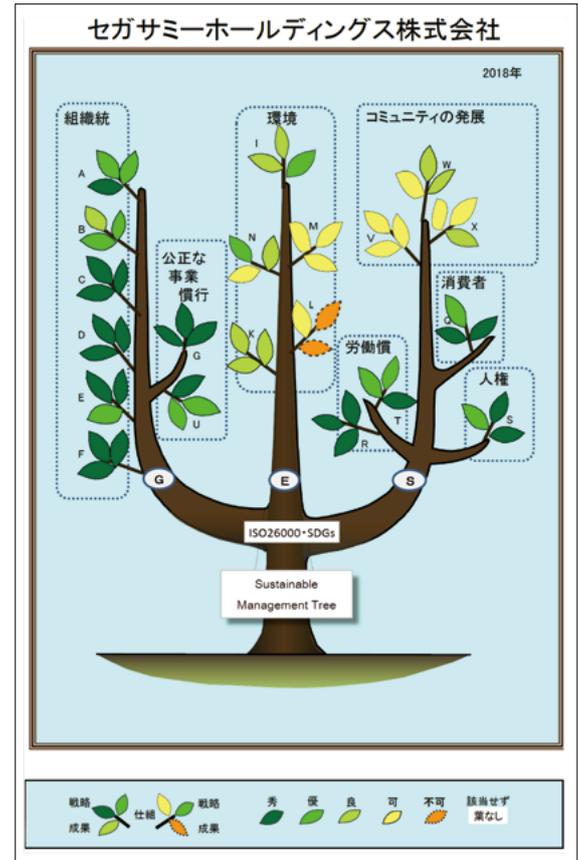
## Management Evaluation by the Sustainable Management Forum of Japan and Stakeholder Dialogue with Experts

The Management Analysis Promotion Committee of the Sustainable Management Forum of Japan conducted a sustainability analysis of our management. This was the second analysis of our management following that in fiscal 2018. The results of the analysis showed that we scored an average of 75.7% and with highest score of over 95% in compliance. Other categories were management, human rights, labor practice, environment, business practice, consumer issues and community development. We convened a dialogue on our CSR initiatives with committee members who are also experts in the areas under analysis, such as management, human rights and the environment on April 27, 2017. As our CSR Promotion Office responded to the dialogue, we further improved our organizational governance by instilling the Group's mission and philosophy in each business, company and worksite through the use of the Mission Pyramid. Our labor practices also significantly improved through our work style reforms and the improvement and enhancement of workplace environment and functions by consolidating our offices. Our business practices continued to improve as a result of the promotion of CSR procurement.

Looking ahead, we will use these external evaluations and other effective measures to improve the CSR initiatives of the SEGA SAMMY Group.



Stakeholder dialogue



Tree diagram of analysis results

## Participating in the United Nations Global Compact (UNGC)

The SEGA SAMMY Group assented to and signed the United Nations Global Compact (UNGC) in April 2014. This initiative encourages companies to act as upstanding members of society by exercising responsible, creative leadership, and to participate in the formulation of a global framework for sustainable development. We are committed to contributing to the creation of a sustainable society by promoting responsible management based on the UNGC's ten principles. Furthermore, in an effort to proactively address various social issues, we are participating with various working groups in activities related to supply chains, WEPs and ESG, 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
<b>Human rights</b>	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	Management: the structure of the SEGA SAMMY Group's Management Philosophy and CSR With partners: Ensuring Fair and Impartial Procurement With employees: respect for human rights	P.10-14 P.27-28 P.33
<b>Labor</b>	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor; Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation.	Management: the structure of the SEGA SAMMY Group's Management Philosophy and CSR With partners: Ensuring Fair and Impartial Procurement, partnership with suppliers and clients With employees: Cultivation and Evaluation of Human Resources, Promoting Diversity, Respect for Human Rights, Creating a More Attractive Workplace	P.10-14 P.27-28 P.33-36
<b>Environment</b>	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies	Management: the structure of the SEGA SAMMY Group's Management Philosophy and CSR With Society—Environment: Seagaia Beach Cleaning in Hitotsuba Campaign, Green Power Certificates System, Designing Environmentally Friendly Products, Tenth Year of the Adopt-A-Forest Activity: SEGA-no-Mori, Let's Grow a Forest in Hitotsuba	P.10-14 P.39-42
<b>Anti-corruption</b>	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Management: the structure of the SEGA SAMMY Group's Management Philosophy and CSR Management: compliance With partners: Ensuring Fair and Impartial Procurement	P.10-14 P.15-16 P.27-28

## 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 Group CSR Promotion 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 2018, 934 participants from 14 companies participated for a total of 2,431 since October 2013. They also deepened their understanding of what it means for a company to exist in harmony with society as well as corporate sustainable growth and development, 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.



Group work during a CSR seminar

### ▶ SEGA SAMMY HOLDINGS CEO and Group Employees Meet to Exchange Views

A meeting is held once a year to exchange views between the CEO of the SEGA SAMMY HOLDINGS and employees in the Group in order to share the results of activities, issues and other matters relating to individual workplaces, as well as to discuss future directions for CSR activities. CSR officers of Group companies, representative of major projects from Group companies, personnel managers and other such members attend and take part in active exchanges of views. The meetings significantly contribute to revitalizing communication across the Group by offering opportunities for gathering around a table to top management and employees from different divisions or Group companies who otherwise do not see each other. Five employees from three Group companies attended the meeting in fiscal 2019.



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

## Issues by Theme, Fiscal 2018 Progress, Fiscal 2019 Initiatives and Relevance to SDGs

We specify the issues to address each year and manage the progress and results of our efforts on the four CSR initiative themes for the Group. In fiscal 2018, we launched initiatives for changing the mindsets of all our employees and Group companies through the Mission Pyramid and promoting work style reforms. We will work to fulfill our "Road to 2020" roadmap while further expanding the impact of Group synergies and efficiencies through the integration of Group offices in August 2018 and work style reforms. These efforts will provide employees with different work style options and a more environmentally sound and efficient work environment, thereby enabling us to achieve the medium to long-term growth of the Group and meet stakeholder expectations.

As the Group's activities, we are contributing to 13 SDG Goals. We will advance our effort by clarifying what we can do as a corporate group to address three issues: job satisfaction and unfair workplace (diversity), a super-aging society, and addictions, all of which will be incorporated into our concrete action plans.

### SEGA SAMMY Group's Contribution to SDGs

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



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

See page 1 for abbreviations.

Initiative Themes	Issues	Initiatives	Fiscal 2018 Progress and Results	Main Page References	Related SDGs
Contributing through Our Business	Provision of safe, secure and fun products and services	Provide safe and secure products and services and continue appropriate information disclosure	<ul style="list-style-type: none"> <li>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]</li> <li>Youth protection measures [SE]</li> <li>Accurate, appropriate product labeling [E, PP, TOYS]</li> </ul>	P.22-24	—
		Further improve the customer support system	<ul style="list-style-type: none"> <li>Improved the customer support system [E, PP, TOYS]</li> </ul>		
		Continue compliance with safety standards conforming to industry group standards, etc.	<ul style="list-style-type: none"> <li>Safety standards conforming to industry association standards [E, PP, TOYS]</li> <li>Promoted gaming in moderation through the industry group [PP, SE]</li> </ul>		
	Continue measures against illegal customer behavior	<ul style="list-style-type: none"> <li>Measures against illegal customer behavior [PP]</li> </ul>			
Addressing social issues through business activities	Provide events and products through Group products	<ul style="list-style-type: none"> <li>Opened showrooms periodically to senior citizens (16 openings, 62 participants) [PP]</li> <li>Cooperated with an NPO to donate toys [SSHD, TOYS]</li> <li>Onsite game class [SHD]</li> <li>Development, manufacturing and sales of accessible design toys [TOYS]</li> <li>Onsite game class; drive simulator [SLS]</li> </ul>	P.44	3 4 8	
Serving Society	Contributing to society through disaster recovery and support activities and Groupwide actions	Supporting reconstruction after the Great East Japan Earthquake	<ul style="list-style-type: none"> <li>Dispatched volunteer Group employees to disaster-affected areas (8 occasions, 79 participants) [Group]</li> <li>Dispatched new employees to disaster-affected areas as part of their training (11 companies, 133 participants) [Group]</li> <li>Held events to support recovery in a disaster-affected area using content (6 events) [SSHD, E, PP, TOYS, TMS, SE, SLS, DL]</li> </ul>	P.7-9	11
		Conduct other Groupwide social contribution activities and support the development of culture, etc.	<ul style="list-style-type: none"> <li>Supported the arts, including the Tokyo Jazz Festival [SSHD]</li> <li>Participated in the Picture book campaign (422 books) (creating an environment for entertainment in underdeveloped countries) [Group]</li> <li>Donated toys, etc. [SSHD, TOYS]</li> </ul>	P.44-46	4 10
		Contribution to local communities	Participate and sponsor local sports events	<ul style="list-style-type: none"> <li>Held the Junior Sport Festival and baseball class [SSHD]</li> <li>Sponsored marathon events [PP] and participated in local clean-up activities [SHD]</li> </ul>	
	Reduction of environmental impact caused by business activities	Promote the development and marketing of environmentally sound products	<ul style="list-style-type: none"> <li>Developed low-power-consumption products, increased the number of items provided [E]</li> <li>Developed and commercialized Eco-Pachinko machines [PP]</li> </ul>	P.28 P.39-42	3 7 9 12 13
Addressing Environmental Issues	Promote the 3Rs (especially recycling)	Promote other environmental protection activities	<ul style="list-style-type: none"> <li>Recycled trade-in machines (achieved 95.99%) [PP]</li> <li>Conducted marketable waste recycling (waste separation program by Kawagoe Factory workers) [PP]</li> <li>Conducted 100% recycling of amusement machines by manual dismantling [SLS]</li> </ul>		
		Promote other environmental protection activities	<ul style="list-style-type: none"> <li>Distributed information (e.g., environmental regulations) at the annual Supplier Meeting [E]</li> </ul>		
Corporate Governance	Consideration for global environmental resources	Promote the environmental actions	<ul style="list-style-type: none"> <li>Purchased Green Power Certificates (1,000,000 kWh actual/year) [SHD]</li> <li>Became a Y-Green Partner of the Yokohama City Wind-Power Electricity Generation Project (Green Power Certificate for 2017 (actual): 139,258 kWh) [SHD]</li> </ul>	P.39-42	11 14 15
			<ul style="list-style-type: none"> <li>Established a system for tracking figures of environmental impact at 15 major Group companies [SSHD]</li> <li>Won praise from Nagano Prefecture for the amount of CO<sub>2</sub> absorbed through a forest sponsorship agreement (SEGA-no-Mori) [SHD]</li> <li>Managed, protected, cultivated black pine on the Seagaia property (250 m<sup>2</sup>) [PSR]</li> </ul>		
	Strengthening of corporate governance and compliance	Strengthen corporate governance	<ul style="list-style-type: none"> <li>Took steps to respond to the corporate governance code, established the Independent Advisory Committee and Management Strategy Committee and held seminars for SSHD executives, etc. [SSHD]</li> <li>Reported to the Board of Directors the degree to which the Group Management Philosophy and Code of Conduct have been instilled in the Group [SSHD]</li> <li>Promoted work style reforms [Group]</li> </ul>	Integrated Report	5 8 10 15
		Strengthen compliance	<ul style="list-style-type: none"> <li>Held compliance seminar for Group executives (5 sessions, 137 participants) [Group]</li> <li>Held various compliance seminar (86 seminars, 1,824 participants) [Group]</li> <li>Built an easy-to-use reporting system by establishing the Corporate Ethics Hotline [Group]</li> <li>Held seminars on individual topics (74 seminars, 4,425 participants) [Group]</li> <li>Held seminars for new employees: 15 programs, 377 participants) [Group]</li> </ul>	P.15-16	16
Instillation of CSR awareness and promotion of CSR management	Instill a widespread awareness of the Group's Management Philosophy through continuous top-down communication	<ul style="list-style-type: none"> <li>Held CSR seminar for members of the Group's management (20 sessions, 12 companies, 546 participants) [SSHD]</li> <li>Posted the Group Management Philosophy on the Group intranet and also listed it in the employee handbook for promoting employee awareness [Group]</li> <li>Published a digest version of the CSR report and distributed 9,732 copies to full-time Group employees, part-time workers and others [Group]</li> </ul>	P.11-13	—	
		<ul style="list-style-type: none"> <li>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]</li> <li>Participated in the United Nations Global Compact [Group]</li> </ul>			
Manage and share CSR information	<ul style="list-style-type: none"> <li>Collected CSR information by means of information media (newspapers, magazines, etc.) and provided it to Group companies via Group company CSR managers for the purpose of detecting social trends and heightening risk sensitivity (as needed) [SSHD]</li> </ul>				

## Corporate Governance

Regarding the item of "Corporate Governance," see the Group's Integrated Report.



