Materiality Initiatives

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.

GROUP MISSION

Constantly Creating, Forever Captivating

- Making Life More Colorful -





Material Issues to Be Addressed







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Issues Capturing and Materiality Evaluation



In 2019, our group's corporate board meeting formulated management policies for CSR and SDGs and set three import-

Mar Non

Between 2016 and 2020, SEGA SAMMY Holdings received the "Sustainable Management Diagnosis" conducted by the Committee for the Promotion of Management Diagnosis to visualize strengths and issues related to sustainability. ant themes to be addressed. They are "Improvement of job satisfaction and diversity, and elimination of inequity", "taking action on addiction", and "addressing the social issue of super-declining birthrate and aging society."

were raised, to the Board of Directors meeting,

Issues Identification



responses" as our group's materiality.

materiality framework by referencing the "SASB Standards." of "Constantly Creating, Forever Captivating."

Setting and Approval of Materiality



In April 2022, our Group Sustainability Session approved the current materiality content and disclosure of the materiality, and the Group Management Strategies Committee (now the Group Management Committee) subsequently held discussions. Following these discussions, the Board of Directors granted its approval.



Progress Monitoring and Reviewing Materiality



Group companies establish their actual action themes, numerical targets, and deadlines for each materiality. They created a flow for periodically monitoring progress by setting medium-term goals based on the materiality themes and holding yearly Group Sustainability Session and Group Sustainability Promoting Meeting to report and assess their progress. We periodically report the entire group's progress in the financial results briefings and integrated reports to our stakeholders, and also share this information on our internal and external websites.

ing communication with our stakeholders.



Materiality Identification Process

In April 2019, the assessment committee organized by professional members of management, human rights, environment, and more, along with our CSR, SDGs Promotion Department manager (current Sustainability Department) organized a stakeholder dialog. We engaged in many discussions to identify our group's unique materiality on the comprehensive perspective by giving feedback from meetings with investors, stockholders, and employees, where opinions and requests

In 2019, we set four issues, including the three important themes to be addressed written above, and added "Environmental

- In 2020, we evaluated the set materiality themes to ensure their relevance to our businesses. We then redefined the
- The current five materiality themes were identified by focusing on the value created by our core businesses to meet social needs, achieve a sustainable society, and continuously enhance corporate value, all aligned with our group mission

Opinions and requests from our stakeholders are scrutinized in the Group Sustainability Session and then reviewed and updated to the optimized form after identifying issues by taking into account the importance of social problems and management issues in the context of the social condition, international trends, and external environment, all through ongo-

> Evaluation by Group Sustainability Subcommittee and Group Sustainability **Promotion Committee**

External disclosure of progress

Engagement with stakeholders

Confirmation of issues, review of action themes for optimal format

Human Resources

Developing People Who Can Create Experiences That Move the Heart



Main Activities and Milestones 2030 Targets Culturally diverse human resources*1 SSHD*, SEGA, Sammy Monitoring of quantitative targets (annual) Approx. 900 people-(approx. 21%-) Expanding scope for disclosure of companies Percentage of women in managerial positions Whole company Updating existing initiatives, adding new initiatives (annual) Approx. 8%-(Approx, 80 people-) SSHD*. Reexamining target figures and SEGA, Sammy reconsidering action plan Amount invested in education ¥4.0 billion or more cumulatively Exploring of culturally Implementing culturally SEGA **Engagement score** diverse human resource diverse human resource Building a global system measures measures 58^{*4} or above/Rating A^{*5} or above Reviewing disclosure policy and Group Implementing companies examination of action plan the action plan

* SEGA SAMMY HOLDINGS INC.

Four Key Indicators in Human Capital

Companies included 1 2 3: SEGA SAMMY HOLDINGS, SEGA (Japan), Sammy,

4: Major Group Companies in Japan 1 Developing culturally diverse^{*1} human resources 2 Active career opportunities for women Number of people (ratio) Percentage of women in managerial positions approx. 21% or above Percentage among Group companies included Approx. 15% Approx. 17% Approx. or above Approx. 6% Approx. 5%*2 900 people 554 people 658 people (72 people) (42 people) FY2031/3 (Target) FY2022/3 As of December FY2023/3 2021 April 1, 2023 2030 (Results) (Target) *1 Certified based on numerous criteria, such as being a foreign national, having overseas residence *2 Percentage of management positions held by women (including specialists) experience and multicultural experience, and having a certain level of proficiency in languages such as English or Chinese. Human resources who can deal with diverse cultures and use their experi ence in their work Over the second seco 4 Maintenance of work environment Amount invested in education Engagement score ¥4.0 billion*3 or more cumulatively 58 or above Average ¥0.47 billion / ¥0.45 billion (Rank A or above 50.1*4 52.8 vear Approx. year (B*5) (BB) ¥0.15 billion / year 2021 March 2023 2030 FY2022/3 FY2023/3 FY2031/3 (Target) As of December (Target) (Results)

*2 Cumulative investment from FY2023/3 to FY2031/3





*4 Source: Link and Motivation Inc, engagement score based on motivation cloud *5 Engagement rating

MESSAGE

A Message from the Head of Human Resources

Promoting human resources strategies for business transformation

Makoto Takahashi Executive Vice President. Executive Officer

Formulating the HR Transformation Vision

Through structural reforms, the Group has been able to evolve into a structure capable of generating stable earnings. We have achieved the original final year targets of our current medium-term plan ahead of schedule.

