

SEGA SAMMY GROUP

# CSR BOOKLET 2019



# CONTENTS

01	Company Profile and Group Overview	11	Management
02	Editorial Policy, Scope of this Report, and Performance Data (Consolidated)	21	With Customers
03	Executive Messages	28	With Partners
	Hajime Satomi Chairman of the Board and Chief Executive Officer SEGA SAMMY HOLDINGS, INC.	33	With Employees
	Haruki Satomi President and Chief Operating Officer SEGA SAMMY HOLDINGS, INC.	40	With Shareholders and Investors
05	<b>Feature</b> SEGA SAMMY Group's Dialogue on Diversity Management Transforming the perception of diversity into a natural state to create a society in which everyone is truly happy	42	With Society—Environment
07	SEGA SAMMY Group's Reconstruction Support	46	With Society—Serving Society

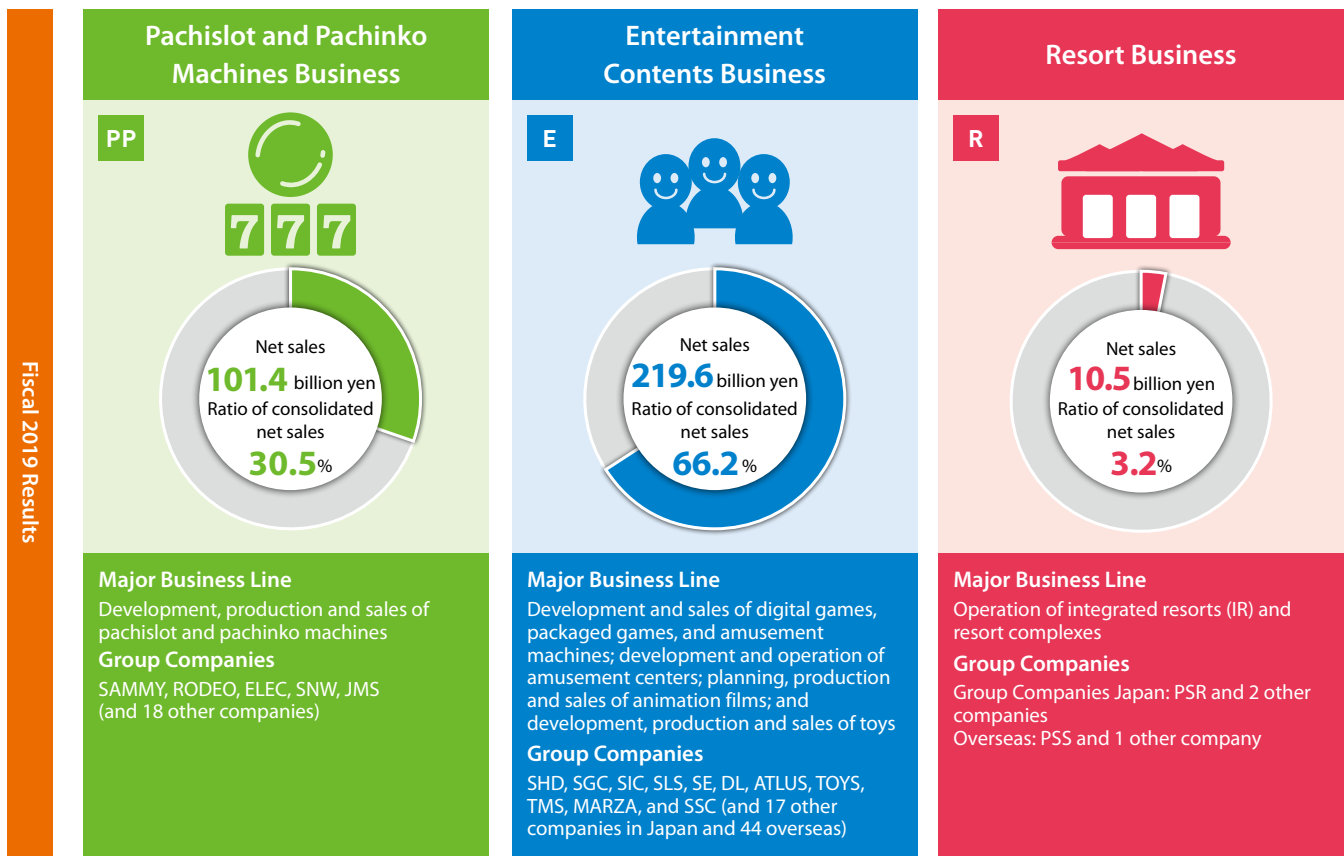
## Company Profile **SEGA Sammy** HOLDINGS

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

As of March 31, 2019

## Group Overview

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



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

## Editorial Policy

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

### Guidelines Used for Reference

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

### Publication Dates

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

## Scope of this Report

### Reporting Period

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

### Boundary of Reporting Organizations

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

## Abbreviation of Organization Names in this Report

### Each Segment

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

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

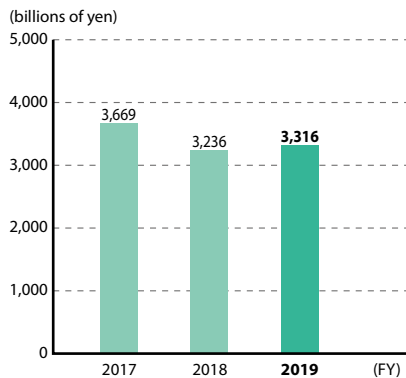
\* Information regarding the departments and titles of persons referred to in this report are as of when they were interviewed.

### Major Companies for Each Segment

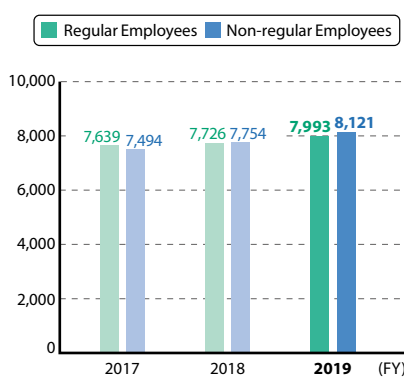
**SSHD:** SEGA SAMMY HOLDINGS INC., **SHD:** SEGA Holdings Co., Ltd., **SAMMY:** Sammy Corporation, **TOYS:** SEGA TOYS CO., LTD., **TMS:** TMS ENTERTAINMENT Co., Ltd., **SNW:** Sammy Networks Co., Ltd., **PSR:** PHOENIX RESORT CO., LTD., **SE:** SEGA ENTERTAINMENT Co., Ltd., **SIC:** SEGA Interactive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

## Performance Data (Consolidated)

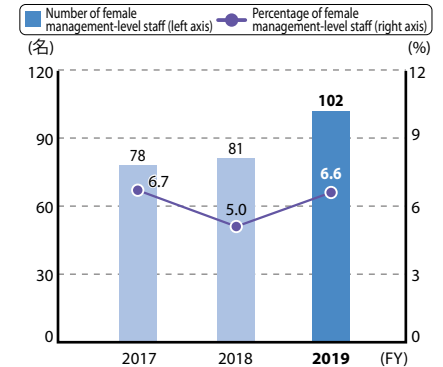
### ● Net Sales (Consolidated)



