

# **SUSTAINABILITY STATEMENT**

*“No one left behind”*

**GROUP MISSION**  
**Constantly Creating, Forever Captivating**  
— Making Life More Colorful —

SEGA SAMMY GROUP

# SUSTAINABILITY VISION

## Sustainability helps keep life colorful

We at SEGA SAMMY believe our determination to enhance life with a rich and colorful stream of captivating experiences should be reflected in our approach to sustainability.

It is our responsibility to put sustainability at the heart of everything we do, in tandem with our people, society, and the environment.

SEGA SAMMY will continue to pursue this synergy as a company dedicated to the shared experiences of a colorful world.

### INDEX

- 01 Sustainability Vision
- 02 CEO Message
- 05 Sustainability Vision Stories

- 10 The SEGA SAMMY Group's Materiality
- 11 The SEGA SAMMY Group's Sustainability Structure

- 12 The SEGA Group's Approach to Sustainability
- 14 Sammy's Approach to Sustainability
- 15 A Discussion between an External Director and an Executive Officer

- 17 TCFD Disclosure
- 19 Media Policies

# Our driving force for innovation and growth is our belief that a company which does not inspire resonance cannot survive.

Our goal is to contribute to the enrichment of the social environment and the creation of culture through sustainable management, while also achieving continual improvement in corporate value.

## Haruki Satomi

President and Group CEO,  
Representative Director

### GROUP MISSION

**Constantly Creating,  
Forever Captivating**

— Making Life More Colorful —

### SEGA SAMMY GROUP

## SUSTAINABILITY VISION

### Sustainability helps keep life colorful

We at SEGA SAMMY believe our determination to enhance life with a rich and colorful stream of captivating experiences should be reflected in our approach to sustainability.

It is our responsibility to put sustainability at the heart of everything we do, in tandem with our people, society, and the environment.

SEGA SAMMY will continue to pursue this synergy as a company dedicated to the shared experiences of a colorful world.

## Realizing Our Vision for 2030

When formulating our sustainability vision, we focused in particular on social change and the needs of society. As a listed company, our fundamental policy for sustainable management is defined by the principles of the Corporate Governance Code, as the framework for our relationships with stakeholders.

We are also aware of the need to address the Sustainable Development Goals (SDGs). In the past we have tended to work on social initiatives without setting any deadlines, but I believe that there is also need to work tirelessly toward specific goals. By 2030, the target year for the SDGs, the business community is likely to be centered on Generation Z, a group known for their sensitivity to environmental issues.

Our vision defines how we want our company to evolve, and how it should evolve, in the period to 2030, and we are now at the stage of implementing effective plans to realize a sustainable future under that vision.

## Key word: Resonance

I firmly believe that the ability to inspire resonance is vital to a company's survival. Even if a company creates hit products and becomes highly profitable, it cannot look forward to long-term survival without the ability to inspire resonance. It is no longer prudent to choose a company or a job primarily on the basis of profits and past successes. A company must be useful to society, and needed by society. People feel no sense of resonance toward companies that lack those qualities, and they do not want to work for such companies. That attitude is becoming increasingly prevalent today.

How can we inspire this sense of resonance? I believe that the keys are integrity and humility. In the past a company could justify its existence by earning profits. That is no longer true. A company needs to inspire resonance and earn respect, both among its own work force, and also in society in general. Resonance is the key to the improvement of sustainability. I see this as our first priority, and am determined to take effective action to generate resonance within the SEGA SAMMY Group and beyond.

## Raising awareness of the importance of resonance within the SEGA SAMMY Group

The core goal of sustainability management is to achieve a situation that is sustainable from the environmental, social, and governance (ESG) perspectives. This is a grand concept, but individual employees may find it difficult to form a clear picture of what specifically needs to be done. If we can help people to see sustainability management in simpler terms as the things that we must do to keep our company alive, we can modify their mindsets and behavior in a positive direction and encourage them to take ownership of the concept.

I am working to disseminate this approach within the SEGA SAMMY Group by turning my words into action and setting an example through my leadership. In an era characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), some people think that it is acceptable to say one thing in the morning and another in the afternoon. I believe that our goals and vision must be clear and consistent.

I try to set an example by participating actively in company events, such as "SEGA SAMMY Sustainability Weeks" and "Town Hall Meetings", and by engaging in dialogue with employees. I have launched a video feature named Haruki Monthly View Live (HMVL) on our internal portal site. I use this content to raise awareness of our goals by speaking

directly to employees once a month. I recognize the importance of communicating with stakeholders through external messaging, but my first priority is to raise awareness among our employees and modify their behavior patterns as the basis for group-wide reforms.