**Corporate Governance**

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

## Compliance

### Our Policy

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

### Compliance Framework

#### ► Compliance Framework and Promotion

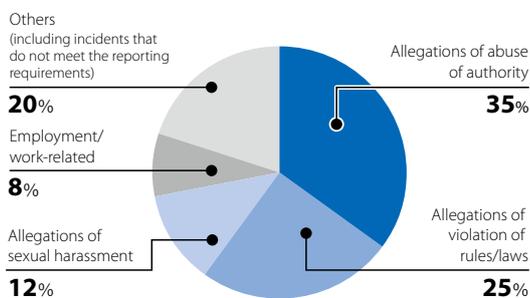
Twice a year the Group convenes the Group Compliance Liaison Committee, which is chaired by the head of the Group Internal Control Office of SEGA SAMMY HOLDINGS (attended by officers and managers in charge of compliance promotion divisions and auditors of key Group companies). Under the leadership of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

#### ► Internal Reporting System

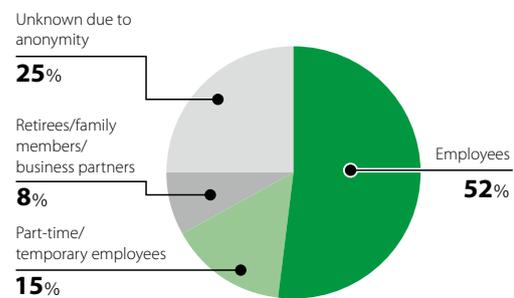
An internal reporting system was created to prevent regulatory violations, misconducts, and other behaviors through the self-corrective functions of the Group and company. Whether reported internally or to specified law firms (Corporate Ethics Hotline), these matters are investigated and rectified, and steps are taken to prevent recurrence, which is supported by a whistleblower protection system. An internal reporting system was also introduced at our overseas sites in March 2017.

The number of incidents reported through this system was 9 in fiscal 2016, 16 in fiscal 2017 and 19 in fiscal 2018 (Japan only). A breakdown of the types of incidents reported and whistleblower attributes between fiscal 2015 and 2018 are as follows.

#### ► Types of Incidents Reported\*



#### ► Whistleblowers Attributes\*



\* FY2015-FY2018

### Compliance Promotion Activities

#### ► Ensuring Full Compliance with the Rules and Enhancing Awareness

We provide seminars by employee level for Group companies to foster a pervasive awareness of compliance. Our compliance handbook provides specific examples of issues employees may encounter routinely and we are running relevant articles in manga form to make the issue more accessible. All employees can view these materials on our intranet.

#### ► Compliance Seminars at Group Companies (FY2018)

Nature of Activity	Group	Company Name	Frequency	Total Participants
<b>Compliance seminar for Group executives</b>	Executives, auditors, officers of all Group companies	SSH, SHD, SAMMY, SNW, TMS and others	5	137
<b>New Employee Seminar</b>	New employees of 10 Group companies	SHD, SAMMY, SGC, SLS, TOYS and others	15	377
<b>Various compliance seminars</b>	Group company executives, all employees	SHD, SAMMY, SIC, DL, PSR and others	86	1,824
<b>Seminar themes (Work style reforms, labor management, intellectual property, the Subcontract Act, Act on Control and Improvement of Amusement Business, legal affairs, development contracts, etc.)</b>	Group company executives, all employees (varies depending on the seminar)	SHD, SAMMY, SGC, SNW, JMS and others	74	4,425

- For abbreviated company names, see page 1.
- Participants taking e-learning included.

### ▶ 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 states explicitly that (1) All unlawful payoffs and other corruption that can be considered as gifts or favors are to be prevented, and (2) the conduct of activities for social benefit, including donations, must be fair and aboveboard and in compliance with company rules that are established on the basis of relevant statutes and regulations. In July 2014, the Group established a Group Management Policy presenting the content of the Group Code of Conduct in a more specific manner. After analyzing corruption risks, we provided training on our Group Overseas Bribery Prohibition Policy and periodically distributed email reminders to the relevant departments.

## Risk Management

### Our Policy

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

### Risk Management Status

#### ▶ Risk Management

The SEGA SAMMY Group established the Crisis Management Rules based on our Group Risk Management Policy. Under these rules, we perform risk analysis for the 17 major Group companies once a year and share results at SSSH's board of directors. Furthermore, we work to minimize latent risks in business activities and to prevent crises, and we prepare and maintain a rapid response system against the event of a major crisis.

We also instituted the SEGA SAMMY Group Basic Policy on Measures for Stranded Persons in the Event of an Earthquake Directly beneath the Tokyo Metropolitan Area. The basic policy addresses concerns such as the storing of reserve supplies, building and facility safety, performing safety checks, and rules on returning home. Countermeasures are made by each Group company, and all employees learn about them through channels such as the intranet.

#### ▶ Intellectual Property Management

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

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

In addition, intellectual strategies are developed and implemented in alignment with business strategies through interdepartmental cooperation between the Intellectual Property Department and other relevant departments, enabling the Group to actively and strategically acquire and utilize intellectual property rights. Also, we are implementing countermeasures against counterfeit goods in order to maintain and enhance the SEGA brand. Pachislot and Pachinko machines businesses study the technology under consideration at each stage of R&D as part of thorough risk assessment.

#### ▶ Information Security

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

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

# With Customers

## Group CSR Charter

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

## Group Code of Conduct

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

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

“Proper Business Relationships,” “Information Disclosure” and “Claims and Reporting”

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



**Hiroyuki Miyazaki**

General Manager, eSports Planning  
Department of President’s Office  
SEGA Holdings Co., Ltd.



General Manager, eSports Promotion  
Department, Domestic & Asia Business Division  
SEGA Games Co., Ltd.

## 1 Expanding Our Future with eSports and Capitalizing on Personal Encounters

In Japan we have been noting rapidly growing public interest in eSports\*, a business that the SEGA SAMMY Group has yet to handle. We thus formed a small project team and launched initiatives such as certifying professional gamers, holding competitions with prize money and the year-round league operation while utilizing popularly recognized “Puyopuyo” game content in Japan, as a tool. Surprisingly, we have received a massive volume of inquiries on possible collaborations from TV stations, large shopping complexes, event organizers, banks, universities, talent agencies, online retailers and other parties just over a month after April 2018, when the first eSports event was held at SEGA Fest. Exciting encounters with people in various fields proved to represent great business opportunities. I hope to add a new option soon to the Group’s future business by effectively utilizing SEGA SAMMY’s popular intellectual property and newly launched games.



\*eSports is an abbreviation for electronic sports, which broadly refers to all types of entertainment, competition and sports using electronic devices. In principle, any sports competition using a computer or video game is referred to as eSports, which are said to be enjoyed by over 100 million people across the world. In some such competitions, the total prize money reaches between 100 million and 2.7 billion yen. Cited from the Japan eSports Union (JeSU) website.

## 2

## I Want People to Know about the Wonderful Bond We Have Formed with Others through Darts!



**Nana Azuma**  
Promotion Div.  
DARTSLIVE Co., Ltd.

I started working part-time at a darts bar when I moved to Tokyo while attending university, and I had a hard time getting used to living there. My part-time job enabled me to create bonds with different people and enjoy life as a student. Since entering the company, I have engaged in designing and writing. Currently I work in event planning and operations. Events and competitions such as JAPAN, NIPPON DARTS FESTIVAL and the Soft Darts U-22 Tournament have brought me into contact with customers to observe their excitement in playing darts, sometimes happy and other times disappointed in their own performance. Those moments remind me what is attractive about darts and how amazing it is for people to be able to bond while playing the game. I hope customers will get even greater enjoyment out of interacting with other people. Since we now live in an Internet society, I want many customers to know how wonderful it is to bond with others in a real space by taking on fresh challenges in new projects.



Dart booth of ALVARK TOKYO

## 3

## As a First Contact for Customers, I Want to Provide Services that Make Them Want to Come Back!

Receptionists are the first people who players of the North Country Golf Club meet. The reception desk is the first place that customers drop by upon arriving at the course. So, it plays a key role in welcoming customers and creating first impressions of the course through the quality of its services. We always keep the customers' perspectives in mind so that we can satisfy their expectations as fully as possible. To that end, we focus on being proactive.

In addition to customers who live in Hokkaido, many people from outside of the island use the New Chitose Airport. One couple who played using our privilege plan was not able to use their free drink ticket because they had to leave. When I offered them original goods, they became very happy, saying: "Thank you! We will treasure these products as lasting memories of our trip!" My motto is: "Communication with customers is the top priority," and I want to offer the best services so that they want to come back.



**Mizuki Kobayashi**  
Receptionist, the Operation  
Department  
SEGA SAMMY GOLF ENTERTAINMENT  
INC.

## 4

## I Want to See Customers Having Even More Fun with Our Casino Machines!



**Hiroyuki Miyano**  
Game Design Department Research &  
Development Division, SEGA SAMMY  
CREATION INC.

Our casino machines are used at many casinos in Macao, where customers come from around the world to play. When we first entered the business, however, our experience in making casino machines was very limited, even though many people at the company had extensive expertise with arcade games.

We worked on machines that are more exciting and fun, focusing on the kind of enjoyment players experience from a series of wins and losses. That is why I was deeply moved when I saw customers smile while playing our machines. Having obtained a manufacture and sales license in the U.S. state of Nevada at the end of 2017, we plan to expand our sales territory into Las Vegas in 2018. I am excited to develop new machines that bring even bigger smiles to the faces of customers.



## Excited with Fans at Live Performance!

SEGA Interactive entertainment content competes in live music events as well as in the amusement market. We launched projects such as Irodori-Midori Live, SEGA Musical Game Live from CHUNITHM and SEGA Musical Game Live, both of which are completely different from other businesses. Moreover, our initiatives for providing moving experiences and instilling empathy through direct communication with fans are excellent.

We held those live events through repeated trial and error in collaboration with internal and external development, marketing, merchandising, licensing, digital communication teams and, most importantly, the support of our fans. At the venue, I felt a strong empathy and excitement that I would not normally have felt in our ordinary business activities. Looking ahead, I want to enhance communications leading to a wider variety of fans and improved product value.



Live performance by Irodori-Midori

5



**Jun Koshimizu**

Promotion Team 1, AM Marketing Department, AM Strategy Division, SEGA Interactive Co., Ltd.

6



**Misako Yamazaki**

Staff in charge of Public Relations, Copyright, and Archive, Production Division TELECOM ANIMATION FILM CO., LTD.

## I Want to Make *Lupin III* a Work that Will Be Loved 50 or 100 Years from Now!

We launched the TV animation *Lupin III PART 5* in April 2018. Have you seen it?

We were very nervous about creating a new work from content long beloved by so many. Fortunately, both the TV and the Internet versions of the animation were well received. Once again we could see the strength of the support that the series has enjoyed from its many fans.

The company has held unique events for fans and an exhibition of the illustrations for the animation since 2015. Also, we have strived to let young people know how animation is produced onsite and gain new fans for our creators and content through these efforts with positive results. I want to make this series one that will be loved 50 or even 100 years from now by incorporating customer feedback into future productions.



Talk show by production staff for the *Lupin* series in Sapporo

## SAMMY Innovates Customer Services!

No matter how attractive our pachislot and pachinko machines are, hall operations will be disrupted if the machines are out of service for extended periods due to technical or other problems. And we operate the SAMMY Customer Support Center in partnership with JMS-United Co., Ltd., a call center service provider, to promptly respond to problems as quickly as they may occur. As for customer feedback, we communicate it to the development and production departments and also use it to analyze customer



Handling trouble-shooting

needs such as the type of support and services they expect from us. We have enhanced our services by having the support center at Universal Entertainment Co. Ltd. use the same telephone numbers as we do, effective in February 2018. Under the banner of "SAMMY innovates customer services!" we want to develop our customer support center to meet their expectations.

7



**Haruo Koizumi (left)**

Manager Parts Supply Service Group Customer Service Department Sales Division, SAMMY Corporation

**Hiroshi Utugi (right)**

INFINITALK Co., Ltd. (seconded to JMS-United)

## 8

**Marina Kobayashi**

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

## We Strive for the Type of Shop and Staff that Local Residents Love!

I joined SEGA ENTERTAINMENT after dealing with customers in a job that involved both the apparel and restaurant industries. And I gained confidence by experiencing new business fields, such as at the SEGA Collaborative Cafe at the No. 3 Akihabara Building, in addition to the amusement business. I was appointed as general manager of the Shin-Sugita shop in Yokohama city in October 2017. Given that Shin-Sugita is a suburban community, we have served several generations of shoppers, from our original loyal customers at the store opening to small children. Moreover, we recently hold festive open house events to attract a wider group of local residents.