Looking at the rapidly changing market environment and user trends from a long-term standpoint, however, it is clear that constant evolution of our business model will be needed. Without it, we cannot expect sustainable growth in the future, and instead can expect that the risks we face will only increase.

Spurred by this sense of urgency, we have positioned "transformation" as the core theme of the Group's human resources strategy. To advance this transformation, in November 2020 we formulated the HR Transformation Vision, which articulates our ideal image for our organization and our human resources.

Fortunately, our Group is full of human resources who genuinely love our products and services. They have a mindset of wanting to deliver those products and services to more users and embracing change to make that happen. That is why the HR Transformation Vision has gained such good traction within the Company, with clear signs of change.



Linking management strategy and human resources strategy

SEGA SAMMY has listed "Human Resources" as one of its material issues to be addressed.

As user needs diversify and businesses become more global, creating new products and services to attract new users will become increasingly important. To adapt to this situation, we are focusing on hiring and training multicultural human resources who understand diverse cultures and values. We are building an environment where women can play a more active role and investing in education for each and every employee to hone their skills. We are also building a workplace where these diverse human resources can work with vigor and enthusiasm.

In the next medium-term plan, which is currently under discussion, we will further strengthen the links between our management strategy and human resource strategy. We must be able to flexibly allocate appropriate human resources so that we are not hindered by a lack of human resources when implementing our new strategy. To achieve this, we will need to visualize what kind of skill set each employee has and build a database based on these insights. By doing so, we can specify the skills that are important for the future of the Company, using those parameters as we design various human resource development programs.

I believe that if we can create such an environment, we will further increase our internal momentum toward new challenges, which will in turn accelerate our transformation and growth

Products and Services

Providing Safe, Dependable, and **Innovative Products and Services**



Main Activities and Milestones		2030 Targets
Whole company Updating existing initiative	es, adding new initiatives (annual)	
SEGA Global branding of existing IP	Creation of a "Super Game"	Global leading contents provider (Entertainment Contents Business)
Sammy Promotion of user-oriented development/ Brush-up with a test-shoot evaluation system		Win a "triple crown"—top share in utilization, installation, and sales (Pachislot and Pachinko Machines Business)

Quality Improvement

E Evaluation Team that Supports the Fun of Each Title

At SEGA, we have an in-house evaluation team that assesses the titles we develop for smartphones and video game consoles by measuring the level of fun that they offer.

The evaluation team objectively assesses the titles, comparing the final version against the concept set by the development department at the time of game planning. The team checks whether a unique appeal has been achieved for the title, and whether customers can enjoy the game as originally intended. The evaluation result is also used by management and the development department to review and discuss the development status, and helps improve the quality of SEGA's games.

Our global evaluation teams collaborate closely to gather feedback from the main target markets so that it can be used in the development process. This helps to ensure that the game is enjoyable in a way that meets our customers' expectations.



Launched on October 17. 2023. Sonic Superstars is an all-new title in the Sonic series. In this game, players can also enjoy the series' first offline multiplayer mode, which can be played with up to four players, as well as battle mode, which can be played both offline and online. While preserving the 2D side-scrolling feel of the original Sonic, this completely new high-speed action game also reimagines and evolves the gameplay with 3D graphics. The evaluation team is also supporting the tackling of new challenges in this latest entry in the Sonic series.



Sonic Superstars ©SEGA

P User-oriented Development Process

While planning, Sammy uses data-based market analysis and hypothesis validation to identify targets and needs. We have also put in place a system for enhancing the level of perfection with a unique test-shoot evaluation system that provides more user-oriented evaluations.

P Brush-up Using Highly Unique Test-shoot Evaluation

Sammy is leveraging industry-leading human resources for development to deploy a massive 100-people scale test-shoot evaluation into the development process. In addition, we have installed a mock hall (Parlor Sammy) that closely resembles the actual play environment, and are working to refine our products. These efforts have led to the creation of hit titles such as Pachislot Kabaneri of the Iron Fortress and Smart Pachislot Hokuto No Ken.