## Initiatives to benefit stakeholders

We are making unified efforts to reduce not only our own CO<sub>2</sub> emissions, but also the amounts emitted across all of our supply chains.



We are also strongly committed to human rights, including the use of supply chain management to prevent human rights violations in any of supply chains, even in cases that do not involve direct transactions. Specifically, we carry out risk assessments as part of efforts to prevent slave labor and human trafficking by overseas suppliers, especially the contract manufacturers from which we procure toys and prize goods for our Entertainment Contents Business. We are also working to enhance the overall effectiveness of our efforts in this area by applying knowledge and expertise accumulated through collaborative initiatives on human rights with a wide variety of business partners.

In recent years, end users have become more critical in their assessments of business corporations. Once it was enough to offer exciting products, but consumers today also want to be sure that no human rights violations occur during the manufacture of our games. Shareholders, investors, and even end users carry out research into a company's philosophy and stance in order to decide whether or not that company is worthy of their interest. This trend is now part of the business mainstream and is reflected in the growing importance of accountability.

## Diversity, equity, and inclusion as a Global Company

Our goal under our medium- to long-term strategy for the Entertainment Contents Business is to become a global leading content provider. In recent years, people in developed countries have become increasingly focused on issues relating to gender, ethnicity, nationality, and other attributes. I am convinced that we need to work more proactively to raise and maintain awareness of human rights.

The SEGA SAMMY Group supports Black Lives Matter and Stop Asian Hate and has declared its commitment to the eradication of all forms of racial discrimination and violence. Group employees and game fans have reacted positively to these actions. It is a fact of life that whenever an opinion is voiced there will be some form of opposition. However, we are determined to move forward in ways that reflect the unique colors of SEGA SAMMY without fear of criticism. That commitment is expressed in the use of the word "colorful" in our mission statement.

## Tackling negative issues head-on

We enrich people's lives through our business activities relating to Pachislot and Pachinko games, consumer games, arcade games, and other gaming products. However, there are also negative social consequences, including obsessive and addictive disorders. The SEGA SAMMY Group is determined to tackle these issues head-on, and we have identified addiction as a key issue in our Materiality. I believe that SEGA SAMMY is unusual in that it has made a public declaration of this type. When I became Group CEO, I resolved that we should clearly state our determination to find real solutions without hiding these negative aspects.

We also work with various industry organizations to address and prevent obsessive disorders and gaming addiction. One such initiative is an industry-academia research project on gambling addiction at Kyoto University. We aim to respond to the expectations of society by working to minimize the negative aspects of entertainment, while creating even greater positive benefits in the form of captivating experiences that include fun, stimulation, and relaxation.

## Valuing emotions as well as dreams

We provide not only dreams, but also emotional experiences. Entertainment is fundamentally a process of providing enjoyment, but some of our games, pachislot and pachinko machines, movies, and animation products have sad endings. Life is not limited to good experiences, and sometimes we also feel sadness and anger. We add a human dimension to our products by portraying these aspects realistically.

The SEGA SAMMY Group will continue to create exciting experiences through a core focus on entertainment with a rich human dimension, including a full spectrum of emotions. Emotion and diversity are part of our definition of the word "colorful". That is what makes the SEGA SAMMY Group unique.

**Click here to view an expanded version of this article.**

[→ Group CEO message](#)



**GROUP MISSION**  
**Constantly Creating, Forever Captivating**  
 — Making Life More Colorful —



**To create innovative products and services, we need people with diverse values and abilities.**

**Developing people who can create captivating experiences**



*Why?*

**To create captivating experiences, we need to be a game changer.**

Making Life More Colorful—This commitment drives the SEGA SAMMY Group’s global business expansion. By adapting to rapid changes in society and value systems, we will ensure that we can continue to create captivating experiences. We will also maintain our role as a game changer by investing in human resources and the development of systems.

*How?*

**The SEGA SAMMY Group’s vision for HR reforms calls for the creation of an environment in which people can grow.**

The SEGA SAMMY Group’s vision for HR reforms is key to the future of the SEGA SAMMY Group. We are creating an environment in which diverse people can build successful careers regardless of age or gender. We are also developing mechanisms that will enable people to continue their careers after major life changes, such as childbirth and the need to care for young children or ailing family members. We recognize the importance of diversity and equity, and we are committed to respect for human rights, protection of the weak, and the elimination of discrimination and inequity. Through initiatives in these areas, we will create an environment in which every individual can reach their full potential and achieve success.