The happiest moments for me are when I observe staff and customers really enjoying themselves. In future, I will work together with my staff to increase the number of customers who love the shop encouraged by the enjoyment of the people working here.



## Building Satisfying Relationships among Customers, Registered Staff and J-NEXT

The mission of the Event Division is to ensure that our customers, registered staff and the company receive the benefits they all deserve.

The company conducts a subcontracting business, ranging from operating events within the Group and in commercial facilities to certification exams for human resources-related BPO. Six years have passed since we set up our division, which had been spun off from the Human Resources Business Department of JMS-United Co., Ltd. We now have 30 corporate clients and over 1,500 registered staffers. And we are targeting 50 client companies and 2,000 registered staffers in the next few years.



Assistants for the Tokyo Marathon 2018

I felt truly happy when a customer said: "We can't hold our events without J-NEXT!" To prevent any mismatch between customer demand and the performance of dispatched staff, we will continue to explain work assignments to staff thoroughly and in advance. Through these efforts, we want to build relationships that are completely satisfying among customers, registered staff and J-NEXT.

## 9

**Misako Yoshikawa (left)**

The Event Division, J-NEXT Co., Ltd.

**Keita Mizushima (center)**

General Manager, the Event Division, J-NEXT Co., Ltd.

**Yasuaki Okawara (right)**

The Event Division, J-NEXT Co., Ltd.

## 10

## Continue to Offer Products that Perfectly Meet Customer Needs

An idea leapt into my mind while I was having a hard time getting my child to sleep. After that, we conducted a survey of people within and outside the company who are raising children. It was about the kinds of problems and worries they experience, and the results showed that 50% of parents with small children have stress when getting their children to sleep. We developed Dream Switch to relieve that stress. It allows parents to see their children's angelic sleeping faces every night. Half a year has passed since the product's launch, and it has been so well received that it has sold out in some shops. We have received favorable comments such as: "My child had not wanted to go to bed before. Now he goes to bed happily!" and "It became so easy for me to get my child to bed!" and also "This product is a necessity in my house!" My dream is to continue planning new products that meet customer needs around the world by envisioning products that will bring them satisfaction and happiness.

**Kiyoshi Tsuchiya**

Director, Product Planning Department, Planning, SEGA TOYS CO., LTD.



2018 International Tokyo Toy Show

## Delivering Impeccable Hospitality to Guests at a Premium Location

# 11

As a bridal planner, I am responsible for explaining to visitors the excellent features related to wedding ceremonies at the Sheraton Grande Ocean Resort. I also show them around the venue and serve their needs until deals are closed.

The strongest selling points for a wedding at our hotel are the unique setting, as a resort, and the sophisticated meals and hospitality that only premier hotels can provide. We have a chapel on the 43rd floor, at the top of the hotel. We constructed a banquet hall on the 42nd floor in October 2016, thereby offering couples an exclusive space with the best view for a wedding ceremony and subsequent reception. We offer meals in a pre-fix style so that customers can create original course menus by selecting their favorite dishes, from appetizers to desserts, among several options.

After a deal is done, another staff member assists the customers with the wedding preparations. We meet with the couple in advance to hear their ideas and requests and make elaborate preparations to ensure they have a wonderful wedding. We also extend our hospitality by, for example, producing message cards and preparing sweet treats so that the guests have a pleasant time. All the staff in my department work together to deal with customers in collaboration with the related departments.



In August 2017, I negotiated with ten couples and closed all the deals successfully. As a result, I received the Best Performance Award in the Business Care Award category under the company's award program. Having won the prize without losing my humility, I will do my best to support the planning of wedding ceremonies as major, once-in-a-lifetime events with confidence and pride in Sheraton Wedding. I encourage all Group members who plan to get married to consider holding their ceremonies in our resort facilities.



**Akiho Yokoyama**

Bridal Concierge, Sheraton Grande Ocean Resort, Phoenix Seagaia Resort (PHOENIX RESORT CO., LTD.)

## TOPIC

### SEGA SAMMY Group Initiatives for Industry-Academia Partnership

The SEGA SAMMY Group is partnering with academic organizations such as universities and vocational schools to develop and market products as well as hold onsite classes. Our employees deliver lectures and presentations so that students, who will play key roles in the future, may have opportunities to better understand society, the industry and the world of work.

#### ● Ritsumeikan University × SEGA GAMES × SOUSOU



#### Planning and Performing a Promotional Project as Part of a Class at the College of Image Arts and Sciences

The SEGA SAMMY Group dispatches employees as lecturers and holds lectures, onsite classes and industry research seminars in partnership with academic organizations. SEGA GAMES and the College of Image Arts and Sciences of Ritsumeikan University collaborate in planning and conducting a promotional project as part of a class in the department. The aim for SEGA GAMES was to promote its game character Sonic the Hedgehog. The purpose of Ritsumeikan University was to contribute to the development of talented people capable of creating an image culture that contributes to invigorating society and improving the quality of life. SOU · SOU, a Kyoto-based exclusive Japanese maker of Japanese traditional socks for construction workers, also supported the project. At the event, photos of Sonic wearing SOU · SOU's socks and walking through downtown Kyoto are posted and disseminated via SNSs. The project employed the unique ideas of students.



#### Using a Beloved Animation Character to Instill a Sense of Fulfillment in Invigorating the Community

The College of Image Arts and Sciences of Ritsumeikan University wants students to learn the entire process of creating content through a hands-on approach, which we refer to as "creation of a producer's mind." Using Sonic, a character they love, students experienced a sense of fulfillment by seeing a project that they had planned and produced in order to make customers happy. And they learned that their efforts to broadly communicate about the project were rewarded. In that sense, we achieved the project's objective. The SEGA SAMMY Group has supported nearly 100 students in two subjects over the course of a year, representing a major influence. We deeply appreciate Deputy General Manager Miyazaki, Manager Uemura, Mr. Yasuda and Mr. Yamawaki for their valuable support.



**Akinori Nakamura**  
Professor, the Department of Images (International Business Administration)

#### ● Joshibi University of Art and Design × SEGA TOYS



#### Holding a Class for 24 Students Related to the Field of Art and Design for Healing in the Department of Cross-Disciplinary Art and Design

We held an onsite class for 24 students in the Department of Cross-Disciplinary Art and Design of Joshibi University of Art and Design. Employees of SEGA TOYS served as lecturers, and we delivered a talk on the process of making stuffed toys. Then, each student gave a presentation on their concepts of product planning for the stuffed toys for target customers. Finally, our staff offered the students advice.



## Pursuing Customer Satisfaction

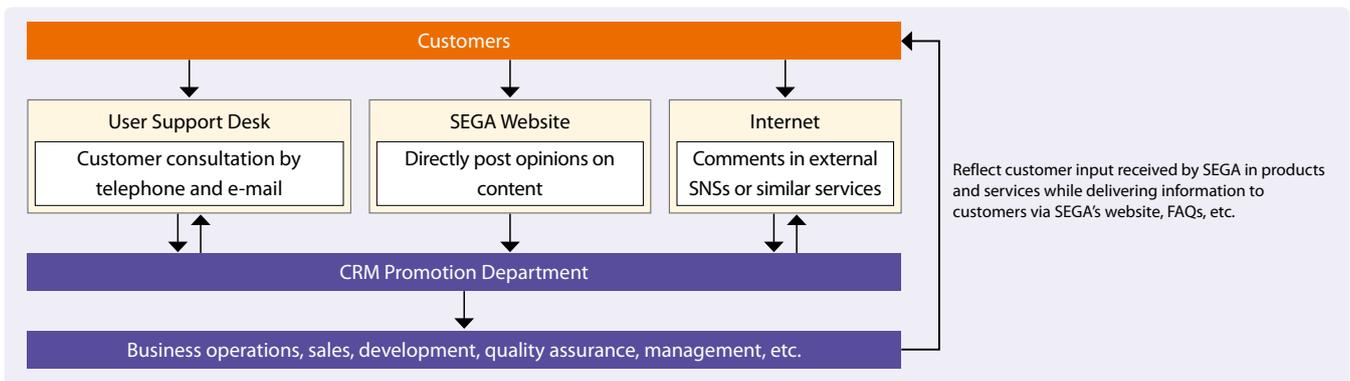
### Gauging and Applying Customer Needs

#### ▶ Customer Support System

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

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

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



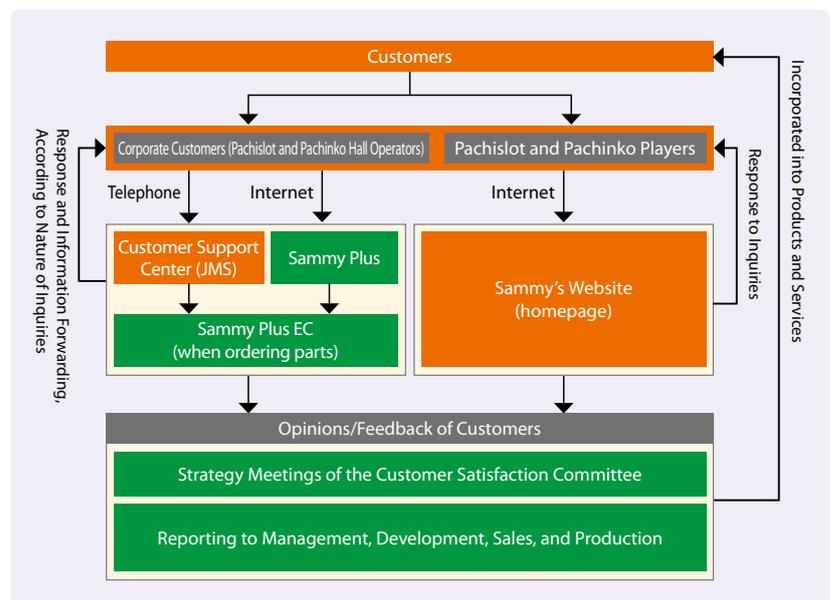
**PP** In fiscal 2018, we integrated the Call Center and Parts Center.

We also integrated a series of customer services, such as the receipt of customer inquiries by phone, follow-up calls to customers who made inquiries on the shipment of after-service parts and technical problems, and the collection of defective parts. These actions are intended to support a faster response and more accurate diagnosis of technical problems related to products by implementing a training program in which defective parts are mounted on machines to verify the cause of problems.

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

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

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



# Safety and Quality Assurance of Products and Services

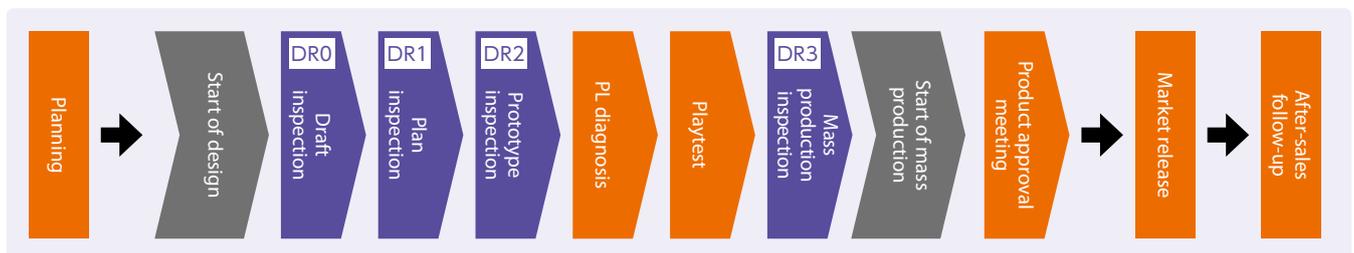
## Safety and Quality Assurance of Products and Services

### Quality Assurance System

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

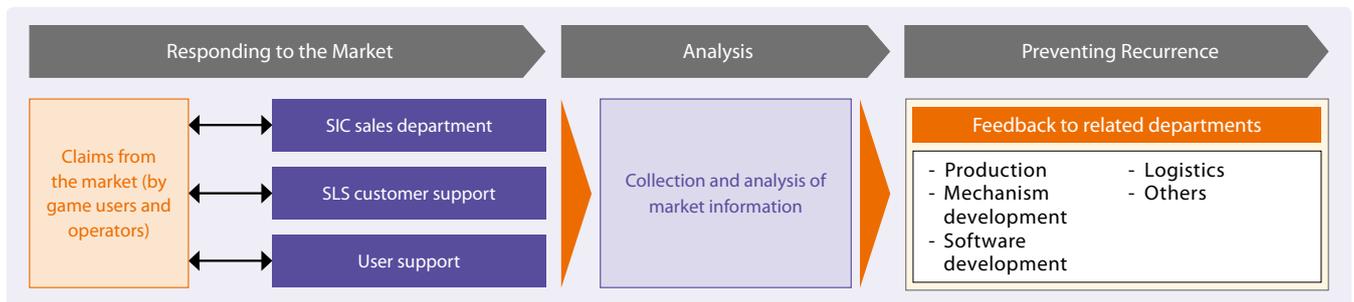
\*Japan Amusement Machine and Marketing Association, Inc.