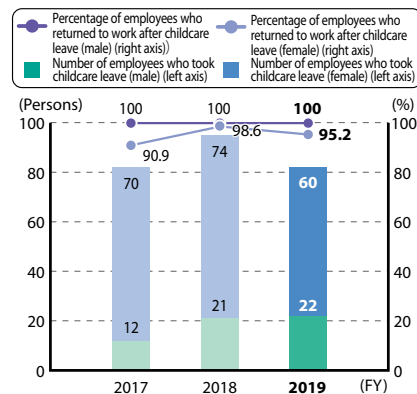
### ● Number of Employees



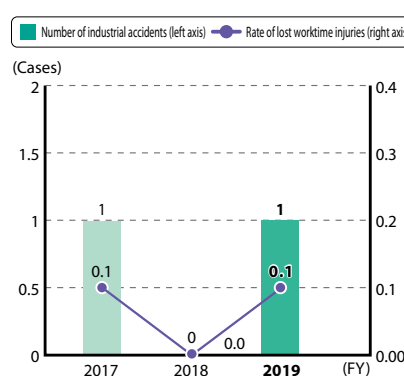
### ● Number and Percentage of Female Management-Level Staff<sup>\*1</sup>



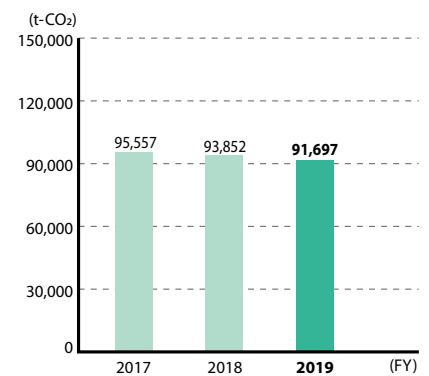
### ● Number of Employees Who Took Childcare Leave and Who Returned to Work After Childcare Leave<sup>\*1</sup>



### ● Occupational Health and Safety<sup>\*1</sup>



### ● Total CO<sub>2</sub> Emissions<sup>\*2</sup>



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

\*2 For the method of our environmental data collection and scope of the report, see page 45.



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

### Hajime Satomi

Chairman and Group CEO [Representative Director]  
SEGA SAMMY HOLDINGS, INC.

### Continuing to create moving experiences as a game changer

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

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

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

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

### New value created through internal communications

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

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

throughout the Group will establish a firm foundation for robust human resources and business development.

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

### Striving to achieve sustainable development with society

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

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

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

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

### Haruki Satomi

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



#### Overcoming negativity while embracing positive moving experiences

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

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

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

#### Contributing to society with a sense of responsibility and commitment

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

The Group is therefore applying its utmost effort with a sense of responsibility and commitment. For example, when acquiring a license for the sale and distribution of gaming machines in Nevada, U.S.A., in 2017, we voluntarily disclosed all our financial and tax information as well as the assets of individual directors for review to confirm the Group’s integrity. In addition, while most companies

have chosen to focus on recovery to address gambling addiction, we are pioneering in prevention research in collaboration with Kyoto University.

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

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

#### Meeting social demand with the power of entertainment

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

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

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

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



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

## Promotion of various initiatives and systems

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

## Striving to create an environment that encourages diverse ideas and opinions

**What do you expect from the company regarding diversity?**

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

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

**Egawa:** About 25 years ago, when I was in my early 20s, LGBT

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



**Tokugi Egawa**  
General Affairs Division  
SEGA SAMMY HOLDINGS, INC.

As a child he worried about becoming an LGBT person. He decided to participate in this dialogue to speak out and open a pathway for others.

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

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

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



**Tomoaki Tabata**  
System Support Team,  
Platform Department, IT  
Solution Division  
SEGA SAMMY HOLDINGS, INC.

Second child born in May 2019. Used the teleworking system for about a week when he accompanied his wife to give birth in her hometown.

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



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

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

Also, given the sharp decline in birthrates and continuing aging of the population, I think the SEGA SAMMY Group will also see more employees taking temporary retirement or even retiring for nursing care. I think that encouraging

male employees to use childcare leaves is one solution for the situation. I hope that male employees will more actively participate in childrearing and not just take a few days off to simply give their partners a rest. They will benefit from building healthy relationships with their children and partners and generate a sound environment of mutual cooperative in the family for when nursing care may become necessary. This could eventually prevent employees from having to leave their jobs and help the company retain valuable employees.

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

### Striving to be a progressive company that embraces diversity

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

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

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

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

**Egawa:** I was terrified when I came out years ago but now feel that both society and the company have created an environment that accepts diverse values, including those of the

LGBT community. I feel stronger than ever now that all I need to do is just be proud of who I am and carry on with my life with confidence.

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



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



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

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

People are easily influenced by the prevailing mood and atmosphere. My role is actually to break through this mood without conforming to popular opinion and to lead. I will work towards transforming our company into a progressive enterprise that embraces

diversity so when we look back after five or ten years we will see the dramatic change that has taken place. We will also create moving experiences unique to a comprehensive entertainment company in order to realize a society in which everyone is truly happy.



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

Bringing

Smiles 

and

Vitality 

SEGA SAMMY Group's

# Reconstruction Support

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

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

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



### Our Activities

(March 2011—March 2019) ⇒ FY2020 activities underway

Support fund	Volunteer activities by employees and support events		
Approximately 400 million yen	Participants: 94 activities and events	Visited by 1,157 employees	29,732 people <small>(cumulative total of those who played games in the SEGA SAMMY Group's amusement corners)</small>

### Hitoshi Nakamura

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

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

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



### Yoko Oda

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

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

happy to hear the comment and felt that the festival definitely increased the number of SEGA SAMMY fans. The event was a valuable opportunity for us to interact with employees of other Group companies as well, and this gave me a sense of unity as a SEGA SAMMY Group member.



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

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

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





### Jun Senoue

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

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

and I am sure the visitors enjoyed this hospitality. I would like to participate in more group activities and apply the experiences at my workplace.



### Susumu Kotake

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

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



### Tokinori Ueda

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

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

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



### Kunihiko Tokumaru

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

I assisted Mr. Matsuda's swimming class.

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



### Koji Hori

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

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

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



## Fiscal 2020 New Employee Training Program

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



**Haruna Ochiai**

Sammy Corporation

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

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



**Sayaka Okada**

SEGA Interactive Co., Ltd.

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



**Syoma Hirasaka**

PHOENIX RESORT CO., LTD.

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



**Yukihiro Tanisaka**

ATLUS Co., LTD

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

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

### Employee Volunteer Activities for the Heavy Rain Event of July 2018

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



### VOICE

#### Katsuyuki Kitagawa

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

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

### VOICE

#### Satoshi Shimokawa

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

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

### Employee Volunteer Event, Mabi New Year Festival

February 17, 2019—11 participants and 814 visitors



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

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

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

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

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



# Management

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

### Group Mission Pyramid

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

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

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

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



SEGA SAMMY Group CSR Charter



<https://www.segasammy.co.jp/english/pr/commu/csr/>

SEGA SAMMY Group Code of Conduct



[https://www.segasammy.co.jp/english/pr/commu/csr/gr\\_csr/](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, and we have disclosed our CSR procurement activities in a guidebook.