*What?*

**Our goal is to attract people who can work effectively in the global arena, and to develop leaders who can take up the challenge of innovation.**



Products and Services

**GROUP MISSION**  
**Constantly Creating, Forever Captivating**  
— Making Life More Colorful —



Products and Services

The source of our ability to create exciting experiences, and the most important factor for the sustainability of the SEGA SAMMY Group

**Providing safe, dependable, and innovative products and services**



Human Resources



Addiction



Environment



Governance

## Why?

**We make life more colorful for people everywhere by providing value that exceeds expectations.**

SEGA SAMMY Group companies all have their own visions for the future. SEGA's vision is to be a game changer and a creator of content and services with themes that will excite the world's three billion gamers. Sammy's vision is to create pachislot and pachinko machines that will bring excitement to everyday life and earn the support of diverse users. Group companies in the resort business are dedicated to providing their customers with opportunities for rest and relaxation.

## How?

**We will continue to create products and services that combine safety and dependability with innovativeness.**

Group companies set priorities and strategies for all of their products and services. We disclose these priorities and strategies and monitor progress toward their realization.

## What?

**These efforts result in safe, dependable products and services.**



**GROUP MISSION**  
**Constantly Creating, Forever Captivating**  
 — Making Life More Colorful —



Products and Services

The SEGA SAMMY Group also prioritizes efforts to address issues that have negative aspects for society as a whole.

## Strategic commitment to action on climate change



Human Resources



Addiction



Environment



Governance

## Why?

**We aim to lead the entertainment market in addressing social needs and working toward decarbonization.**

The video game industry and the pachislot and pachinko machine industry have only just begun to implement forward-looking initiatives toward the development of a decarbonized society. The SEGA SAMMY Group will promote activities designed to influence the entire market.

## How?

**We will review our existing business operations and look for new opportunities arising during the transition to a decarbonized society.**

We see the present situation as an opportunity to improve manufacturing efficiency, train highly skilled workers, and enhance our decarbonization technology, while further increasing our added value, through business model innovation and digital transformation (DX). By meeting the needs of customers who require environmentally responsible products and services, we will provide environmental value to society as a whole.

## What?

**These proactive environmental initiatives will ensure the SEGA SAMMY Group's future as an essential contributor to the development of a decarbonized society.**



**GROUP MISSION**  
**Constantly Creating, Forever Captivating**  
 — Making Life More Colorful —



**We will take decisive action to address any increase in negative aspects linked to the expansion of the SEGA SAMMY Group's business activities.**

## Prevention of addictions and disorders



## Why?

**While products and services supplied by the SEGA SAMMY Group help to make life more colorful and exciting, we also need to address the negative aspects, such as addiction.**

The video game industry and the pachislot and pachinko machine industry have a social responsibility to prevent dependence-related problems and other harmful effects. We support the activities of related industry groups and engage in various activities to prevent addiction and other problems.

## How?

**We actively participate in educational initiatives by industry organizations and work with university research institutes on studies concerning dependence-related conditions.**

We ensure that our products and activities are appropriate by complying with laws, regulations, voluntary codes, and other requirements. We also participate in educational programs run by organizations in the video game industry and the pachislot and pachinko machine industry. The SEGA SAMMY Group is currently working with Kyoto University on a research project relating to gambling addiction. The aim of this work is to develop mechanisms to prevent addiction from becoming a serious problem.

## What?

**We will continue our efforts to minimize negative operating impacts by sharing our knowledge of issues and returning benefits from our various initiatives to communities.**



**GROUP MISSION**  
**Constantly Creating, Forever Captivating**  
 — Making Life More Colorful —



Products and Services

Systems to support group sustainability initiatives

**Strengthening sustainability governance**



Human Resources



Addiction



Environment



Governance

## Why?

**The SEGA SAMMY Group needs to maintain sophisticated governance systems to support its growth as a globally active business group.**

As a corporate group listed on the Prime Market of the Tokyo Stock Exchange, we maintain a high standard of compliance with Japan's Corporate Governance Code. In addition to our efforts to prevent fraud and risks, we will also continue to address human rights problems and other social issues.

## How?

**We have created structures to ensure sustainability on a group-wide basis.**

We have created the Group Sustainability Promotion Committee, consisting of representatives of group companies, as a subsidiary organization of the Group Sustainability Subcommittee, which is part of the Group Management Strategies Committee. These organizations form a structure to support group-wide sustainability initiatives.