### Flow of the AM Equipment Quality Assurance System



DR: design review

### Mechanism for Utilizing Customer Input



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

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

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

### Quality Assurance Action (Pachislot and Pachinko Machines Business)



## Creating a Wholesome Environment for User Enjoyment

### Product and Service Labeling

**E** At SEGA Games, we label product packaging, user manuals and other tools for home video game software in accordance with the relevant laws and regulations, industry group guidelines and internal rules. By applying clear and appropriate labels, we ensure that customers can confidently use our products and services. We also proactively specify the range of users for each product and address any ethical concerns. SEGA labels all of its products in line with assessments conducted in countries around the world. In Japan, SEGA indicates the target age group for each game based on the ratings system of the Computer Entertainment Rating Organization (CERO\*), and also labels products in accordance with our own voluntary standards. With the expertise accumulated through the CERO rating system and previous cases, we have formulated guidelines that cover 9 categories and 26 items. Furthermore, we share as needed information on the latest cases from both Japan and overseas concerning voluntary ethical restraint through an intrablog to raise employee awareness.

\*CERO: Computer Entertainment Rating Organization



### Initiatives for the Appropriate Use of Content

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

### Measures against Illegal Customer Behavior

**PP** The Revised Amusement Businesses Law Enforcement Ordinance, in effect since July 2004, is primarily intended to control excessive gambling on amusement machines and prevent improper modifications. Adhering to this ordinance, the Pachislot and Pachinko Machines Business has established a special group to prevent users from illegally manipulating amusement machines for illicit benefit. We will continue to collect market information and build amusement machines that are resistant to abuse. To combat improper modifications, which are becoming increasingly complex, we monitor and manage the distribution of our amusement machines to completely eradicate from the market any amusement machines that have been illegally modified. Groundless walkthroughs and strategy guides have been circulating in some areas of the market, and we are implementing various countermeasures. These include the use of the Sammy website, pamphlets and other such media to encourage caution.



### Ethics and Social Considerations

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

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

# With Partners

## Group CSR Charter

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

## Group Code of Conduct

### Fair Business Relations and Impartial Selections

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

### Entertainment and Gift-Giving

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

### Individual Profits

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

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

## Increasing Brand Value through Collaboration with Business Partners

One of a project manager’s principal duties is to deal and negotiate with external developers that handle work related to product development as well as the internal development resources we are unable to address. I am inspired and happy to work with our business partners. This is because we compete with them in improving our respective capabilities under the common goal of making customers happy. I have found collaboration with VANILLAWARE Ltd., which has created excellent intellectual property such as Odin Sphere and Dragon’s Crown, to be particularly rewarding. This is in the sense that I can discuss how to implement our policy of “putting users first” on a practical level. I want to identify and develop other partnerships through which extensive efforts toward creating products will increase the brand value of both companies.



ATLUS

**Akiyasu Yamamoto**

Chief Project Manager/Producer  
Creative Dept.  
3rd Production Consumer Game Software Div.  
ATLUS Co., LTD

## We are the first pachislot and pachinko maker to introduce an e-contract system that also benefits partners.

I have worked on the creation of a system that produces and manages all contracts in electronic form, which reduces costs and workload issues related to all types of contracts. SAMMY Corporation started to operate an e-contract system in April 2017 with a focus on the development departments as a system that benefits both SAMMY and its business partners. SAMMY is the first pachislot and pachinko maker to introduce an e-contract system, reflecting the company's core commitment: "SAMMY is always a game changer."

We enjoy the following three benefits as a result of introducing this system: (1) cost reduction through the elimination of stamp and postal mail expenses, (2) quicker operations from improved operational efficiency through paperless-based work, and (3) enhanced compliance due to longer storage of documents in accordance with legal requirements and prevention of breaches of the Postal Act. We introduced this system through joint presentations in Tokyo and Nagoya, and many business partners highly regard and use it.



**Terue Takasawa**  
General Affairs Group, General Affairs  
Department Corporate Division,  
SAMMY Corporation



## Representing SEGA, I am working to build trusting relationships with business partners.

I am involved in the sales of game software created by SEGA Games, ATLAS and other partners to retailers and wholesalers and ultimately to end users. In my view, trusting relationships with business partners are the key to successful sales efforts. And when doing my job, I always consider how to build relationships of trust. Establishing such relationships depends on the extent to which we are committed to addressing all requirements within and outside the company. Given the fact that I represent SEGA and serve as a contact for business partners, I

find my job rewarding despite the difficulties in maintaining specific principles or values. I will conduct sales activities to identify and follow up on even our business partners' smallest requirements while also anticipating their expectations of us. As a SEGA representative, I will fulfill my obligations so that many people can enjoy playing our new products as SEGA fans.



**Yuichiro Shimada**  
Domestic Sales Department, Domestic  
& Asia Business Division  
East Japan No. 1 Sales Team  
SEGA Games Co., Ltd.



## Ensuring Fairness in All Respects

### Requests to Suppliers

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

#### I. Labor

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

#### II. Environment

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

#### III. Occupational Health and Safety

Promote workplace safety and hygiene; take appropriate measures for occupational injuries and illnesses; and promote employee health management

#### IV. Product Quality and Safety

Ensure product safety

#### V. Fair Trading and Ethics

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

#### VI. Information Security



SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook

[https://www.segasammy.co.jp/english/media/file/pr/commu/csr/20141101\\_supplychain\\_csr.pdf](https://www.segasammy.co.jp/english/media/file/pr/commu/csr/20141101_supplychain_csr.pdf)

### Promoting CSR Activities in Procurement and Purchasing

**E** Since fiscal 2016, the basic agreement signed before any transaction stipulates the partner's commitment to the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook. Also, we ask our business partners to renew current agreements, with 80% agreeing to do so.

**PP** The Pachislot and Pachinko Machines Business upholds internal rules including the Internal Regulations on Managing Outside Orders for Production and Purchasing. Established purchasing rules are applied for the evaluation and selection of business partners. Before commencing business with a new partners, we will assess them and analyze data provided by them as well as from external research organizations in order to evaluate the suitability of the candidates.

In fiscal 2018, we conducted annual audits for 96 companies on an ongoing basis. The content of the audits is reviewed every year. In response to our requests for corrections, our business partners implemented all necessary corrective measures including planned corrections. In fiscal 2018, we conducted the first self-check by business partners in accordance with the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook. We received responses from 108 of 110 partners. Looking ahead, we will continue with our efforts to instill our CSR procurement policy into employees.

### Continuing to Strengthen the Framework for the Subcontract Act Compliance

**E** A committee established in April 2009 to promote compliance with the Subcontract Act works to prevent violations of the law, raise awareness of it and strengthen control in respect to it. In fiscal 2018, SEGA Holdings, SEGA Interactive, SEGA Games, SEGA LOGISTICS SERVICE, and OASIS PARK held 20 briefings (934 participants, the total from SHD, SGC, SIC, SLS, and OP) mainly for departments that deal with subcontractors in their business. We also use a dedicated page on our company intranet to help employees gain the necessary knowledge and increase their awareness of compliance.

**PP** Building and operating a system of compliance with the Subcontract Act and other regulations is of the utmost importance and we are stepping up internal seminar accordingly. At SAMMY Corporation, we incorporated compliance with the act into the rank-specific seminar programs of our personnel system. Group companies also hold similar compliance seminars to raise awareness.

With the objective of maintaining sound business transactions based on integrity and mutual trust with business partners, we have established the Sammy Corporate Ethics Hotline as an internal and external consultation contact. To prevent undue treatment, inquiries are answered by the Corporate Division as a neutral party and responsibly handled by the director in charge.

### Amusement Material Procurement Policy

#### Basic Stance

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

● **Prohibition of Child Labor and Forced Labor**

**E** Initiatives have been underway, primarily at overseas production plants and similar facilities, to prohibit child labor and forced labor. Every two months, members of the purchasing and quality control divisions of SEGA Interactive visit plants that produce prizes, as a team of Group employees and third-party representatives perform factory audits, including on-site inspections, resulting in auditing 92% of our suppliers. SEGA Entertainment conducts a survey of major suppliers, manufacturing prizes used at amusement facilities, on slavery and human trafficking in order to ensure appropriate management and reduce any associated risks (audited 60% of our suppliers). SEGA TOYS is pursuing the conclusion of a master manufacturing contract incorporating a clause that obligates compliance with laws about child labor and forced labor, the provision of a human rights seminar for the purchasing division and local employees in charge, and the confirmation of a third-party certification for labor standard compliance (audited 95% of our suppliers).

● **Response to the U.K. Modern Slavery Act**

**E** SEGA Europe Limited, our subsidiary in the U.K., released its Slavery and Human Trafficking Statement in September 2016 in response to the enactment of the U.K. Modern Slavery Act 2015 in March 2015.

 **Slavery and Human Trafficking Statement**  
[https://d2x7js8mtamps9.cloudfront.net/SOE-Modern\\_Slavery\\_Statement\\_September\\_2016.pdf](https://d2x7js8mtamps9.cloudfront.net/SOE-Modern_Slavery_Statement_September_2016.pdf)

**Partnership with Suppliers**

● **Coordination with Suppliers**

**E** SEGA Interactive has been working to strengthen its relationships with suppliers by holding supplier meetings, in which we share purchasing and development policies concerning the environment and quality. In fiscal 2018, the meetings were attended by 149 people from 83 companies, and 96% of them responded that the meeting was beneficial.



Supplier meeting in fiscal 2018

● **Joint Quality Conferences with Partner Companies**

**PP** We hold joint quality conferences twice a year for partner companies that assemble pachislot units. All seven subject companies (13 participants) attended the meeting held at the end of 2017, resulting in a more proactive two-way exchange of opinions. In future, we will continue to strengthen partnerships with a focus on quality control.



Joint quality conference in fiscal 2018

● **Joint Quality Conferences (Fiscal 2018)**

		First Half	Second Half	Subtotal	Total
Partner companies	Total participants (companies)	7	7	14	14
	Total participants (people)	13	13	26	
SAMMY	Total participants (people)	17	18	35	61

# With Employees

## CSR Charter

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

## Group Code of Conduct

### Improvement of Workplace Environment

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

### Harassment and Discrimination

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

# 1

## Strengthening Collaboration between Three Departments (Planning, Development and Sales) Exceeding the 10 Billion Yen Milestone for Sales

The prize games industry is a growing market that now accounts for half of all sales at amusement centers. We organized our MD business structure in the spring with the expectation of continued growth in this business.

Under the new structure, which facilitates effective and efficient communication within and between the three departments or planning, development and sales, we implement various activities that are based on collaborative efforts involving these divisions as well as licensors. These involve department and sales staff, who conduct sales promotion activities together and participate in movie licensing seminars.

The products offered for prize games are extremely sensitive to current market trends, and the key to success in the industry is to continually monitor market trends and offer products in a quick response to emerging trends. We will use data from amusement center operators and the market collected and analyzed by the Sales and Planning Departments in our sales and development activities to develop businesses that closely align with the current market.

On top of the synergies generated through idea exchanges, we will strengthen collaborations among the three departments through such measures as inter-department job rotations in order to achieve sales of over 10 billion yen.



**Hirokazu Kanouda (left)**  
Merchandising Dept.

**Hidehiko Katou (center)**  
Business Strategic Dept.

**Keiji Yamaguchi (right)**  
Merchandising Sales Dept.

(all with SEGA Interactive Co., Ltd.)

SEGA<sup>®</sup>  
Interactive



Conan  
© GOSHO AOYAMA /  
SHOGAKUKAN · YTV · TMS 1996



Minions  
™ & © UNI



2

**Creating a Work Environment for the Happiness of All Staff**

I am currently in charge of gardening inside the park and general affairs. During my 14 years of service, I have worked in several positions, such as information, the Ferris wheel and the crepe shop. Having experienced such different types of tasks, such as events and restaurants, I can see and experience the OASIS PARK from diverse perspectives.