## Our Policy on CSR

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

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



SEGA SAMMY Group CSR & SDGs Policy

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

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

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

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

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

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

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



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

<https://www.segasammy.co.jp/english/pr/commu/tpm/>

## CSR and SDG Promotion Framework

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

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

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

Relationships with Our Stakeholders

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

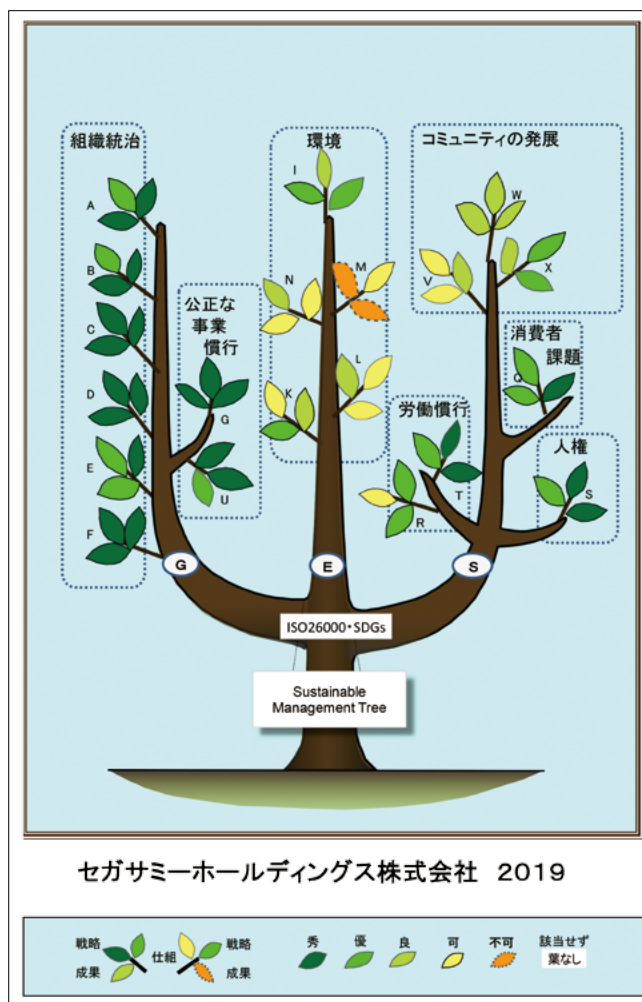
Management Evaluation by the Sustainable Management Forum of Japan and Stakeholder Dialogue with Experts and Establishment of Materiality

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

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



Stakeholder dialogue



Tree diagram of analysis results

Participating in the United Nations Global Compact (UNGC)

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

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

## CSR Promotion Initiatives

### Raising Awareness

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

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



CSR Communication Report distributed to all employees

### CSR Seminars

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

Note: See page 38 for more details.



Group work during a CSR seminar

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

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



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

## Corporate Governance

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



Corporate Governance

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

## Compliance

### Our Policy

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

### Compliance Framework

#### Compliance Framework and Promotion

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

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

#### Internal Audit

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

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

#### Major Improvements

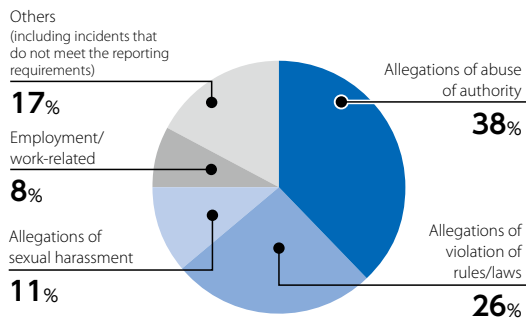
Initiatives	Progress/Results
We conduct safety inspections at 110 amusement centers nationwide to prevent injuries and accidents.	As a result of inspections in fiscal 2020, we found 216 cases where improvement was required, and we requested that operators take the necessary remedial actions. ① 109 findings related to facilities and equipment ② 99 findings related to pachislot and pachinko machines ③ 8 findings related to food safety
In past audits we found 180 violations and inadequacies concerning facility safety, food sanitation, and fire prevention in accommodation facilities, a golf course, restaurants, etc.	<ul style="list-style-type: none"> <li>• Of these 180 cases, we have confirmed that 147 had been improved by 2019. Measures to improve the remaining 33 are currently being reviewed.</li> <li>• While confirming these findings, we found 13 new inadequacies in regard to which we have requested that the operators take the necessary remedial actions.</li> </ul>
In addition to non-compliance with laws and regulations and safety, we review appearance and cleanliness from the perspective of improving hospitality.	We found 11 cases that require repairs, removal of unnecessary items, or cleaning to maintain the luxury and resort atmosphere, and we have asked the operators to take the necessary remedial actions.



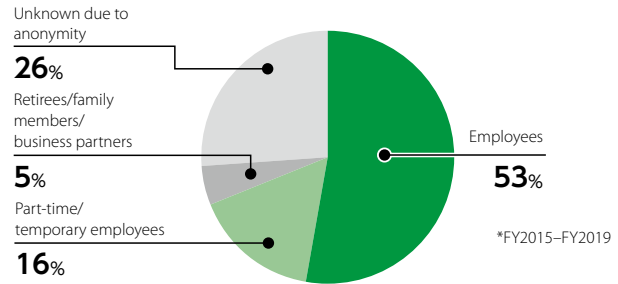
## Internal Reporting System

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

### Types of Incidents Reported\*



### Whistleblowers Attributes\*



## Compliance Promotion Activities

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

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

#### Compliance Seminars for Group Executives (FY2019)

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

Note: For abbreviated company names, see page 2.

### Exclusion of Antisocial Forces

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

### Prevention of Corruption

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

## Risk Management

### Our Policy

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

### Risk Management Status

#### Risk Management

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

#### Intellectual Property Management

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

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

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

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

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

#### Information Security

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

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

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

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

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

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

Note: See page 2 for abbreviations.