## What?

**We will continue to contribute to the development of a sustainable society through steady efforts guided by high ethical standards.**

# Materiality-related Activity Plans

Materiality	Activities planned for FYE March 2023 and beyond							
 <p><b>Human resources</b></p>	<ul style="list-style-type: none"> <li>Cultural diversity</li> <li>Active career opportunities for women</li> <li>Development of core human resources</li> <li>Maintenance of work environment</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration of global human resource measures</li> <li>• Disclosure of monitoring data</li> </ul>						
 <p><b>Products and Services</b></p>	<ul style="list-style-type: none"> <li>• Quality improvement and further efforts to enhance safety and security</li> </ul>							
 <p><b>Environment</b></p>	<table border="1"> <tr> <td data-bbox="611 831 801 879">Scope 1 and 2</td> <td data-bbox="801 831 1641 879"> <ul style="list-style-type: none"> <li>• Consideration of overseas emission reduction measures</li> </ul> </td> </tr> <tr> <td data-bbox="611 879 801 1023">Scope 3</td> <td data-bbox="801 879 1641 1023"> <ul style="list-style-type: none"> <li>• Improvement of supplier engagement</li> <li>• Consideration of supplier selection criteria</li> <li>• Consideration of whether reduction targets should be applied to more companies, and when</li> </ul> </td> </tr> </table>	Scope 1 and 2	<ul style="list-style-type: none"> <li>• Consideration of overseas emission reduction measures</li> </ul>	Scope 3	<ul style="list-style-type: none"> <li>• Improvement of supplier engagement</li> <li>• Consideration of supplier selection criteria</li> <li>• Consideration of whether reduction targets should be applied to more companies, and when</li> </ul>	<table border="1"> <tr> <td data-bbox="813 831 1641 1023">TCFD compliance</td> <td data-bbox="813 831 1641 1023"> <ul style="list-style-type: none"> <li>• Strategy update</li> <li>• Consideration of whether disclosure should cover more companies, and when</li> </ul> </td> </tr> </table>	TCFD compliance	<ul style="list-style-type: none"> <li>• Strategy update</li> <li>• Consideration of whether disclosure should cover more companies, and when</li> </ul>
Scope 1 and 2	<ul style="list-style-type: none"> <li>• Consideration of overseas emission reduction measures</li> </ul>							
Scope 3	<ul style="list-style-type: none"> <li>• Improvement of supplier engagement</li> <li>• Consideration of supplier selection criteria</li> <li>• Consideration of whether reduction targets should be applied to more companies, and when</li> </ul>							
TCFD compliance	<ul style="list-style-type: none"> <li>• Strategy update</li> <li>• Consideration of whether disclosure should cover more companies, and when</li> </ul>							
 <p><b>Addiction</b></p>	<ul style="list-style-type: none"> <li>• Collaboration with industry groups on initiatives to address and prevent addiction and gaming disorder</li> <li>• Continuing commitment to addiction research</li> </ul>							
 <p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>• Continuing development of a corporate governance structure that will ensure highly transparent management and contribute to medium- to long-term improvement in corporate value</li> </ul>							

We will steadily implement the materiality initiatives that were first announced in May 2022.

We will continue to set numerical targets and KPIs for the “Human resources” materiality.

Initiatives relating to the “Environment” materiality will include the expansion of Scope 1, 2, and 3 monitoring to Group companies and their suppliers.

We will address the “Addiction” materiality by considering and implementing a range of measures based on initiatives by industry groups.

# Group Sustainability Governance Structure

## Board of Directors meeting of SEGA SAMMY Holdings

Composition of the Board of Directors ..... 5 internal directors, 3 external directors  
 Composition of the Audit & Supervisory Committee ..... 1 internal member, 3 external members  
 Gender breakdown of Board of Directors and Audit & Supervisory Committee members .... 8 males, 4 females

## Group Management Strategies Committee

7 SEGA SAMMY Holdings directors, 4 SEGA SAMMY Holdings Audit & Supervisory Committee members \* Excluding the Chairman of the Board

**Chairman:** President and Group CEO, Representative Director of SEGA SAMMY Holdings ("the Company").

### Group Sustainability Subcommittee (2 meetings per year)

**Chairman:** President and Group CEO, Representative Director of the Company

**Members:** Senior Executive Vice President and Group CFO, directors and Audit and Supervisory Committee members with sustainability-related expertise in their skill matrices, and directors in charge of sustainability at key Group companies

**Secretariat:** Sustainability Promotion Office

- Formulation and revision of the Group sustainability plan
- Formulation of Group targets
- Evaluation of initiatives by Group companies, provision of recommendations and advice



## Group Sustainability Promotion Committee (2 meetings per year)

**Chairman:** General Manager of the Company's Sustainability Promotion Office  
 Directors and staff with sustainability-related responsibilities in Group companies

- Sharing of group-wide policies
- Monitoring of initiatives by Group companies, cross-organizational roll-out of successful initiatives

Sammy Group

SEGA Group

Other business companies

The Group Sustainability Subcommittee was established as part of the Group Management Strategies Committee. The Subcommittee holds management discussions on various topics, including the formulation of Group policies and goals, the status of initiatives by Group companies, and changes to performance targets. The policies and goals of the Group are determined by the Board of Directors of SEGA SAMMY Holdings.