Under the guidance of a gardening teacher, we started a flowerbed project to entertain visitors. It is also intended to deepen relationships among staff members as well as our affection for the park. So, we are striving to have as many staff as possible participate on the basis of their departmental work schedules and roles.

A significant responsibility of the general affairs job involves the support of 50 employees. Just like each seasonal and colorful flower has its own place in the overall scheme of things, I will continue to play my role in creating an environment where all OASIS PARK staff can be happy while they work.



**Mihoko Goto**  
Gardening and General Affairs Staff  
Park Operation Unit  
Maintenance and Works Department  
OASIS PARK Co., Ltd.



Oasis Park: A leisure facility inside the Water Eco Park comprising the national Kiso Sansen Park, Gifu World Fresh Water Aquarium, Aqua Restoration Research Center, Aqua Restoration Training Center, Gifu Prefectural Research Institute for Fisheries and Aquatic Environments, Kawashima Parking Area of Tokai Hokuriku Expressway and Highway Oasis.

**Passing on Skillsets to New Employees**

I am in charge of installation and repair services for 30 types of game machines, such as arcade games and darts, mainly in the Kanto area, including Nagano and Niigata. During my first year on the job, I accompanied senior coworkers and learned while watching them do repair work. I now have more opportunities to work alone depending on the nature of the request.

In some cases, the cause of the failure is different from what was described in the repair request, so I always prepare myself for unexpected situations by envisioning all possible causes beforehand, consulting with senior coworkers and bringing up any parts that might be helpful. Although performing installation and repair work within a limited timeframe can be stressful, I am really happy when a client thanks me and looks relieved to see the machines working again.

In 2018, three new employees joined our department and I am now in position to teach them. I will make sure to pass on what I have learned thus far through experience and senior coworkers, communicate with them as a team and help to strengthen the team spirit of our department.



4

**Promoting Work Efficiency Means Improving Measures and Communication among Employees**



**Tsuyoshi Taneno**  
Director Development Management  
Department Development Promotion Division  
Research and Development Division  
SAMMY Corporation



Development department worksites have had a culture of working late hours.

Change was triggered by increased opportunities to reexamine regulatory compliance and work styles, considering our entry into the IR market. We consequently started developing and operating mechanisms to reduce long working hours, such as an alert system that issues notifications by stages for overtime hours, restricting long working hours and managing employees working on holidays or overnight.

As a result, we achieved zero non-compliance with our labor agreement and significantly reduced overtime work. The flextime system, implemented since fiscal 2017, also helped development staff to shift their focus to producing the best outcomes in a short period. This has improved work efficiency through an approximately 20% reduction of hours worked per employee compared to three years ago (fiscal 2015).

Moreover, these efforts have paid off not only by implementing management department measures but also by promoting awareness of improving workstyles through effective internal communications between managers and employees.

3



**Hayate Shimoyama**  
MAINTENANCE DEPT.  
Sega Logistics Service Co., Ltd.



### Absorbing Knowledge in South Korea to Realize the IR Market Entry in Japan

About three years have passed since I moved to South Korea in June 2015. Since then, I have worked at various departments and am currently working in the surveillance team.



There is so much to learn from the surveillance team, which is a crucial department for casino operation, and I am working hard to acquire business knowledge from my Korean coworkers every day. In daily operations, I must put into practice the work procedures I have learned. At the same time I have to gain the knowledge necessary for developing IR functions in Japan. While working with Koreans requires Korean language proficiency, maintaining strong professional and personal relationships with coworkers is more important. For example, being positive with coworkers with daily greetings, conversations, dinners after work and other similar interactions will encourage them to accept you as a member of the company, and they will teach you various work skills. I will continue to maintain a strong and trusting relationship with my coworkers and strive to absorb the knowledge necessary to realize the IR market entry in Japan!



5

PARADISE SEGA-SAMMY

**Teruhiko Endo**  
Management Leader, Japan Market Planning and Operation Team  
Paradise Segasammy Co., Ltd.

7

### Family Day Connects the Families of Employees with the Company

A Family Day was held in the summer of 2018 through a joint effort of Sega Holdings and Sega Entertainment to express appreciation to the families who provide daily support and to deepen their understanding of employee jobs. Children were assigned as employees for the day and experienced various types of work undertaken by each department.

Children also enjoyed UFO CATCHER games and could purchase Sega goods with the “wages” they had received from their “jobs.” It turned out that many of them later used this opportunity in their summer science projects.



Participating employees expressed that having their children observe them at work was very different from being at home. The experience created new memories and sparked lively family conversations. After Family Day, one of our female staff told us that her child asked if working at the company was that much fun every day. We are glad that Family Day brought so many smiles to the faces of our employees and their families.

6

### Passing on Valuable Assets to Future Generations to Entertain Future Fans of TMS' Works



**Koji Miki**  
Archive Department, Administration Division  
TMS ENTERTAINMENT CO., LTD.



Founded as Tokyo Movie Co., Ltd. in 1964, TMS ENTERTAINMENT is a mature animation production company with over 50 years of history that has produced around 410 titles and 11,000 episodes to date. Our Archive Department is in charge of storing, managing and assisting the operation of highly valuable assets of the company, such as films, tapes, model sheets, cels, storyboards and scripts of projects produced by the company. The current number of total assets is approximately 300,000, and it is growing every day. Although organizing and maintaining such a large volume of assets requires significant time and labor, we work diligently every day to pass on these valuable assets to future generations. At the same time, we are maintaining their high quality as much as possible so that current as well as future animation fans can enjoy the works of TMS.



**Atsuyoshi Okada (left)**  
Deputy Department Manager CRM Promotion Dept, SEGA Holdings, Co., Ltd.



**Akinori Miyamae (right)**  
Director, Human Resources and General Affairs Department, Administration Division  
SEGA ENTERTAINMENT Co., Ltd.



# 8

## Strengthening Teamwork through Baseball!



SEGASammy

**Ryohei Suda (left)**

Production Management Department, Production Planning Division, SAMMY Corporation

**Ryo Honma (second from the left)**

General Affairs Dept, SEGA Holdings, Co., Ltd.

**Kazuto Miyagawa (second from the right)**

Internal Control Office  
SEGA SAMMY HOLDINGS INC.

**Teppei Sunagawa (right)**

Information Technology Department  
SAMMY Corporation

Our team's slogan for 2018 is "teamwork based on individual strengths." To strengthen teamwork at the Sega Sammy Group, following the relocation of its head office to Osaki, our baseball team is making every effort to become Japan's top team by winning the Intercity Baseball Tournament.

Among all of our efforts, we believe that our biggest missions are to enable each member of our baseball team to bring good news to their workplaces and help make the team beloved by all employees.

At the 89th Intercity Baseball Tournament in July, many employees went to the Tokyo Dome and enthusiastically cheered for us. Thanks to their support, we played better than ever and advanced to the top four for the first time in the ten occasions we have competed in the tournament. We thank everyone who supported us.

As a symbol of the Sega Sammy Group, we will continue to work hard to play games that spark dreams and excitement and contribute to the Group's growth.



### TOPICS

## SEGA SAMMY GOLF ENTERTAINMENT Opening the North Tsukushi Nursery School

As a means for reusing the facility in Chitose City, which had been closed for about six years, we opened the North Tsukushi Nursery School as a company-led nursery business in March 2018, just a one-minute drive from the North Country Golf Club. Its entire operation is entrusted to Tsukushi Gakuin, which operates a certified daycare and kindergarten in Chitose City.

We opened the nursery school as part of our workstyle reforms to establish an environment in which employees with small children can take advantage of the service to continue working without concern. While the school is helpful for future recruitment, as a service that is open seven days a week, it can contribute to reducing the number of children who may not be able to enroll in the few available local nursery schools. In order to promote the healthy development of children through play and outdoor activities addition, we will use Tsukushinbo Hiroba, owned by Tsukushi Gakuin, and each field of the North Snow Land in Chitose within the golf course, which is operated in the winter by Sega Sammy Golf Entertainment. Moreover, we will engage in joint projects involving the certified daycares and Tsukushi Nursery School to teach children social skills and help them explore their curiosity through new activities.

\*As of June 24, 2018, 13 children are enrolled out of a total capacity of 19 children.



### Schedule of Annual Events

	Main Events	Events Involving Parent Participation
April	Traffic safety class, releasing salmon	Parents' general meeting, class meeting
May	Planting potatoes, pool opening (3+ years old), bus trip (5 years old)	
June	Spring field trip, tooth brushing class, strawberry picking	
July	School festival, traffic safety class	School festival
August	Summer fun day (Tsukushinbo Hiroba), potato digging, fire station tour	
September	Sports day, traffic safety class, autumn field trip	Sports day
October	Trip to Chitose Aquarium, potato baking	Individual meeting
November	Puppet show	
December	Recital, mochi-pounding event, Christmas party	Recital
January	New Year's party, ski walking, tube sliding (Snow Land)	
February	Bean-throwing festival, traffic safety class	Class meeting
March	Girls' festival, farewell party	Closing ceremony

## Cultivation and Evaluation of Human Resources

### Personal System

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

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

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

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

In addition to personnel development training for different levels of employees, we are strengthening our management team and conducting fair personnel assessments by enhancing the capacity building opportunities provided for managers. Through our Internal Commendation Program, we presented the Fiscal 2018 Chairman & President's Award to 62 individuals involved in 10 projects and the Proactive and Pioneering Award, which recognizes employees willing to take on challenges, to 18 individuals. Also, we launched our "Just Do It G30" system, through which employees propose ideas with the spirit of "always proactive, always pioneering." Of the roughly 350 ideas proposed over the past two years, 37 have been implemented. In addition, we conduct employee satisfaction surveys and other measures, such as a self-declaration system that allows employees to declare the jobs they would like to try. Through these efforts, our employee turnover rate for the last five years has only been about 2%. We will continue to create an environment in which employees are highly motivated to perform.

## Promoting Diversity

### Supporting Women to Participate More Actively

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

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

**PP** To support employees who are on childcare leave in the Pachislot and Pachinko Machines Business, we have introduced e-learning to develop skills and eliminate career gaps. It also provides a communication channel for them to monitor company activities during a leave. We continued to conduct career planning seminars for female employees, held four times since fiscal 2017 and attended by 79 female employees. Moreover, we collect information for promoting the success of female employees through efforts such as convening a meeting during which the president and female employees can exchange views.

## Respect for Human Rights

### Initiatives to Eliminate Harassment

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

## Creating a More Attractive Workplace

### Supporting Work-life Balance

**E** As part of the workstyle reforms initiated by the Group, we introduced a flextime system to SEGA Holdings, SEGA Games and SEGA Interactive in July 2017 to raise employee awareness about their time management as well as to improve labor productivity and achieve a better work-life balance. Having identified employee health and wellbeing as a priority, we are focused on reducing long working hours.

**PP** A flextime system was introduced in fiscal 2018 as a step toward realizing highly productive and effective workstyles. We continued to encourage employees to use their paid leave and shorten their working hours, and, as a result, we reduced 34,757 overtime hours (a decrease of 4.3 hours/month per employee). We also increased by 1.2 days/year per employee to 1,171 days of the annual paid leaves taken from the previous term. We will work to create an environment in which employees can work more effectively, by introducing a telework system (work at home/satellite office) on a trial basis in fiscal 2019 and support employees in maintaining a work-life balance.

At Sammy's Kawagoe Factory, efforts are underway to achieve highly effective and productive workstyles by formulating a medium-term production plan with the general understanding of slow and busy seasons. This also involves designating slow seasons as recommended periods for taking paid leaves so that employees can more effectively balance their work and personal life. In addition to being certified as a Gold-level company by Saitama Prefecture, which acknowledges companies that offer diverse ways of working, our female factory employees are participating in seminars. These are organized by the prefecture to support the success of women in improving and creating more comfortable and productive workplaces.

\*Certification is categorized into Platinum, Gold and Silver, corresponding to the number of items that meet six requirements.



### Occupational Safety Initiatives

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

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

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

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

### Health Maintenance

**E** SEGA Holdings, SEGA Interactive and SEGA Games provides regular health checkups, assistance with complete physicals and offers an employee assistance program (also available to employees' family members) to answer health questions. A full-time industrial health staff is stationed at the worksite, and a health management center is provided so employees can consult with internal medicine practitioners, psychiatrists and public health nurses. In light of employee safety, we have established a voluntary standard to more effectively facilitate health consultations. The minutes of the monthly Health and Safety Committee meetings and other related information are posted on the intranet to keep employees well informed.