Initiative Themes	Issues	Initiatives	Fiscal 2019 Progress and Results	Main Page References	Related SDGs
Contributing through Our Business	Addressing social issues through business activities	Organize events and make products that leverage Group-related content	<ul style="list-style-type: none"> <li>Held SDG training for Group executives, and 11 of the key Group companies formulated SDG plans [Group]</li> <li>Development, manufacturing, and sales of accessible design toys [TOYS]</li> <li>Drive simulator [SLS]</li> <li>"Shumikatsu!" for senior hobby activities and exchange opportunities [SGC]</li> <li>e-sports that persons with and without disabilities can enjoy together</li> <li>Programming classes [SE, TOYS]</li> <li>Donating toys in collaboration with NPOs [SSHD, TOYS]</li> <li>Onsite game class [SIC]</li> </ul>	P.20	3 4 8
	Alleviating negative impacts on society	Implement countermeasures against gambling addiction	<ul style="list-style-type: none"> <li>Jointly conducted research with Kyoto University</li> </ul>	P.26	12
		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>		
	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.25-26	12
Further improve the customer support system		<ul style="list-style-type: none"> <li>Improved the customer support system [E, PP, TOYS]</li> </ul>			
Serving Society	Contributing to society through disaster recovery and support activities as well as Groupwide actions	Supporting reconstruction after the Great East Japan Earthquake	<ul style="list-style-type: none"> <li>Dispatched new employees to disaster-affected areas as part of their training (12 companies, 202 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> <li>A comprehensive partnership agreement with Shichigahama-cho, Miyagi Prefecture [SSHD]</li> </ul>	P.7-10	11
		Conduct other Groupwide social contribution activities and support the development of culture, etc.	<ul style="list-style-type: none"> <li>Established the SEGA SAMMY Culture and Art Foundation and supported arts and cultural activities including the Tokyo Jazz Festival [SSHD]</li> <li>Participated in the Picture Book Campaign (321 books) (creating an environment for entertainment in underdeveloped countries) [Group]</li> <li>Donated toys, etc. [SSHD, TOYS]</li> </ul>	P.47-50	1 2 3 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 a baseball class [SSHD]</li> <li>Sponsored marathon events [PP] and participated in local clean-up activities [SHD]</li> <li>Supported the children's cafeteria [SSHD, PSR]</li> </ul>		
Addressing Environmental Issues	Reduction of the 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.32, P.42-45	3 9 12 13
		Promote the 3Rs (especially recycling)	<ul style="list-style-type: none"> <li>Recycled trade-in machines (achieved 95%) [PP]</li> <li>Conducted marketable waste recycling (waste separation program of Kawagoe Factory workers) [PP]</li> <li>Conducted 100% recycling of amusement machines by manual dismantling [SLS]</li> </ul>		
	Promote environmental protection activities	<ul style="list-style-type: none"> <li>Distributed information (e.g., environmental regulations) at the annual Supplier Meeting [E]</li> </ul>			
	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 2018 (actual): 212,848 kWh) [SHD]</li> <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, and cultivated black pine on the Seagaia property (250 m<sup>2</sup>) [PSR]</li> </ul>	P.42-45	7 11 13 14 15
Corporate Governance	Strengthening of corporate governance and compliance	Strengthen corporate governance (includes increasing job satisfaction and diversity and eliminating unfairness)	<ul style="list-style-type: none"> <li>Responded 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 Missions and Code of Conduct have been instilled in the Group [SSHD]</li> <li>Introduced the LGBT support system and sponsored Tokyo Rainbow Pride [Group]</li> <li>Opened SEGA SAMMY College [Group]</li> </ul>	P.47, Integrated Report	5 8 10 15
		Strengthen compliance	<ul style="list-style-type: none"> <li>Held a compliance seminar for Group executives (3 sessions, 151 participants) [Group]</li> <li>Built an easy-to-use reporting system by establishing the Corporate Ethics Hotline [Group]</li> <li>Conducted standard compliance training (e-learning) in fiscal 2020 for the employees of 24 Group companies</li> </ul>	P.16	16
	Instillation of CSR awareness and promotion of CSR management	Instill a widespread awareness of the Group's Management Philosophy through continuous top-down communication	<ul style="list-style-type: none"> <li>Held a CSR seminar for Group employees (25 sessions, 7 companies, 898 participants) [SSHD]</li> <li>Posted the Group Mission on the Group's intranet and also listed it in the employee handbook for promoting employee awareness [Group]</li> <li>Published the CSR Communication Report and distributed 10,107 copies to full-time Group employees, part-time workers, and others [Group]</li> <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 [SSHD]</li> </ul>	P.12-14	—
Manage and share CSR information	<ul style="list-style-type: none"> <li>Collected CSR information by means of the information media (newspapers, magazines, etc.) and provided it to Group companies [SSHD]</li> </ul>				

# SEGA SAMMY Group's contribution to the SDGs

## Realizing the essence of sustainability that only entertainment can achieve

### Haruki Satomi

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



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

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

#### Measures against a super-aging society with fewer children

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

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

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

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

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

#### Measures against addiction problems

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

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


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

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

\*10% of the projects are still underway.


### SEGA SAMMY Group's Contribution to SDGs

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



#### Theme: Measures against a super-aging society with fewer children

**Related SDGs**



**Key initiatives**

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

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

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

**Related SDGs**



**Key initiatives**

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

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

#### Theme: Measures against addiction problems

**Related SDGs**




**Key initiatives**

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

**Pages related to these initiatives**  
→ P. 26–27

#### Environmental measures

**Related SDGs**



**Key initiatives**

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

**Pages related to these initiatives**  
→ P. 42–45

# With Customers



## Group CSR Charter

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

## Group Code of Conduct

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

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

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

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



**Rieko Kodama**

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

## First Japanese woman to win a Pioneer Award

### at the Game Developers Choice Awards 2019!

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



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



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

YouTube Project Team, TMS ENTERTAINMENT CO., LTD.

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

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



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



▲ Leaflets are available at SEGA stores throughout the country.

**Official 55th Anniversary TMS Entertainment Animation Channel (in Japanese only)**

<http://yt.be/TMS-55>



**Kazuhito Suzuki**

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



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

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



**Offering moving experiences through seasonal events!**

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

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

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



**Kanako Hosomi**

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





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

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



**For moments of the greatest  
happiness shared with customers**

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

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



**Creating new value under the theme of "Kyokan"**

**(experiencing joy together)**

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

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

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



PARADISE  
SEGA-SAMMY

**Koji Uesugi**

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

**Helping all drivers adopt safer driving techniques**

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

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



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



**Masahiro Iwaki**

Deputy Director, Sales Dept.  
Sega Logistics Service

**Customer's Voice**

**Masato Matsunaga**

General Manager, Safety Education, Management Department, Shimohana Logistics

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



## Pursuing Customer Satisfaction

### Gauging and Applying Customer Needs

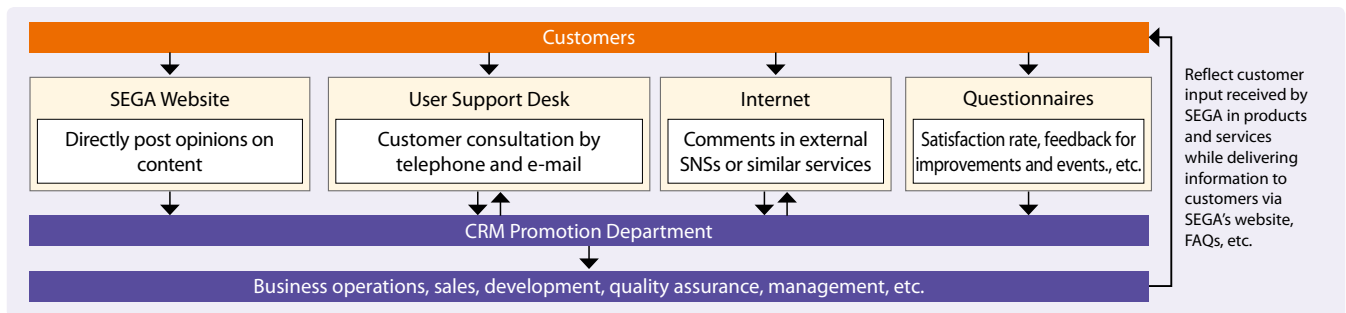
#### Customer Support System

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

1. The CS Team, devoted to the pursuit of 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 online payment. SEGA ID as a key is also used to combine and store personal information with other data. Furthermore, we obtained Privacy Mark certification in June 2017. By presenting the mark to third parties, we will strive to gain public trust. At the same time, we will establish an environment for appropriate management and use of the personal information we have collected.