Policies and goals determined through this process are shared with Group companies via the Group Sustainability Promotion Committee. Committee meetings also provide opportunities for Group companies that interact with the public to share insights gained through their business activities, such as requests and feedback from customers and users. In addition, the Group Sustainability Promotion Committee acts as a channel through which initiatives that need to be incorporated into Group policies and goals can be reported to the Group Sustainability Subcommittee for further discussion.

# Amazing SEGA

SEGA enriches lives by bringing captivating experiences into the world. Our mission is to pass along baton of excitement on to future generations.



**EUROPE**



**ASIA**

**JAPAN**



**NORTH AMERICA**



## Expanding Exhilarating Experiences in a Shrinking World

One of the major changes that have occurred during the two-year COVID-19 pandemic has been the shrinking of the world around us. Thanks to rapid advances in digital technology, we can now easily talk to people anywhere in the world. This digital transformation has dramatically reduced the distances that separate people in different parts of the world.

When I was a child, I loved to create new things and show them to my parents and friends. That trait has remained with me in adulthood. People who create things want as many people as possible to experience their creations with a sense of excitement and wonder. At the same time, we enjoy being impressed by things that others have made. I believe that these are basic tendencies in human beings. Our fundamental aspiration is to satisfy these two innate desires through the expansion of our

business activities in a world that has become dramatically smaller. To achieve this goal, I believe that our future growth strategy must focus primarily on efforts to expand our reach by enhancing the quality and quantity of the content offered by SEGA.

If we want to inspire emotion and happiness in people all around the world through our content, we must learn more about our audience. This means that those who create must also have diverse values and mindsets. Overseas employees now make up over 40% of the SEGA workforce, and people from a wide array of cultures and backgrounds work at our business sites. These diverse human resources are the source of our ability to provide entertainment that exhilarates people throughout the world. We will continue to strengthen our unique global studio publishing network with the aim of creating environments in which diverse people can reach their full potential and contribute to the creative energy that drives SEGA.



**Yukio Sugino**  
SEGA CORPORATION  
President and COO,  
Representative Director

## Creating Enriching Experiences for Future Generations

Entertainment cannot exist unless people live in conditions that allow them to enjoy it wholeheartedly and can look forward to a bright future. We provide value by anticipating the same future as our audiences and creating exciting experiences.

One of my responsibilities is to hand SEGA on to the next generation. Since SEGA was first established in 1960, previous generations of SEGA employees have given the world a wide array of content, including numerous games. The baton is now in our hands.

The types of entertainment that we provide and the ways in which we offer it have expanded dramatically on a global scale.

Some people create games, while others are passionate about playing them. Still others love to watch games or provide commentary. These experiences are unfolding in a rapidly expanding ecosystem of exciting gaming experiences and personal interactions.

The world today faces many challenges, including not only environmental problems, but also poverty, hunger, and gender inequality. I am determined to continue our efforts to contribute to the solution of these social issues, so that we can hand on the SEGA legacy of exhilarating experiences to future generations. As I wonder what kind of things and what brilliant culture those future generations will create with our legacy, I dream about how wonderful it would be if those things continued to bring pleasure to people 100 years, 1,000 years in the future.



## Amusement Machine



## Consumer Game



# Improving Sustainability in the Pachislot and Pachinko Machines Business through Offensive DX



Our long-term goal for the Pachislot and Pachinko Machine Business is to become number one in terms of our share of both sales and machines in operation, and to build a stable profit structure. I see DX initiatives as a key element to drive these efforts. DX can be either defensive or offensive. While we will move forward steadily with defensive DX initiatives in such areas



**Ayumu Hoshino**

Senior Executive Vice President  
and COO,  
Representative Director  
Sammy Corporation

as the improvement of operating efficiency, I want us to focus particularly on offensive DX. I see offensive DX initiatives as a driving force for the evolution of our approach to business.

Many outmoded practices and rules continue to hold sway in this industry. In the area of marketing, for example, we still accept orders by telephone or fax. In addition, when we deliver machines to pachinko halls, a witness must be present as a safeguard against fraud, and visual confirmation of delivery is a requirement. These face-to-face processes are a waste of both time and money. If we could digitize these processes, we would no longer need to assign people to these tasks. Other benefits would include the reduction of paper usage and CO<sub>2</sub> emissions. In addition, today's smart\* pachinko and smart pachislot machines allow data to be gathered remotely, which means that the use of fraudulent ROMs or abnormal activity can be detected instantly.