**PP** The use of a web tool that helps employees monitor their own stress levels is encouraged, and new managers receive mental health management training. And medical questionnaires and doctor consultations are provided to employees working long hours. Managers are asked to reduce long working hours for their staff, and employees are encouraged to take days off. As a result of practicing effective workstyles with the introduction of a flextime system, which starts this fiscal year, the number of medical questionnaires issued to employees working long hours decreased by 65% compared to the previous fiscal year. Ongoing initiatives include maintaining an occupational physician or nurse always available for consultation during work hours and a system using tablet PCs for remotely receiving consultation from an occupational physician or nurse to contribute to managing the health of employees at branch offices.

Please read "Human Resource Strategies" in our integrated report for more information on initiatives for reducing long-hour working and "Job+" and other diverse work style frameworks.

# CSR Seminars

Since fiscal 2014, we have been holding CSR seminars for employees of our Group companies. In fiscal 2018, we held 32 seminars, attended by 934 participants. In total we held 102 seminars with 2,431 participants from 18 Group companies. These are intended to deepen understanding of what it means for a company to exist in harmony with society and the CSR activities of the Sega Sammy Group through discussions and group work. The seminars also provide opportunities for employees to think about their roles in society as members of the Group.

## Seminars in Fiscal 2018

Company Name	Number of Seminars Held	Number of Participants	Target Employees
PHOENIX RESORT CO., LTD.	10	206	Management-level staff and general employees
Joint seminar for four companies: Sammy Corporation, SEGA Holdings, Co., Ltd., SEGA Games Co., Ltd. and SEGA Interactive Co., Ltd.	12	437	Managers and general employees
Joint seminar for seven companies: Sammy Networks Co., Ltd., Butterfly Corporation, Sega Logistics Service Co., Ltd., SEGA TOYS CO., LTD., DARTSLIVE Co., Ltd., TMS ENTERTAINMENT Co., Ltd. and PHOENIX RESORT CO., LTD.	5	108	Managers
Sega Logistics Service Co., Ltd.	3	53	Management-level staff and general employees
New employees	2	130	New employees
<b>Fiscal 2018 total</b>	<b>32</b>	<b>934</b>	
<b>Grand total since fiscal 2014</b>	<b>102</b>	<b>2,431</b>	

## CSR Seminar Program

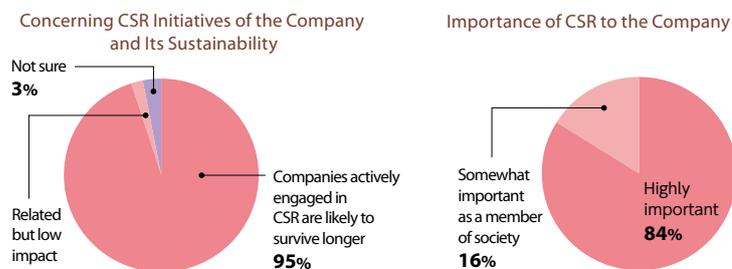
Note: Some content differs depending on target participants.

- 14:00** Opening with an explanation of the seminar's purpose
- 14:15** Lecture 1: What it means for a company to exist in harmony with society  
Lecture 2: CSR activities of the Sega Sammy Group
- 15:15** Break
- 15:25** Group work 1 (World Café)
- 16:45** Group work 2 (World Café)
- 17:20** Presentation
- 17:50** My CSR declaration, and completion of the seminar questionnaire
- 18:00** Closing

## Seminar Details and Post-seminar Questionnaire

- In the CSR seminar, participants deepen their understanding of what it means for a company to exist in harmony with society and CSR activities of the Sega Sammy Group through lectures.
- Participants then express their opinions and exchange ideas to address social issues in group sessions through brainstorming and discussion.
- Different groups interact with each other during the seminar, resulting in over 80% of the post-seminar questionnaire participants responding that the seminar was helpful and fun. Of the participants, 98% showed their understanding of the importance of CSR and over 60% of them think that the company's CSR initiatives are significantly related to its sustainability.

## Questionnaire Summary



## Participant Comments

- The seminar was beneficial for me.
- The seminar was meaningful by encouraging me to reexamine my attitudes toward work.
- The seminar gave me the opportunity to deepen my understanding of CSR as well as to reconsider the roles of our company and what and how we can contribute to local communities and society.
- The seminar taught me that using corporate value to help society will lead to the company's growth, and the Sega Sammy Group is capable of doing this.
- Learning about the importance of CSR as well as working in groups with other department staff was valuable.
- I realized again the scale of our Group, and I really enjoyed the seminar and sharing my opinions with others.
- It was a great opportunity to deepen my understanding of CSR and interact with the members in my group who I do not usually see. I felt that the potential for synergies has yet to be realized.



## Personnel and Labor Data

### Scope, and the "Count Method"

- FY2016: 16 domestic companies; FY2017: 16 domestic companies, 2 overseas companies (composition of employees only), FY2018: 15 domestic companies, 2 overseas companies (composition of employees only)
- Data coverage for FY2018: about 90% of the sales ratio and 70% of the regular employment ratio SSHD, SHD, SIC, SGC, SE, SLS, TMS, TOYS, DL, SAMMY, SNW, BTF, JMS, JNEXT and PSR, Overseas: SOA (Sega of America, Inc.) and SOE (Sega Europe Ltd.)
- Our "count method" was changed in fiscal 2018 and therefore some of the figures have been retrospectively revised.

For abbreviations, see page 1.

### ● Composition of Employees

	FY2018 (15 domestic companies)			FY2018 (2 overseas companies)		
	Total	Male	Female	Total	Male	Female
Number of employees	6,028	4,912	1,116	271	196	75
Regular employees	5,489	4,529	960	271	196	75
Non-regular employees	463	331	132	—	—	—
Foreign nationals	76	52	24	—	—	—
Number of employees	39.7	40.4	36.9	—	—	—
Average length of service (year)	12.1	12.5	10.3	—	—	—

### ● Persons with Disabilities

	FY2016	FY2017	FY2018
Number of employees	173	168	205
Rate of employment	1.95	1.90	2.12

### ● Composition of Management-level Staff

	FY2016	FY2017	FY2018
Number of female management-level staff	56	78	81
Percentage of female management-level staff	5.4	6.7	5.0

### Management-level Staff and Board Members in Fiscal 2018

	Total	Managers	Division Managers	Executive Officers	Directors
Number of board members by position	1,108	686	323	56	43
Male	1,049	640	311	56	42
Female	59	46	12	0	1
Ratio of females	5.3	6.7	3.7	0.0	2.3

### ● Recruiting

	FY2016			FY2017			FY2018		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Number of new graduates	95	62	33	124	74	50	139	86	53
Turnover rate of new employees (%) (within 3 years from employment)	30.0	28.1	35.5	23.9	17.3	46.7	20.4	16.4	28.1
Number of mid-career recruits	200	159	41	212	161	51	226	169	57
Rehired employees after retirement	19	18	1	43	35	8	43	40	3

### ● Occupational Health and Safety

	FY2016	FY2017	FY2018
Number of industrial accidents	6	1	0
Rate of lost worktime injuries	0.6	0.1	0

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

### ● Data on the System Supporting Both Professional and Private Lives

	FY2016			FY2017			FY2018		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Maternity/Childcare leave (number of employees)	59	—	59	45	—	45	55	—	55
Childcare leave (number of employees)	77	6	71	82	12	70	95	21	74
Number of employees who returned to work after childcare leave	53	5	48	57	12	45	56	20	36
Percentage of employees who returned to work after childcare leave	—	83.3	88.9	—	100	90.9	—	100.0	98.6

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

### ● Work-life Balance

	FY2016	FY2017	FY2018
Average overtime hours per month	17.3	17.3	21.9
Number of paid leaves taken	8.2	8.2	11.5
General employees	—	—	12.2
Management-level staff	—	—	9.3
Percentage of paid leaves taken	45.6	46.2	63.7
General employees	—	—	69.4
Management-level staff	—	—	48.0
Number of annual holidays	—	125.1	124.1
Total number of employees who took volunteer leave	35	57	46
Total number of days for volunteer leave taken	74	92	70

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

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

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

### ● Examples of the System Supporting Both Professional and Private Lives

#### Childcare

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

#### Nursing

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

# With Shareholders and Investors

No.4

With Shareholders and Investors

## Group CSR Charter

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

## Group Code of Conduct

### Highly Transparent Management and Interactive Communication

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

### Positive and Fair Disclosure Attitude

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

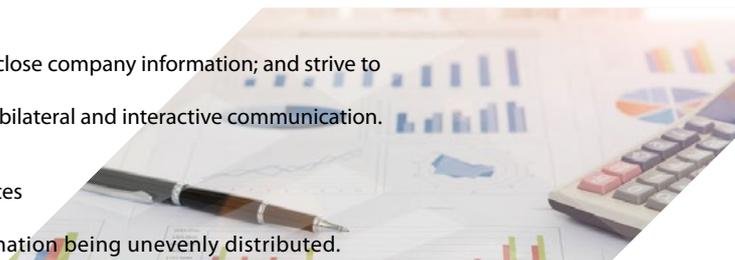
### Proper Return of Profits, Maximization of Enterprise Value, and Perpetuity

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

### Insider Trading

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

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



# 01 VOICE



**SEGA**Sammy  
HOLDINGS

**Mika Suzuki**

Investor Relations Department, Finance & Accounting Division, SEGA SAMMY HOLDINGS INC.

**I will work hard to proactively and promptly distribute information while placing the highest priority on understandability.**

My responsibility includes preparing quarterly financial materials, updating our website for investors and creating business reports. Overall content and layout, including the design of financial materials, are reviewed annually for better visual presentation and understandability while maintaining the level of disclosure.

Our business reports serve as key communication tools between the Group and investors. Points we keep in mind when preparing them include capturing investor interest in our business and products and offering enjoyable reading material. Serial articles introducing Group products have been well received, according to a shareholder survey.

In all of our communication tools, we endeavor to deliver information to shareholders and investors in ways that are understandable. Going forward, we will continue to strive for a proactive and prompt distribution of information while also placing the highest priority on understandability.



## Disclosing Information to Shareholders and Investors

### IR Policy

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



#### URL SEGA SAMMY Group IR Policy

[https://www.segasammy.co.jp/english/pr/commu/csr/gr\\_policy.html](https://www.segasammy.co.jp/english/pr/commu/csr/gr_policy.html)

### Communication with Shareholders and Investors

#### ▶ Accessible General Meetings of Shareholders

SEGA SAMMY HOLDINGS ensures that more of our shareholders can attend our regular general meeting of shareholders by avoiding the busiest days of the year for such meetings and choosing meeting sites with sufficient capacity. Our June 2018 meeting was attended by 206 shareholders. We have an ongoing commitment to make it easy for shareholders to submit their comments and questions and ensure that our meetings run smoothly.

#### ▶ Investor Relations

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



Briefing for individual investors

#### ● Past Activities

	FY2017	FY2018
Financial results briefings (quarterly, including teleconference)	4	4
Small meetings	3	1
Individual meetings (domestic investors)	149	117
Individual meetings (overseas investors)	148	195
Business segment briefings (including facility tours)	5	4
Overseas roadshows (including conferences)	3 (North America: 1, Asia: 1, Europe: 1)	7 (North America: 3, Asia: 2, Europe: 2)
Domestic conferences	5	4
Events for individual investors	4	2

### External Evaluation of our Investor Relations

A list of awards the SEGA SAMMY Group has received from third-party institutions for its IR activities in 2017 is on the right.

- **2017 Award for Excellence in Corporate Disclosure selected by securities analysts**  
Third place in the Advertising Services/Media/Games industry — Corporate Disclosure Study Group, The Securities Analysts Association of Japan (October 2017)
- **Internet IR Best Company Award 2017, Commendation award**  
Daiwa Investor Relations Co., Ltd. (November 15, 2017)
- **2017 Listed Company Website Quality Ranking**  
Ranked 42nd in comprehensive ranking segment — Nikko Investor Relations Co., Ltd. (December 22, 2017)
- **Gomez IR Site Comprehensive Ranking 2017, Silver Medal**  
— Ranked 42nd in comprehensive ranking segment
- **Excellent Integrated Report**  
— Government Pension Investment Fund (GPIF) (January 19, 2018)



#### Integrated Report

[https://www.segasammy.co.jp/english/ir/library/printing\\_annual.html](https://www.segasammy.co.jp/english/ir/library/printing_annual.html)

## Appropriate Returns of Profits

### Basic Policy on Profit Sharing

SEGA SAMMY HOLDINGS identifies profit distribution to our shareholders as a top management priority. Our basic policy is therefore to return an appropriate level of profits to shareholders. To provide a stable dividend stream, we pay dividends twice a year, at interim and year-end during the fiscal year. For the fiscal year ended March 31, 2018, our interim dividend was 20 yen per share and the year-end dividend was 20 yen per share.