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

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

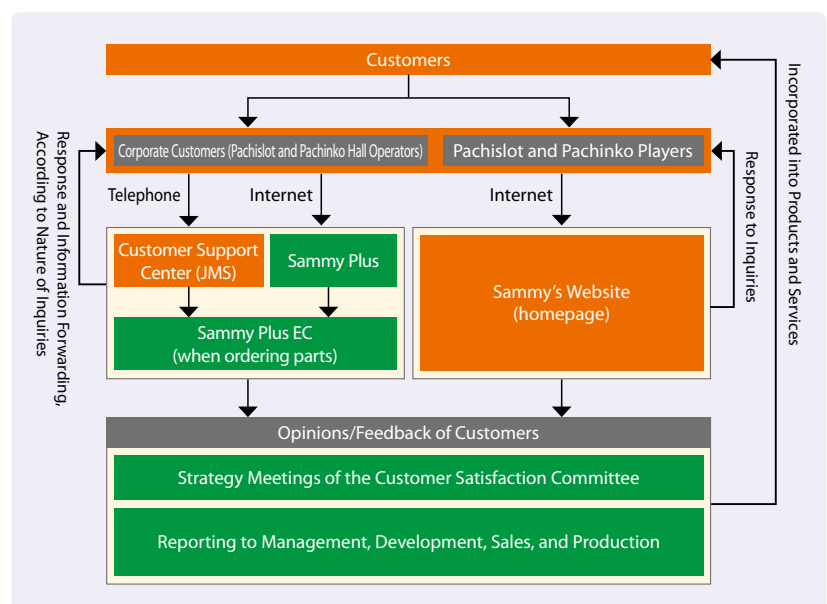


**PP** In fiscal 2018, we integrated the Call Center and Parts Center to streamline a series of customer services, such as the receipt of customer inquiries on machine problems and troubleshooting by phone, follow-up calls to customers who made inquiries on the shipment of after-service parts and technical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

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

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

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



## Safety and Quality Assurance of Products and Services

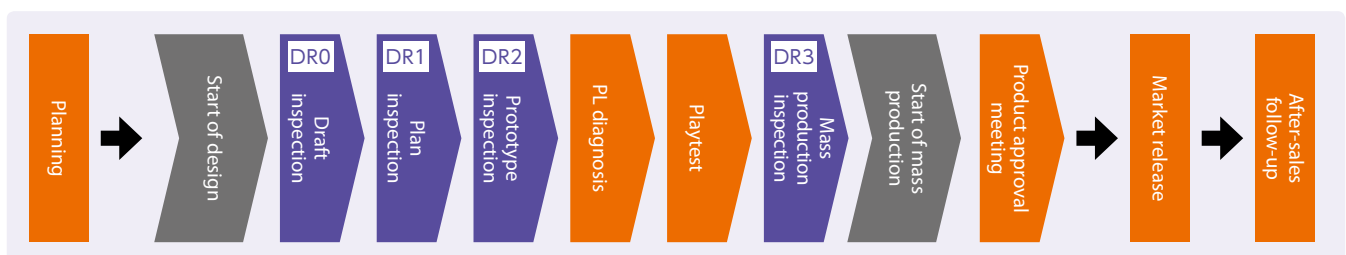
### Safety and Quality Assurance of Products and Services

#### 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, during which we assess product risks using various safety control techniques, and a product approval meeting to determine whether a product is ready for release.

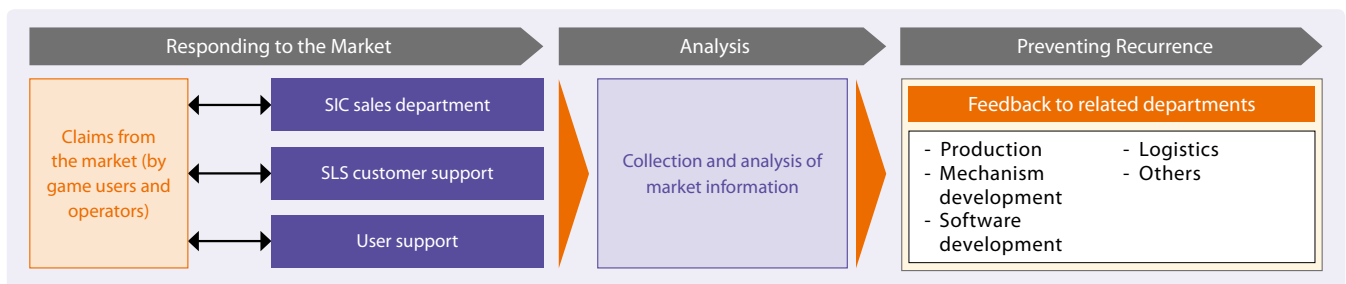
\*Japan Amusement Machine and Marketing Association, Inc.

#### Flow of the AM Equipment Quality Assurance System



DR: design review

#### Mechanism for Utilizing Customer Input



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

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

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

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



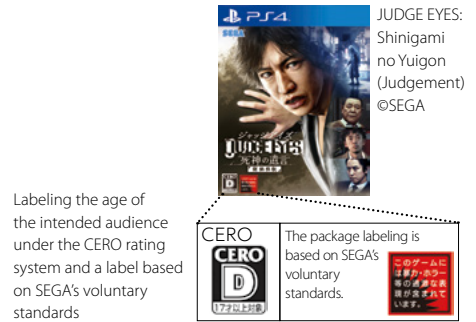
## Creating a Wholesome Environment for User Enjoyment

### Product and Service Labeling

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

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

\*Computer Entertainment Rating Organization



## Initiatives for the Appropriate Use of Content

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

## Measures against Illegal Customer Behavior

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

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



## Ethics and Social Considerations

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

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

## Countermeasures to addiction

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

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

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

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

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



Addiction prevention poster

## Developing and operating a safe and reliable IR facility

### ■ Launching industry/academia joint research on gambling addiction

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

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

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



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

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










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



**Japan Toy Award 2019**  
**Educational Toy Category Grand Prize**  
**Wonderful Channel**



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

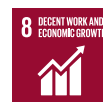


**Japan Toy Award 2019**  
**Co-play Toy Category Excellence Award**  
**Irasshaimase! Anpanman Convenience Store**



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

# With Partners



## Group CSR Charter

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

## Group Code of Conduct

### Fair Business Relations and Impartial Selections

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

### Entertainment and Gift-Giving

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

### Individual Profits

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

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



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

When we present our games at partners meetings, their only basis for decisions is the verbal description of the product by our sales staff; it is simply not realistic to actually play an entire game during a meeting. Therefore, we must know every detail about the game before we present it to partners, so they can confidently order it. In addition to understanding the content of our games and market trends, I think the most important thing is to establish relationships of trust with partners. When we presented “Persona 5 The Royal,” released in October 2019, which included content we believed was guaranteed to succeed, we made sure to explain the product targets and promotion strategies

as clearly as possible in order to provide a sense of security in terms of its potential. We will continue to build and deepen such relationships with our partners and also gain their trust in Atlas titles.



ATLUS

Yasuyo Misaki

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



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

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



### Teruhito Abe

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

## Dedicated to the trust of suppliers and thorough pursuit of fairness

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

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

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



### Katsuhiro Fujimoto

Sales GR, Sales Division  
SEGA SAMMY CREATION, INC.

# CSR Procurement Training

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

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

## Seminars in Fiscal 2019

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

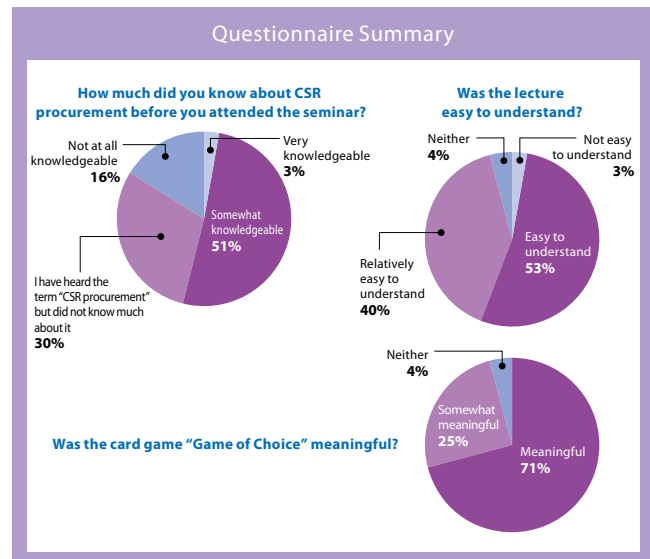
## CSR Procurement Seminar Program

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

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

## Seminar Details and Post-seminar Questionnaire

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



## Participant Comments

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

### Ensuring 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 supplier's commitment to the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook. Also, we ask our suppliers to renew current agreements, with 85% agreeing to do so.