There are many aspects of this industry that Sammy Corporation cannot reform solely through its own efforts. However, as a first step, we can act as a pioneer in the industry by creating new DX-based business models. Through these efforts, we will lay the foundations for consultation between industry

groups and the regulatory authorities on ways to improve the business environment.

We are working to find a comprehensive solution to the problem of open-air dumping, which first emerged as a social problem around 1994. The illegal dumping of pachinko machines is of course unacceptable, but the frequent replacement of these machines is also unsustainable. One possible solution would be to extend the operating lives of machines by connecting them online so that their software could be updated. Obviously this would require lobbying for changes to the existing regulations. The advantages would include a reduced investment burden for pachinko halls, the reduction of the amount of raw materials used in manufacturing, and the elimination of transport requirements.

There is always pushback when we try to change the status quo. However, we will not abandon our efforts. We have a mission and a responsibility as an industry leader to move the entire industry forward toward enhanced sustainability.

\* These next-generation pachislot and pachinko machines allow customers to play games without ever touching a ball, as all exchanges of game balls, game medals, and other items are represented as electronic data. Since there is no physical payout of balls or other items, there is also no need to invest in the equipment needed to replenish or clean machines. In addition, these machines allow for quieter, cleaner pachislot and pachinko halls and help to prevent cases of fraud, such as when people bring in their own gaming balls. These machines also make it possible to monitor ball ejection and payout information remotely, allowing owners to take steps to prevent fraud or problem gambling.

# Diversity

## Achieving Diversity



### Fujiyo Ishiguro

Director of the Board (External)

#### Profile

Fujiyo Ishiguro obtained her MBA at the Stanford Graduate School of Business. In 2000 she was appointed Representative Director, President, and CEO of Netyear Group Corporation. She has been an external director of SEGA SAMMY Holdings Inc. since 2021.

### Yuka Ichiki

Vice President, Executive Officer

#### Role

Yuka Ichiki is Managing Director of the Sustainability Promotion Division of SEGA SAMMY Holdings Inc. She is also Representative Director and President of SEGA SAMMY BUSINESS SUPPORT INC., a special subsidiary of SEGA SAMMY Holdings Inc.

“  
**A highly effective and diverse Board of Directors is vital for sound governance.**  
”

**Ichiki:** I would like to begin by asking about your views on the effectiveness of the Board of Directors of SEGA SAMMY Holdings.

In 2021, I briefed the Board of Directors about our statement as required under the U.K. Modern Slavery Act and spoke to the Group Management Strategies Committee about the formulation of a sustainability vision and indicators. On both occasions, there was very lively discussion, including numerous questions and comments from those present. I knew that past briefings about our statement as required under the U.K. Modern Slavery Act had been quite short from my perusal of the minutes of past Board meetings, so I felt rather nervous as the discussion continued over a much longer time. I also sensed that a major change had occurred.

**Ishiguro:** Since 2014 I have been working as an external director for large corporations and IT start-ups. The role of the board of directors varies from company to company. In the past there were boards that simply rubber-stamped every motion presented.

When I was appointed as an external director of SEGA SAMMY Holdings in June 2021, I was told that discussions had not been especially lively in the past. However, we now have substantial and energetic discussions.

**Ichiki:** SEGA SAMMY Holdings has increased the percentage of external directors to 50%. Other moves to enhance the governance structure have included a decision to shift to the “Company with an Audit & Supervisory Committee\*” structure. What are your views on the diversity of the Board of Directors?

\*SEGA SAMMY Holdings plans to shift to the “Company with an Audit & Supervisory Committee” structure following approval for the move at the Ordinary General Meeting of Shareholders in June 2022.

**Ishiguro:** I was surprised at the high percentage of female directors. Through my work as a committee member for the government's Council for Gender Equality, I learned that around one-third of companies listed on the First Section of Tokyo Stock Exchange had no female board members. Companies in the West are required to have a certain percentage of female board members, but Japan only has targets and has generally tended to lag behind other countries. In contrast, SEGA SAMMY has a high percentage of female board members, and I believe that they have also developed a foundation for sound governance by building a team of people with different backgrounds and specialist fields.

**Ichiki:** We are engaged in an extremely wide range of sustainability-related initiatives. We find it very encouraging to have access to specialized advice and reference materials from external directors and Audit & Supervisory Board members with



expertise in a wide range of fields. We are very grateful for this support. I see this close communication and cooperation on initiatives as a unique attribute of the SEGA SAMMY Group.

**Ishiguro:** We tend to prioritize the monitoring role of boards of directors, but I see interaction between executives, who have extensive industry and corporate knowledge, and directors with specialist knowledge and outside perspectives, as source of growth for companies.