## Group CSR Charter

With a full awareness of the fact that we are, as a corporate citizen, a member of society, we will voluntarily and proactively put forward efforts to provide a social contribution through our business activities, etc., our support in the development of cultural activities including art and sport and the preservation of the global environment.

## Group Code of Conduct

### Local Community

1. As a locally-rooted company, we will actively and voluntarily strive to promote solidarity and cooperation with, and engage in exchange with, the local community.

### Global Environment

2. We will consider the possible effects on the global environment stemming from all elements of our products overall lifecycles, ranging from material procurement, manufacturing, distribution, use, recycling and disposal.
3. To protect the global environment, we will not only comply with related laws and various regulations, but will also actively and voluntarily consider and implement any further measures we believe will benefit the global environment.
4. We will nurture our personnel, to be highly aware of the global environment and to strive for material and energy conservation, both personally and professionally.

With  
Enviro

1

## Seagaia Beach Cleaning Campaign

### in Hitotsuba



**R** At the *Phoenix Seagaia Resort*, we have conducted the beach-cleaning campaign, *Seagaia Beach Cleaning Campaign in Hitotsuba*, since 2015 to protect loggerhead sea turtles, a designated natural treasure of Miyazaki Prefecture, and their spawning areas. Every year, we invite around 100 local volunteers, including high school students, to participate by, for example, collecting household waste and driftwood that could hinder baby turtles from moving into the sea. Before the cleanup, participants have the opportunity to attend a lecture by Mr. Tomohisa Deguchi on loggerhead sea turtles and their ecology. Mr. Deguchi is a member of the Miyazaki Wildlife Research Group, which is a non-profit organization, and he is also head of the Miyazaki City Phoenix Zoo.



Cleanup activity to protect loggerhead sea turtles and their spawning areas

## 2 Green Power Certificates System

**E** SEGA has bought one million kilowatt-hours' worth of Green Power Certificates (micro-hydropower and biomass) annually since April 2005 under a contract with Japan Natural Energy Co., Ltd. Additionally, in April 2007 we became a Y-Green Partner of the Yokohama City Wind-Power Electricity Generation Project, whose main facility is the Hama Wing turbines in Yokohama's Kanagawa Ward. The facility generated 139,258 kWh in fiscal 2018.

 **Japan Natural Energy Company Limited (Japanese only)**  
<http://www.natural-e.co.jp/>



Marks of accreditations by Japan Natural Energy Company Limited for the use of green electricity, or renewable energy, generated by wind power, biomass power and small hydroelectric generators.

## 3 Designing Environmentally Friendly Products



**E** Our ongoing efforts to save energy have proven to be effective, with achievements including a 55% reduction in power consumption of the medal game machine, *THE MEDAL TOWER OF BABEL*, compared to an older product, *Arabian Jewel*. We strive to reduce waste by designing components for amusement machines so that they can be reused in new products. We provide customers at amusement centers with maintenance and inspection manuals so that our products can be used over a long time. In our amusement centers, we implement thorough daily maintenance to extend the life of machines. Machines that must be discarded are manually disassembled by Sega Logistics Service Co., Ltd. and completely recycled. The company has attained the complete elimination of disposal in landfills or through incineration by having intermediate industrial waste processing firms come to its distribution centers and establishing a nationwide recycling system that reduces the cost and prevents illegal dumping.

**PP** To further improve the reusability of parts in the pachislot and pachinko machines we have collected as trade-in products, we continue to push ahead with standardizing the parts, substrates and units at the design and development stage and set medium-term targets for the number of reusable parts (minimums of 50 items for pachislot machines and 15 items for pachinko machines). In fiscal 2018, up to 29 items for one pachislot machine and 7 for one pachinko machine were reused items. In fiscal 2019, we will increase the number of reusable items by obtaining the common parts for units instead of dismantling them for pachislot machines and by obtaining common sensors and motors when materials are sorted during disposal or the dismantling process for pachinko machines.

Parts that cannot be reused are disassembled into smaller categories so they can be recycled as materials. We do this through business alliances with dismantlers specialized in pachislot machines and pachinko machines, and we are pushing ahead with efforts to reduce our environmental impact.

On an industry basis, we have been promoting industry-wide initiatives to reduce environmental impacts through efforts such as platforming parts and units in collaboration with other makers.

As a part of our initiative to provide environmentally sound products, almost all of our pachislot and pachinko machines feature eco-friendly functions to reduce power consumption, such as the low illumination of LED components (e.g., decorative parts) during standby mode, leading to a power consumption reduction of the current machines by 5% compared to those launched prior to fiscal 2015. Also, we added functions that allow players to adjust sound and lighting levels. Other achievements include maintaining a 100% usage rate of lead-free soldering components for pachinko and pachislot machines. Additionally, we participate in the initiative of Nippon Yugikikogyo Kumiai (Japan game machine industry association) and Nichidenkyo (Japan electronic game machine industry association) to grasp and reduce the overall industry usage of substances of concern and to share information among companies.



Pachislot  
Twin Angel BREAK  
©Sammy



The Medal Tower  
of Babel  
©SEGA

# 4

## Tenth Year of the Adopt-A-Forest Activity: SEGA-no-Mori

**E** SEGA Holdings endorses the intent of Adopt-A-Forest Promotion Program, a program led by Nagano Prefecture acting as an intermediary, and signed “adopt-a-forest” contract with Minamiaiki Village of Saku County in Nagano Prefecture in April 2008. The contracted forest covers an area of 3,633 hectares (roughly 773 times the area of the Tokyo Dome) of privately owned forest. We named the forest SEGA-no-Mori and support global environmental preservation by funding part of forest maintenance activities to sustain the forest’s ability to absorb CO<sub>2</sub>. As a result of maintenance efforts, the volume of CO<sub>2</sub> absorbed by the forest in fiscal 2018 was 631.7 t-CO<sub>2</sub>.

With the impressive cooperation of local people, SEGA-no-Mori also fosters an awareness of global environmental protection among employees. In January 2018, our ten years of performance in forest maintenance activities and interaction with the local community were recognized by the presentation of the Nagano Prefectural Governor’s Award in the category of utilization of prefectural tax for Nagano Prefecture’s forest creation.

### Forest Maintenance

To provide opportunities to learn and experience first-hand the importance and the weight of forest maintenance, we organize forest maintenance experiences every year, such as trimming tree branches and forest-thinning guided by people from the village who preserve and nurture the SEGA-no-Mori on a daily basis.



### Interaction with the Local Community

In Minamiaiki Village, villagers explain the severity as well as the importance of nature that cannot be experienced in daily city life. This is done through various anecdotes such as the history of the village, mountain hiking tips, the real physical burden of growing delicious crops, and how to cook them.



### Learning about Nature

With the hope of handing down to the next generation the spirit of treasuring nature, we are organizing nature-study events during which SEGA SAMMY Group employees and their families can share experiences in tasks that vary every year. These include removing undergrowth, harvesting crops and catching fish by hand.



Minamiaiki Village is rich in nature with about 80% of its gross area covered by mountains, forests and fields, as well as rivers that flow through the valley.

●Minamiaiki Village website (Japanese only): <http://www.minamiaiki.jp/>

Adopt sign identifying the forest as SEGA-no-Mori. It was set up in 2008, the first year of the SEGA-no-Mori project. The drawings were made by students of Minamiaiki Elementary School under the theme “Creating the future together with nature.”



### Participants Voices

Fishing by hand was fun. Not only the fishing but other activities such as threading the fish onto skewers and preparing with other participants gave our children a chance to get acquainted with other kids, making the whole experience more enjoyable.

It was nice to experience activities that one cannot experience in their daily lives, such as fishing by hand and harvesting.

Both my children were very satisfied, saying “everything was great,” and “I want to go to a camp again.”

# 5

## Let’s Grow a Forest in Hitotsuba



**R** The Phoenix Seagaia Resort (PSR) engages in environmental preservation activities for a black pine forest under the Black Pine Forest Declaration that we formulated. It also participates in the *Festival of Morizukuri* (forest creation) hosted by the Regional Forest Office of Miyazaki. In March 2018, pruning of black pine tree branches (black pines planted in fiscal 2001) was done in the nationally owned forest of Hitotsuba Coast under the theme “Let’s Grow a Forest in Hitotsuba.” Six employees of PSR participated in the activity with about 150 participants from the local government, forest industry and local residents. We will cooperate with local residents to preserve and nurture the black pines and pass them on to the next generation as precious assets.



# Environmental Data

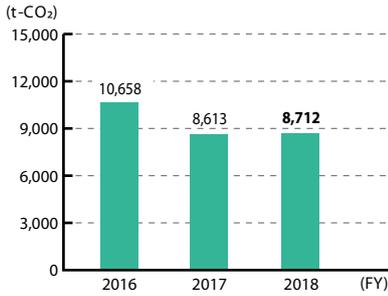
## Scope

Reporting organizations for the aggregation of data: 15 companies (for fiscal 2016, 16 companies including SEGA LIVE CREATION.)

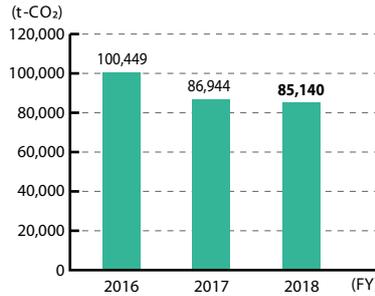
●SSHD/SHD/SAMMY/TOYS/TMS/SNW/PSR/SE/SIC/SGC/SLS/DL/JMS/BTF/JNEXT

For abbreviations, see page 1.

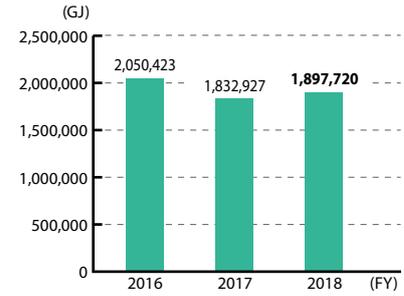
### ● CO<sub>2</sub> Emissions (Scope 1)



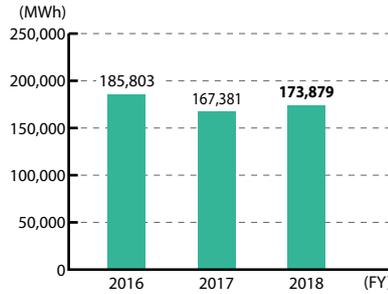
### ● CO<sub>2</sub> Emissions (Scope 2)



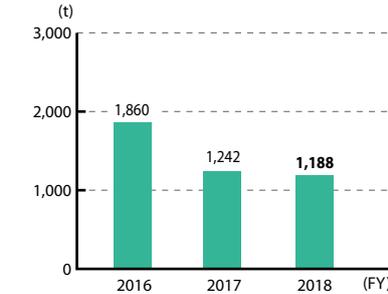
### ● Total Energy Input



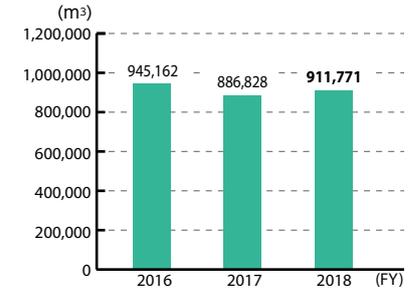
### ● Electricity Usage



### ● Industrial Waste Discharged



### ● Water Usage



- Aggregated data include an estimate based on floor space.
- Gross decrease in CO<sub>2</sub> emissions is mainly attributable to reduced fuel and electricity consumption.
- Adjusted CO<sub>2</sub> emission factors for each power company in previous years are used for purchased electricity.

### ● Status of Eco-friendly Initiatives at the Sammy Kawagoe Factory

		FY2016	FY2017	FY2018	Remarks
Amusement machine recycling rate	Recycling rate	97.28%	97.21%	95.99%	Pachinko and pachislot machines combined
Use of environmentally friendly materials	Amount of lumber used	1,077 t	1,494 t	566 t	
	Amount of PEFC-certified lumber*	45 t (4.2%)	84 t (5.6%)	38 t (6.8%)	

• No adhesives, including water-based ones, are used at the Sammy Kawagoe Factory.

\* PEFC-certified lumber: Lumber procured properly from forests certified by a third-party organization under the Programme for the Endorsement of Forest Certification Schemes (PEFC) as being sustainably managed. The volume has been reduced as the production of products made with PEFC-certified lumber has decreased.