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

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

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

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

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

#### 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. The results of these audits showed no suppliers that were at a high risk.


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

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

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

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

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

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

**Partnership with Suppliers**

► **Coordination with Suppliers**

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



Supplier meeting in fiscal 2019

► **Joint Quality Conferences with Partner Companies**

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

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

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



Joint quality conference in February 2019

# With Employees



## CSR Charter

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

## Group Code of Conduct

### Improvement of Workplace Environment

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

### Harassment and Discrimination

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

## SEGA SAMMY College is now open!

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

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

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



**Marina Mihara**

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



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

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

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

### Team members

#### Front row from the left

- Nana Azuma
- Maho Katsutani
- Daisuke Maeda

#### Middle row

- Yuki Yatsu

#### Back row from the left

- Masato Yazaki
- Akira Taku
- Yasuyuki Kato
- Takashi Takenouchi



### Takashi Takenouchi

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



### Daisuke Sugawara

Professional, Sales and Planning Department,  
Sales Division  
SAMMY Corporation

## Sales Division's pachislot and pachinko industry study group

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

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

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

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



## TOPIC

### Opening of SEGA SAMMY Soramori Nursery School

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

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

Nursery room designed with a forest theme



An educational environment that encourages children's creativity

## Preparing for the 2020 Tokyo Paralympics

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

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

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

Thank you for your continuing support.

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



**Miki Kawagoe**

The Ocean Club  
PHOENIX RESORT CO., LTD.



## TOPIC

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

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

#### Comment from Waku Lab editorial staff

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

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

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

#### Seven Work-Style Reform Themes

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



## Cultivation and Evaluation of Human Resources

### Personal System

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

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

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

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

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

## Promoting Diversity

### Supporting Women to Participate More Actively

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

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

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

## Respect for Human Rights

### Initiatives to Eliminate Harassment

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

### Supporting Work-life Balance

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

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

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

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



### Occupational Safety Initiatives

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

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

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

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

### Health Maintenance

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

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

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

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

# CSR Seminars

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

## Seminars in Fiscal 2019

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

## CSR Seminar Program 2019

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

Note: Some content differs depending on target participants.

## Seminar Details and Post-seminar Questionnaire

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



## Participant Comments

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

## Personnel and Labor Data

### Scope, and the "Count Method"

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

\* Data coverage for FY2019: about 90% of the sales ratio and more than 70% of the regular employment ratio

SSHD, SHD, SIC, SGC, SE, SLS, TMS, TOYS, DL, SAMMY, SNW, BTF, JMS, JNEXT, and PSR, Overseas: SOA (Sega of America, Inc.) and SOE (Sega Europe Ltd.)

\*For abbreviations, see page 2.

### ● Composition of Employees

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

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

### ● Composition of Management-level Staff

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

### Management-level Staff and Board Members in Fiscal 2019

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

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

### ● Persons with Disabilities Employees

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

### ● Recruiting

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

### ● Occupational Health and Safety

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

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

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

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

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

### ● Work-life Balance

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

#### Notes

#### ■ Composition of non-regular employees

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

#### ■ Average overtime hours

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

#### ■ Percentage of paid leaves taken

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

#### ■ Annual holidays

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

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

#### Childcare

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

#### Nursing

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



# With Shareholders and Investors



## Group CSR Charter

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

## Group Code of Conduct

### Highly Transparent Management and Interactive Communication

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

### Positive and Fair Disclosure Attitude

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

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

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

### Insider Trading

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

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

## VOICE



**SEGA**Sammy  
HOLDINGS

**Emi Yamane**

Finance & Accounting Division, SEGA  
SAMMY HOLDINGS INC.

## Gaining the trust of shareholders and investors through communication

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

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


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



## Disclosing Information to Shareholders and Investors

### IR Policy

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

 **URL SEGA SAMMY Group IR Policy**  
[https://www.segasammy.co.jp/english/ir\\_policy/](https://www.segasammy.co.jp/english/ir_policy/)

### Communication with Shareholders and Investors

#### ▶ Accessible General Meetings of Shareholders

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

#### ▶ Investor Relations

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



Briefing for individual investors

#### ● Past Activities

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

### External Evaluation of our Investor Relations

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

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

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

## Appropriate Returns of Profits

### Basic Policy on Profit Sharing

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

#### ▶ Shareholder Benefits Program

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

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

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

# With Society

# Environment



## 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.



## Seagaia Beach Cleaning Campaign in Hitotsuba



**R** At the Phoenix Seagaia Resort, we have conducted the 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 volunteers, including local residents and members of the Junior Sports Club, to participate by, for example, collecting household waste and driftwood that could hinder loggerhead sea turtles from reaching land where they can lay their eggs.

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

## Green Power Certificates System



Japan Natural Energy Company Limited (Japanese only)



<http://www.natural-e.co.jp/>

**E** SEGA has bought one million kilowatt-hours' worth of Green Power Certificates (microhydropower 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 and generated 212,848 kWh in fiscal 2019.



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.

## 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 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.

Moreover, it is also in charge of the storage and management of used machines, selling those in good condition for reuse and processing the ones no longer usable as industrial waste. After the machines have been sorted, intermediate industrial waste processing workers come to the company distribution centers to manually disassemble the good used machines into materials for complete recycling. Waste cards and papers used for amusement machines and some plastic waste are recycled by thermal recycling to produce RPF (refuse paper and plastic fuel), an alternative fuel.



**PP** To improve the reusability of parts from pachislot and pachinko machines, we have worked to standardize parts, substrates, and units at the design and development stages. Three years ago, we set targets for the number of reusable parts, a minimum of 50 items for pachislot machines and 15 for pachinko machines. In fiscal 2019, we achieved both targets (about 80 items for pachislot machines and 30 for pachinko machines). Starting in fiscal 2020, we will promote the use of used pachislot and pachinko machines in units without having to dismantle them into parts in order to improve the efficiency of reuse and quality. In addition, we revised the conventional trade-in conditions for collecting used machines to take into account environmental considerations, which significantly improved the collection rate (fiscal 2017: 47% → fiscal 2019: 74%).

On an industry basis, we have been promoting industry-wide efforts to reduce environmental impacts through the standardization of 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 DISC UP**  
©Sammy



**P Hokuto No Ken 8 Haou**  
©Buronson & Tetsuo Hara/NSP 1983,  
©NSP 2007 Approved No.YSE-020  
©Sammy



**The Medal Tower of Babel**  
©SEGA

# 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 an “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 2019 was 320.7 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 autumn such as tree planting guided by people from the village who preserve and nurture SEGA-no-Mori on a daily basis.

## MAINTENANCE



## 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 share experiences in tasks that vary every summer. These include removing undergrowth, harvesting crops and catching fish by hand.

## EXPERIENCE



## Interaction with the Local Community

Villagers have shared a variety of stories such as the history of Minamiaiki Village, tips for mountain hiking, and the hard work required for growing delicious produce, thereby teaching us about the harsh and precious sides of nature that are not experienced in city life.

## EXCHANGE



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/>

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



The children seemed to be sad to leave, saying they wanted to stay one more night. They made good friends, gathered a lot of vegetables on the second day, and had a really wonderful experience.

Every event, from picking blueberries and catching fish by hand to participating in a BBQ and watching fireworks, was fun for the whole family.