I also attend meetings of the Group Management Strategies Committee, which receives comprehensive briefings about business activities and sustainability from the executives in charge of business operations. I aim to provide useful advice that will contribute to corporate growth.

**Ichiki:** I believe that external directors of SEGA SAMMY have significantly more opportunities to meet with employees than external directors of other companies. Our external directors are involved in a wide range of initiatives. For example, your recent talk session with the CEO, Haruki Satomi, was streamed online as a lecture for our in-house university, the SS-College.



**Ishiguro:** I see the fact that external directors have access to employees as an indication that SEGA SAMMY has an open corporate culture.



**Click here to view the remainder of this article.**

→ [Progress toward diversity, equity, and inclusion \(DEI\) begins when people can interact and achieve genuine understanding.](#)

→ [SEGA SAMMY initiatives on human resources are based on four key indicators relating to the sustainable improvement of corporate value.](#)



# Strategic response to climate change

The disclosure of non-financial information has become increasingly important as the basis for two-way dialogue between companies and stakeholders, including investors. We see climate change as an important management issue for the SEGA SAMMY Group, and we have made it one of the core themes for our management strategies. We have been disclosing climate change-related data in accordance with the TCFD recommendations since the fiscal year ended March 2022.

## Governance

In April 2022, we established the **Group Sustainability Subcommittee\*** within the Group Management Strategies Committee, a corporate body established voluntarily by the Company. The Subcommittee, which is a forum for deliberations on basic policies and material matters relating to climate change, is chaired by the CEO as the person with ultimate responsibility for climate-related initiatives. It debates general aspects of sustainability, as well as formulating plans and policies designed to achieve sustainability goals. It also monitors progress on the Group's initiatives. Plans and policies discussed and formulated by the Group Sustainability Subcommittee\* are implemented after approval by the Board of Directors.

\* The Group Sustainability Subcommittee consists of President, Group CEO, and Representative Director, Senior Executive Vice President and Group CFO, and directors and Audit and Supervisory Committee members with sustainability-related expertise in their skill matrices, and directors in charge of sustainability at key Group companies.

➔ For further information about the Group sustainability governance structure

## Strategy

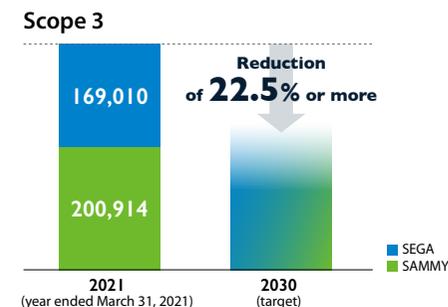
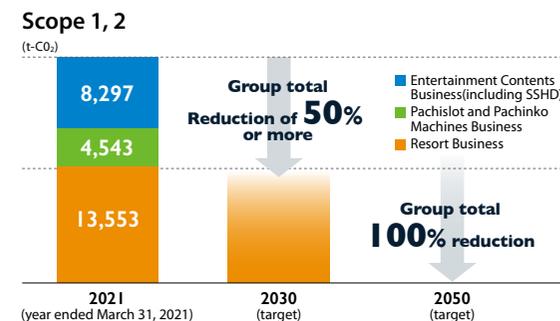
We carried out scenario analyses based on recommendations from outside experts in order to identify climate change-related risks and opportunities and estimate the impact of those risks and opportunities on SEGA SAMMY Holdings and the SEGA SAMMY Group. On that basis we formulated countermeasures designed to ensure strategic resilience based on the projected state of the world in 2030. (See the diagram on the next page "Scenario Analysis Results—Impacts of Risks and Opportunities, Countermeasures")

## Risk Management

In April 2022, we established the Group Risk and Compliance Subcommittee as part of the Group Management Strategies Committee to discuss, verify, and share measures and data relating to risk management, etc. Its work includes risk assessment through verification of the impact and likelihood of risk factors that exist within the SEGA SAMMY Group, and the discussion and verification of countermeasures. The results of these activities are reported to the Board of Directors. Risks relating to environmental issues are studied by the Group Sustainability Subcommittee, which shares its findings with group companies. In group companies, Executive officers in charge of sustainability are responsible for monitoring progress on action plans. The Group Sustainability Subcommittee monitors progress on these activities, shares the information with the Group Risk and Compliance Subcommittee, and submits reports to the Board of Directors. Sustainability perspectives, including climate change, are among the criteria used in decision-making about business portfolios. Sustainability factors are also reflected in major investment and loan decisions.