# With Society

Serving Society

## Group CSR Charter

With a full awareness of the fact that we are, as a corporate citizen, a member of society, we will voluntarily and proactively put forward efforts to provide a social contribution through our business activities, our support in the development of cultural activities including art and sport and the preservation of the global environment.

## Group Code of Conduct

### Prosperity in Core Business

1. We will always aim for our core business to prosper by providing products and services satisfactory to our customers, and will not forget to contribute to society by paying taxes and creating employment.

### Contribution to Society and Donations

2. Not only will we contribute to society through our business activities, but we will also actively and voluntarily support cultural interests such as the arts and sports to contribute to the realization of a prosperous society.
3. In engaging in the above socially contributing activities (including giving donations), we will comply with any internal rules stipulated in accordance with related laws including tax laws, the Commercial Code of Japan and the Political Funding Regulation Law.

## VOICE



**Yusuke Arai**  
Nonprofit Organization PIECES,  
Vice Chief Director

The objective of Creative Garage is to eliminate disparities in opportunities for children that may be suffering for some reason. We hope to provide a chance and a first step for children who want to make a game but do not have a computer or someone to teach them. Also, we hope that this activity will provide opportunities for children to change their future plans in their course of study or future career, or in terms of their personal life vision.



**So Toyota**  
SKYS Ltd., President and Director

When Mr. Arai approached me to discuss his wish to offer an experience of creating games with a high school student he has been supporting, I asked Mr. Karasawa for his cooperation, since we had been working together with SEGA Games on agile development and business coaching. This was how the activity started, and the children are now having fun creating games with advice from professionals. One year has passed and our work is bearing fruit; the high school student who provided the initial motivation for the activity has now become a scholarship student and entered university. Moreover, 8 of 15 youth students have returned to school.



**Wanting to reduce disparities in experiences among children!**

The SEGA SAMMY Group is involved in an activity called "Creative Garage" with PIECES, a non-profit organization, to create a system that supports an affluent society in which every child can live with dignity and not feel isolated.



(from left to right)

- **Takaya Hirota**  
Game Art Department, Research & Development Division, IP & Game Studio, Games & Digital Services Division, SEGA Games Co., Ltd.
- **Kaoru Kawaguchi**  
Software Development Department, IP & Game Studio, Games & Digital Services Division, SEGA Games Co., Ltd.

- **So Toyota**
- **Yosuke Karasawa**
- **Taku Sasaki**,  
IP & Game Studio, Games & Digital Services Division, SEGA Games Co., Ltd.

A meeting with Mr. Arai in 2016, when my company was seeking opportunities for community activities and receiving his advice, led us to participate in the activities of Creative Garage. We are in charge of the cooking division and have been opening our company's training facility twice a month since 2017 to show children, who previously were not interested in cooking, how much fun it actually is. Also, we hope to show them how fun it is to eat with other people. I will be delighted if a participant one day takes an active role in the food service industry.



**Toshiyuki Yamada**  
YORO-NO-TAKI CO., LTD.,  
President

I try to maintain the spirit of an amateur, with skills of a professional in the activities I support twice a month since December 2016 as part of the four-member team, including Kaoru Kawaguchi, a programmer, and Taku Sasaki and Takaya Hirota, both technical artists. In addition to game creation, workshops related to art and cooking have recently kicked off, stimulating children's interests and encouraging them to take on positive challenges. Going forward, we intend to expand the circle of support with professionals including The SEGA SAMMY Group companies.



**Yosuke Karasawa**  
Artist, Art Section #1, CS Studio #1,  
SEGA Games Co., Ltd.

## SOCIAL SUPPORT

### Campaign to Deliver Picture Books



To provide entertainment for children living in conflict areas, we have been participating in the Shanti Volunteer Association's Campaign to Deliver Picture Books to children. We purchase picture books with money raised through the collection of unwanted used items from our offices and the homes of our employees. Employees from 19 Group companies took part in pasting stickers into the books along with translations into local languages. They also sent them to designated locations. Since the start of the activity in 2009, a total of 2,138 books have been sent to those areas. We intend to continue taking part in the campaign with the hope of seeing a world in which all children can thrive and pursue their dreams through entertainment.



Employee's family member participating in the activity.

### Hosting Programming Workshops for Elementary School Students



In view of the revised school curriculum by the Ministry of Education, Culture, Sports, Science and Technology, which includes making computer programming a compulsory subject at elementary schools in 2020, we have been hosting programming workshops since 2016 and offering fun learning experiences. In fiscal 2018, 22 workshops were held at locations such as Kids Bee and AEON malls, with over 200 elementary school students taking part. The workshops are so popular that they sell out immediately. And we are planning an experience program called "Programming and Drones" in fiscal 2019.

Going forward, we intend to introduce entertainment activities in which children can have fun and learn at the same time.



Children absorbed in programming

### Continuous Support for the Para-Nordic Skiing Japan Team



The SEGA SAMMY Group provides ongoing support to Japan's national Para-Nordic skiing team with the Ski Association of Japan for the Disabled, a specified non-profit corporation, as its parent organization.

The association strives to open up cross-country and biathlon skiing to persons with disabilities and related individuals in Japan to increase competitive abilities as well as to promote and popularize the sport.

We will continue to support the team in working hard with the hope of inspiring persons with disabilities so that they can enjoy cross-country skiing and biathlon, which can lead to a healthier physical condition, while we also encourage young people with disabilities to dream of making it to the Paralympics.



### Donating and Disinfecting Toys in Collaboration with NPOs



We have been donating toys of Group companies to non-profit organizations (NPOs). This year marked the ninth time we engaged in the initiative since fiscal 2010. The Group works with the Japan NPO Center to select NPOs to receive donations. In fiscal 2018, we donated about 110 toys from SEGA TOYS to the Approved Specified NPO Family House, which provides accommodation support for the families of children undergoing treatment for cancer and other intractable diseases.

We will seek more effective support, which we can provide by capitalizing on our employees' experiences of regularly visiting places where these families are staying and working on sterilization of stuffed animals with general volunteers.

Family House's donation report



### Inviting Senior Citizens of the Community to our Showrooms



Sammy has been inviting senior citizens from facilities to our showroom at the head office to enjoy playing with our products. The idea for the event originally came from an employee in 2006, and it has been held 247 times, with 1,196 guests invited and 153 employees participating. Moreover, we have had the opportunity to offer senior citizens an experience that is different from daily life while also re-recognizing the social value of entertainment.



## SPORTS, THE ARTS AND OTHER CULTURAL ACTIVITIES

### Special Support for the Tokyo Jazz Festival

SEGA SAMMY

As part of its efforts to support the arts and cultural activities, the SEGA SAMMY Group has been helping out the Tokyo Jazz Festival, one of Japan's largest jazz festivals, since its inception in 2002. The event gathers top jazz musicians from around the world to perform under the concept of encouraging cultural and generational cross-fertilization. The festival is held every year and is highly regarded as a quality urban music festival.



©16th TOKYO JAZZ FESTIVAL  
©Hideo Nakajima

### The Shigeo Nagashima Invitational SEGA SAMMY CUP Golf Tournament and Junior Sport Festival

SEGA SAMMY

The Junior Sport Festival, during which first-class instructors teach elementary and junior high school students about sports, was held in Chitose City, the site of the Shigeo Nagashima Invitational SEGA SAMMY CUP Golf Tournament, and Eniwa City and Tomakomai City. Marking its 11th year, this 2018 festival was held from February to June and comprised of lessons for 12 different sports, with over 1,500 children participating. Mr. Kota Yoshihara, a former professional soccer player at Consadole Sapporo, taught in his soccer class about the importance of being prepared, having firm goals and talking through errors with teammates. The children listened eagerly and played earnestly in response to his passion.

We will continue to make the event even more successful and popular with communities.



Ski lessons at the Junior Sport Festival

### The 9th SEGA SAMMY Cup Children's Rubber Baseball Tournament

SEGA SAMMY

Supporting the efforts of the Tokyo Kids Baseball Academy to strengthen children's baseball skills in Tokyo, the SEGA SAMMY Group has been serving as a special cosponsor for The SEGA SAMMY Cup Children's Rubber Baseball Tournament. This year, marking the ninth tournament, the event was held at the SEGA SAMMY baseball field and Takigahara Ground in Hachioji, with 16 teams comprising 355 players competing. On the day of the opening ceremony, events were held to help boost baseball education, such as baseball lessons by active players of the SEGA SAMMY baseball team and a seminar for instructors by the team's manager and coach.

The tournament boasts a cumulative total of 2,100 participants. We will continue cosponsoring the event with the hope that it becomes a stage upon which children can make their dreams come true.



Winners of the SEGA SAMMY Cup Children's Rubber Baseball Tournament

### Let's Create a Moving Experience with Your Feet

Sammy

The SAMMY SOCCER PROJECT is for rediscovering the intrinsic joy of playing soccer. Its slogan "SAMMY x SOCCER = Making life more colorful" is based on our group mission "Continuing to create moving experiences." We intend mainly to impress on the next generation the concept of "inspiring soccer," demonstrating the intrinsic value of this sport, which is fun to watch, exciting and moving, while at the same time supporting them to realize their dreams. We will continue these efforts to create moving experiences and broaden their impact.



Supporting children's dreams through soccer

### Support for the Japan Disabled Golf Players Association

SEGA SAMMY

In Japan, disabled golf is not yet well known to the general public, much less to those with disabilities. This creates an insufficient environment for disabled golf that inhibits the disabled from freely enjoying the game, since there are so few opportunities. The SEGA SAMMY Group is supporting the activities of the Japan Disabled Golf Players Association through donations and announcement activities. The mission of the association is to establish disabled golf as a means for persons with disabilities to enjoy safe and happy lives as valued members of society.



2018 SEGA SAMMY CUP Tournament

## COMMUNITY ACTIVITIES

### Support for the Koedo Kawagoe Half Marathon 2017



Since the commencement of Koedo Kawagoe Half Marathon in 2010, Sammy has been continuously serving as a special sponsor for the annual marathon held in the area where our Kawagoe Factory is located. Around 10,000 runners participated in the marathon in November 2017. CEO Satomi and a total of 174 SEGA SAMMY Group employees and suppliers participated as runners.



### Interaction with the Community



We make donations to the Haneda Shrine's summer festival in July every year and open our premises as a children's portable shrine rest station where we provide beverages. Our employees have also been participating in a monthly cleanup, led by the neighborhood association, since May 2011.



### Interacting with Children at Nursery Schools and a Group Home in Hachioji



Since 2010, the SEGA SAMMY Baseball Club has been visiting a group home and nursery schools in Hachioji City, where the team is based. Also, in December every year, it organizes a Christmas event for interacting with children. In 2017, nine people including baseball team members visited these places. They gave toys from the SEGA SAMMY Group to children as gifts and played catch and other games. The group home and nursery schools were filled with laughter. We will continue these interactive activities with the community as part of being a strong team beloved by the community.

### Exhibition at the Sakura City Industrial Festival: Sakura Monozukuri Festa 2017



Since 2012, Sega Logistics Service has been participating in the Sakura Monozukuri Festa held by Sakura City, where the company is located, as a part of its community contribution. A total of 14,000 people visited the Sakura Monozukuri Festa 2017, held on May 20 and 21. The company exhibited the latest UFO CATCHER, which many visitors enjoyed. Looking ahead, we will continue working as members of the local community.



### Providing Opportunities for Students to Gain Social Skills



The Phoenix Seagaia Resort organizes a seminar at schools for students to learn manners, in cooperation with local junior and senior high schools and universities, and barrier-free tours inside the resort to raise their social awareness through hands-on experiences. Employees also visit police stations and hospitals and hold seminars on social skills and manners, actively contributing to the civic growth of communities.



School visit hosted for students



Players dressed as Santa Claus and gave out presents



Group Corporate Social Responsibility Promotion Office  
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### Comparison with Integrated Report

In the integrated report, we disclose financial information and non-financial, ESG information, with a particular emphasis on investors. In 2018, this report was redesigned as the CSR BOOKLET to cover items not referred to in the integrated report and provide in-depth reporting from the CSR viewpoint. 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. The integrated report is available in the IR section of SEGA SAMMY Holdings' website.

**WEB** <https://www.segasammy.co.jp/english/ir/>



### Disclaimer

This report contains past and current facts about the SEGA SAMMY Group, as well as forward-looking statements about social conditions, business plans, and forecasts based on management's judgments in light of information available as of the publication date. Please note that social conditions and business results may vary from these forecasts.