There were so many fun events, and the entire experience was very satisfying! The first thing my children did after returning home was to draw Segano-Mori in their summer vacation picture diary.



Participating in a BBQ with the residents of Minamiaiki Village was fun, and I was happy to learn about the village and meet such great people.

## 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 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.” In fiscal 2019, four PSR employees took part in the activity with about 60 participants from the local government, forest industry, and local residents despite rainy weather. We will cooperate with local residents to preserve and nurture the black pines and pass them on to the next generation as precious assets.



# Countermeasures for Plastic Waste

**E** To reduce plastic waste generated from game centers, each shop sorts the plastic waste according to the standards of each region and facility and has it treated by a contracted intermediate industrial waste processing firm. Recognizing that a manufacturer is responsible for reducing waste by simplifying product packaging, we reuse plastic bags at the time of shipment and take other necessary actions to keep the packaging as simple as possible.

# Efforts to Reduce Electricity Use in Game Centers

**E** In addition to promoting the use of LED lighting for facilities, we are replacing air conditioning units, mainly at renovated shops. We also use the same electricity supply company for all our shops so it is easier to monitor and optimize the usage for each place. As of March 31, 2019, there are no violations of environmental laws.

## Environmental Data

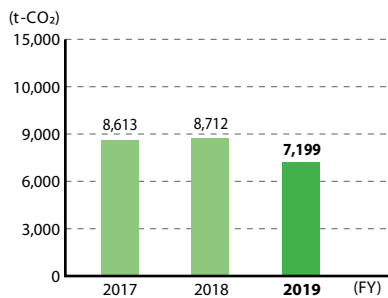
### Scope

Reporting organizations for the aggregation of data: 15 companies

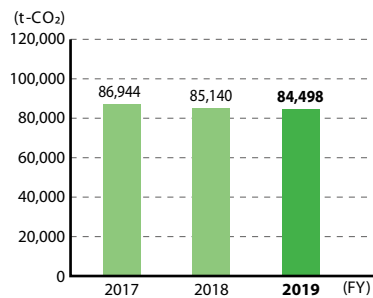
●SSHD/SHD/SAMMY/TOYS/TMS/SNW/PSR/SE/SIC/SGC/SLS/DL/JMS/BTF/JNEXT

\*For abbreviations, see page 2.

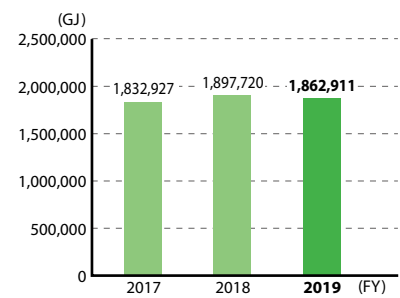
### ● CO<sub>2</sub> Emissions (Scope 1)



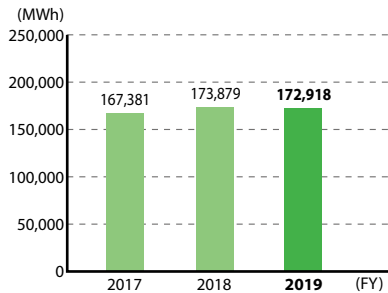
### ● CO<sub>2</sub> Emissions (Scope 2)



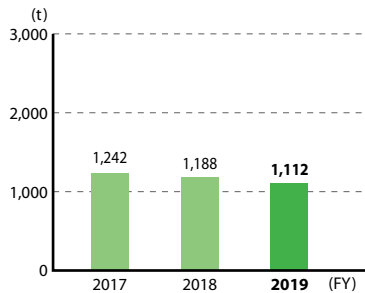
### ● Total Energy Input



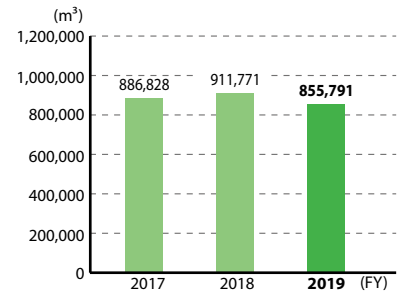
### ● Electricity Usage



### ● 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

		FY2017	FY2018	FY2019	Remarks
Amusement machine recycling rate	Recycling rate (%)	97.21	95.99	95.00	Pachinko and pachislot machines combined
Use of environmentally friendly materials	Amount of lumber used (t)	1,494	566	370	
	Amount of PEFC-certified lumber*	84 t (5.6%)	38 t (6.8%)	51 t (13.8%)	

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

\*PEFC-certified lumber has been 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.



### Nobuyuki Nagashima

Sports Promotion Team Leader,  
Sports Promotion Department,  
Service Strategy Division,  
DARTSLIVE Co., Ltd

I believe that darts is a sport which deserves more recognition than as merely an activity for adults, and it could be added to the Olympics Games. If I set it as a goal and plan backwards, it would be essential to spread the world view of “darts = sport” across all generations. To prepare for such an initiative, I wanted to establish a track record of experiences, so I consulted with Mr. Tasaki, who is a friend and elementary school teacher with whom I play darts. When I watched his students playing darts, they exhibited a rollercoaster of emotions, and I would like to disseminate that excitement throughout the country.

## Unlocking the Potential of Children through Playing Darts!

### DARTS

Supporting the development of the next generation

### Offering a darts program as an elementary school extracurricular activity

The SEGA SAMMY Group offers a darts program in an elementary school as part of its support for developing the next generation.

While I was searching for a new club activity for kids in the fourth to sixth grades, Mr. Nagashima from DARTSLIVE suggested a darts program.

First we had the children experience playing darts to see if they liked it, and the result was better than we had imagined. In 2017 we included darts as a club activity, in which about 20 students now take part. They do everything from preparation to management and cleaning, and this encourages them to exercise their own judgment, while adding up the points manually helps with their calculation skills.

Darts is for everyone regardless of age, gender, and athletic ability. When I see my students playing the game, praising high scorers, competing, and becoming absorbed in it, I feel the impact has been far greater than I initially expected.

### Mikuru Suzuki

Professional darts player

During the Q&A session, many children shared their dreams with me with their eyes sparkling, which was a great experience for me. I hope that there will be additional opportunities for different generations to interact with each other so that darts will gain greater recognition and more fans across generations.



### Makoto Tasaki (left)

Teacher, Yokohama Municipal Morinodai Elementary School



## Social Support

### Sponsoring Tokyo Rainbow Pride 2019



The SEGA SAMMY Group promotes diversity through the achievement of Sustainable Development Goals (SDGs) toward realizing a society in which everyone plays an active role. As part of this effort, we sponsored Tokyo Rainbow Pride 2019 to celebrate the diversity of life and gender while also raising awareness of sexual minority communities, including LGBT. About 40 employees and their families participated in the parade on April 28. We will continue our efforts to realize a society in which everyone can live happily with positive attitudes and be proud of themselves.



### 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 2019, we held these workshops at the various Sega Labs locations, such as shopping centers and public facilities, around the country. Over 1,500 elementary school students and their parents joined the workshops, which are so popular that they sell out immediately. Moreover, we are now offering an experience-based program using robots and drones and are planning to expand its content. We will continue to contribute to society by creating opportunities for children to smile and take part in moving experiences.



### IBD Project 2019 with UC Berkeley Haas



The SEGA SAMMY Group participated in the IBD 2019 (International Business Development) program with the Haas School of Business, University of California Berkeley.

In the program, which has handled 468 projects in 89 countries, IBD teams comprising MBA students work together with clients around the world to solve various problems.