## Indicators and Targets

Our target in relation to climate change mitigation is to achieve carbon neutrality for Scope 1 and 2 greenhouse gas emissions for our mainstay Entertainment Contents Business and Pachislot and Pachinko Machines Business by 2030, and for all group activities by 2050. Our target for Scope 3 emissions by both SEGA and SAMMY calls for a reduction of at least 22.5%, which is well below the 2°C science-based target. In the current fiscal year we started to conduct surveys of our suppliers with the aim of encouraging the reduction of greenhouse gas emissions.



Scenario Analysis Results —Impacts of Risks and Opportunities, Countermeasures—

Category	Risks/opportunities Item	Timing	Impact on the SEGA SAMMY Group ●... Risk ○... Opportunity	Impact level	Countermeasures
Changes to policies and regulatory requirements	Introduction of GHG emission regulations and carbon taxes	Medium/long-term	● The carbon tax burden will increase if governments adopt tougher climate change-related regulations and apply carbon taxes to greenhouse gas emissions.	Minor	—
		Medium/long-term	● If governments adopt tougher climate change-related regulations and apply carbon taxes to greenhouse gas emissions, manufacturers will pass on the resulting increase in the carbon tax burden, leading to higher procurement costs.	Major	We will continue to enhance our systems, including studies on supplier selection criteria, and the improvement of supplier engagement.
		Medium/long-term	●○ Electric power charges could increase or decrease due to the use of electric power produced using renewable energy.	Minor	—
Efforts to improve resource efficiency	Introduction of new regulations	Short- to long-term	● Manufacturing costs could rise due to a transition to alternative materials (recycled/biomass plastics) with smaller environmental footprints in response to tougher regulations.	Major	We will also take the reduction of manufacturing costs into account when considering changes to product materials.
	Relocation of highly efficient buildings	Medium/long-term	○ By centralizing head office functions in Sumitomo Realty & Development's Osaki Garden Tower, which has advanced environmental systems and features, we will reduce greenhouse gas emissions and curb cost increases resulting from the future introduction of carbon taxes.	Minor	—
	Recycling/reuse	Short- to long-term	○ We will reduce costs by recycling used amusement machines and reusing parts.	Minor	—
	Reduction of parts, materials, and packaging through environment-focused changes to marketing formats	Medium/long-term	○ We will reduce the cost of parts, materials, and packaging, etc., by shifting to environment-friendly marketing formats for online game sales and sales of amusement machines.	Major	We will work to reduce environmental loads by building partnerships with platformers that are implementing environmental countermeasures. We will reduce environmental loads by switching to interchangeable parts for amusement machines and minimizing the use of replacement parts.
Physical changes in the environment	Increasing seriousness of abnormal weather events	Medium/long-term	● Sales could decline due to damage and shutdowns affecting manufacturing facilities and offices.	Minor	—

—Analysis Methods and Assumptions—

When conducting scenario analyses, we referred to existing scenarios published by the International Energy Agency (IEA), and the Intergovernmental Panel on Climate Change (IPCC). We projected two world situations based on one scenario in which the increase in the average world temperature since the industrial revolution is held to less than 2°C (the 2°C scenario), which is the target under the Paris Agreement, and another in which no policies or systems are introduced and the average temperature rises above the present level (the 4°C scenario).



### Sustainability Statement (PDF)

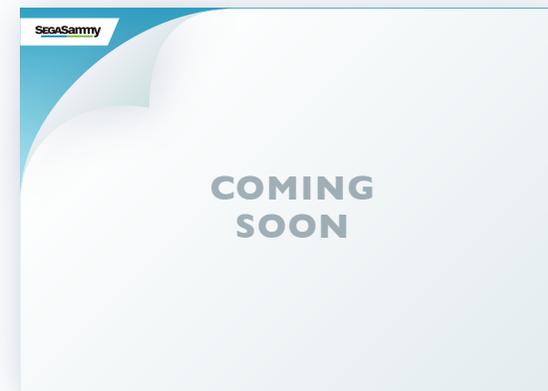
This document is published as a special issue of our Sustainability Report, which is released every fall. In addition to the new Sustainability Vision adopted in May 2022, the Sustainability Statement also includes information about the five priority areas that make up our Materiality, management messages, discussions between an external director and an executive officer, and information about the Group's sustainability and governance structures.



### Sustainability Website

For more detailed information, please visit the new sustainability website that we created in May 2022. We plan to update the content of the website as required. The site also provides access to records of past activities.

<https://www.segasammy.co.jp/english/sustainability/>



### Sustainability Report (PDF, to be released in the fall of 2022)

In the fall of 2022, we plan to issue a new Sustainability Report containing information about our activities over the past fiscal year.

**SEGA**Sammy

The logo features the word "SEGA" in a bold, black, sans-serif font, followed by "Sammy" in a similar font but with a lowercase 's'. Below the text is a horizontal line that is blue on the left and green on the right.