Participating in the program for the first time, the SEGA SAMMY Group formed a project team with five students to address specific tasks with various online and offline approaches. Every day of the program, which lasted for more than half a year, was spent co-creating solutions with the students, who represented different nationalities, including the U.S., Columbia, and India, and it was very exciting for all participants.



### Donating and Disinfecting Toys in Collaboration with NPOs



This year marked the tenth time we engaged in the initiative since fiscal 2010. Working together with the Japan NPO Center, we select NPOs to donate our toys.

In fiscal 2019, hoping to deliver smiles and courage to children who spend most of their time in beds and their family members, we donated about 124 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.

Group employees regularly visit the houses and disinfect toys and stuffed animals so that children and their families feel more comfortable using them. In future we will continue to develop contributions to make all children smile.



Report from Family House on donations



## Supporting Children's Diet



Hoping to be of assistance in supporting children's development through our Group businesses and facilities, we donated vegetables such as potatoes and onions to the Children's Cafeteria, supported by Shinagawa Ward, where the Osaki headquarters is located. The produce had been harvested from an area in the Phoenix Seagaia Resort that we use for growing vegetables for our employee cafeteria. We will continue to actively support children to keep smiles on their faces.



## Campaign to Deliver Picture Books



We have been participating in the Shanti Volunteer Association's Campaign to contribute through entertainment to children living in conflict areas by delivering picture books to them. We purchase picture books with money raised through the collection of unwanted used items from our offices and the homes of our employees. Staff 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 2,472 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.



# SPORTS, THE ARTS AND OTHER CULTURAL ACTIVITIES

## Establishment of the SEGA SAMMY Culture and Art Foundation



As a company that continues to create moving experiences, supporting cultural and artistic development represents an indispensable contribution to society. We also believe that sharing artwork and ideas across society and continuously fostering their creation are far more important. The SEGA SAMMY Group through the foundation will actively contribute to the development of cultural and artistic activities while also promoting efforts towards realizing an abundant society.



Successfully bringing NDT, the world's best dance company, to perform in Yokohama, Japan for the first time in 13 years (special sponsorship)

## 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.



## Support for the Japan Disabled Golf Players Association



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.



## SPORTS, THE ARTS AND OTHER CULTURAL ACTIVITIES

### Junior Sport Festival



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 12th year, the 2019 festival was held from February to June and comprised of lessons for 14 different sports, with over 1,500 children participating. Mr. Ryuji Kawai, a former professional soccer player who played at Consadole Sapporo until 2018, taught in his soccer class in Tomakomai City about the importance of communication and playing with your head.

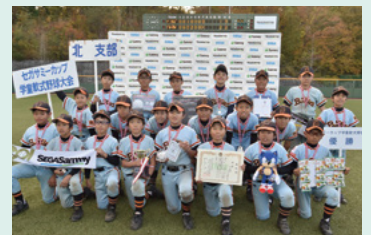
We will continue to make the event even more successful and popular with communities.



### SEGA SAMMY Cup Children's Rubber Baseball Tournament



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's event, the tenth tournament, took place at the SEGA SAMMY baseball field and Takigahara Ground in Hachioji, with 16 teams comprising 321 players competing. On the day of the opening ceremony there were events 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 2,500 participants. We will continue cosponsoring the event with the hope that it becomes a stage upon which children can make their dreams come true.



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



The SAMMY SOCCER PROJECT, which started in November 2017, 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. In April 2019, we held two programs simultaneously, "Soccer Clinic" for young athletes (elementary school students) and "SSP QUESTION" for parents and beginner coaches, and had a total of 300 participants.



### Special Support for the Tokyo Jazz Festival



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 first-rate urban music festival.



## COMMUNITY ACTIVITIES

### Nordic Walking



As a social business using the parkland, Oasis Park began offering the Nordic Walking Class, which involves a form of walking with specially designed poles. Since the park opened in December 2018, six classes have been held up to June 2019, with a total of 300 participants, mainly seniors interested in improving their health and preventing dementia.

The class is very popular among those who wish to extend their healthy life expectancy. From now on, we will offer the class once a month to create an environment in which health-conscious seniors can form communities and enjoy Nordic walking in the parks.



## COMMUNITY ACTIVITIES

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

**SEGA**Sammy

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 2018, nine people including baseball team members visited these places. They gave toys from the SEGA SAMMY Group to children as gifts and played tee ball 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.



### Support for the Koedo Kawagoe Half Marathon 2019

**Sammy**

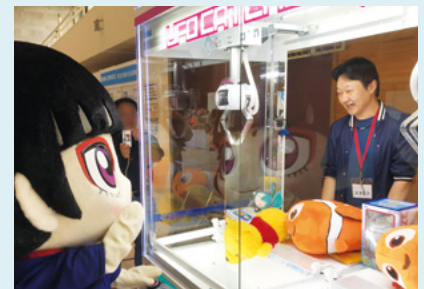
Since the commencement of Koedo Kawagoe Half Marathon in 2010, Sammy has been continuously serving as a special sponsor for the annual marathon held in the area where our Kawagoe Factory is located. Around 10,000 runners participated in the marathon in November 2018.



### Exhibition at the Sakura City Industrial Festival: Sakura Monozukuri Festa 2018



Since 2012, Sega Logistics Service has been participating in the Sakura Monozukuri Festa every year held by Sakura City, where the company is located. In 2018, the company exhibited the UFO CATCHER to many enthusiastic visitors at a permanent booth in the Sakura City Civic Gymnasium, which highlighted various products and technologies offered by local companies. Looking ahead, we will continue working as members of the local community.



### Supporting the Development of Career Choices and Appropriate Professional Behavior for Local Students

PHOENIX SEAGAIA RESORT

In cooperation with local junior and senior high schools and universities, the Phoenix Seagaia Resort offers various opportunities such as experience-based training, lectures, and tours for students to explore career choices and begin to develop professional behavior.

During the professional behavior seminars, presented as on-site classes, students learn important social skills and manners and receive personal guidance on future career or education choices. In addition, high school students studying social welfare tour a barrier-free room inside the resort and receive a one-point lesson about engaging in pleasant social interactions.

We will continue to provide support that is uniquely possible at the Phoenix Seagaia Resort, which reflects a high level of expertise in creating pleasant occasions and spaces for customers, and thereby contribute to the growth of local communities.



Note: Three professional behavior lessons with 390 participants and 2 barrier-free tours with 60 participants were conducted in fiscal 2019.

### OTODAMA SEA STUDIO, Annual Summer Music Event at Miura Beach

WAVE MASTER

In 2019, we brought fresh excitement to the beach in cooperation with the Windsurfing World Cup in May at the neighboring Tsukuihama Beach (Yokosuka City). With the goal of regional revitalization and demonstrating effective use of the beaches during the off-season, this first, extended event offered opportunities to enjoy music, beach sports, and other activities all at one site, with the full understanding and cooperation of Miura City, Yokosuka City, and Kanagawa Prefecture.





#### CSR & SDGs Office

SEGA SAMMY HOLDINGS INC.  
Sumitomo Fudosan Osaki Garden Tower, 1-1-1  
Nishi-Shinagawa, Shinagawa-ku, Tokyo 141-0033, Japan  
Phone: +81-3-6864-2408  
URL: <https://www.segasammy.co.jp/english/>

#### Comparison with Integrated Report

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 “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.

In the integrated report, we disclose financial information and non-financial, ESG information, with a particular emphasis on investors.

INTEGRATED REPORT  
2018



The integrated report is available in the IR section of SEGA SAMMY Holdings’ website.

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

#### 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.