PARLOR

- Large-scale test-shoot evaluation system with 100 people scale
- Preparation of mock hall environment
- Combination of detailed attribute data and product evaluation

Safety and Security

E Initiatives of the Global Product Operations Division

SEGA is increasing its connections with customers through the multi-platform global expansion of our game titles. Simultaneously releasing a game globally across several platforms calls for a number of processes to be brought together thoroughly and seamlessly. We must ensure that game quality meets the standards of each platform and of SEGA. At the same time, we must observe the laws and regulations of each country and region where the game is released, while also localizing the game into many languages and ensuring that the creative expression of the game is preserved and appropriate.

In response to this situation, the Global Product Operations Division is working to develop guidelines for various workflow at SEGA's development and publishing sites in Japan, Asia, North America, and Europe with the aim of improving execution accuracy and optimizing its processes. In addition, the Global Product Operations Division shares information such as laws, regulations and guidelines that should be complied with in the target region on the company's intranet. When any of these are revised, the division offers support to ensure that each global business site appropriately implements the required response, including providing materials and holding study sessions as necessary.

With SEGA entities all around the world working together, the Global Product Operations Division serves as a hub for the development of game titles that customers of all ages and backgrounds can enjoy safely and with peace of mind

P Thorough Quality Assurance System

Sammy has put in place a thorough safety management system. It has established a Quality Assurance Department as a dedicated organization in its commitment to ensuring zero major defects that would affect personal physical safety.

In addition, we conduct not only in-house quality audits, but also audits of domestic and overseas cooperating factories utilizing online as well









Environment

SEGASAMMY Colorful Carbon Zero*1



*1 SEGASAMMY Colorful Carbon Zero is the name of the action plan to promote the Group's efforts to reduce greenhouse gas emissions "Colorful" conveys the idea of using a variety of measures to achieve zero carbon emissions

Our Efforts for 'Environment'

The SEGA SAMMY Group has been working on effectively using energy, reducing the environmental load from offices and production bases, and environmentally conscious design of products/services to combat global warming. In May 2022, we set a guantitative target for reducing greenhouse gas (GHG) emissions. In Scope 1 and 2, we aim to reduce group-wide emissions by around 50% by 2030 based on the fiscal year ended March 2021 and achieve carbon neutrality by 2050. In Scope 3, SEGA CORPORATION and Sammy Corporation, the Group's major operating companies, aim to achieve a more than 22.5% reduction that meets the SBT*2 standard by 2030. This endeavor will be realized through engagement with suppliers, including supplier surveys and collaboration to address climate change issues.

*2 Companies set greenhouse gas emission reduction targets in alignment with the Paris Agreement's requirements and scientific evidence, with a focus on the next five to fifteen years.

SS Transition to Alternative Fuel Vehicles and Implementation of Photovoltaic Systems

To reduce our group-wide Scope 1 (direct) emissions in Japan, we plan to replace company vehicles used by sales departments. production and development departments, and executives with environmentally friendly vehicles. We also plan to gradually transition to non-gasoline vehicles by comprehensively assessing the price, load capacity, and selection options for leased company vehicles.

To reduce our Scope 2 (indirect) emissions, we plan to gradually transition to green power (or renewable energy), using green power certificates to offset any shortfalls.

SEGA SAMMY Group Scope 1 and 2 Greenhouse Gas Emissions



P Enhancing Reuse, Expanding Standardization of Parts, and Introducing Smart Pachislot Title

At Sammy, we are actively working to reduce Scope 3 emissions by promoting reuse and minimizing excess inventory. As part of these efforts, we have established a dedicated project team to reduce our environmental burden. Comprising members from the production, development, and sales departments, the new team evaluates various strategies to achieve this goal, including the adoption of materials with lower environmental burden.

Furthermore, in our efforts to reduce energy consumption by pachislot and pachinko machines, we have initiated the introduction of pachislot machines equipped with adjustable brightness functions. We have also begun offering smart pachislot machines, known for their lower power consumption. In the future, with a view to realizing machines that can download and replace software, which would eliminate the need for replacing hardware itself, our commitment to minimizing our environmental burden will continue.

Roadmap to Carbon Neutrality





Environment Disclosure Based on TCFD Recommendations



The Purpose of Expressing Support for TCFD and Participating in the TCFD Consortium

The Group has implemented climate-related financial disclosure in line with the TCFD framework since 2022.

In June of the same year, the Group announced its endorsement of the key recommendations of the final report (TCFD Recommendations) of the Task Force on Climate-related Financial Disclosure (TCFD), which provides a framework for climate-related information disclosure and serve as guidelines to verify the adequacy of the Group's measures related to climate change. In addition, as member of the TCFD Consortium, which comprises companies and financial institutions supporting the TCFD, we are actively exchanging information with other supporting companies and financial institutions to ensure more effective information disclosure.



Governance

Strategy

As an organization to discuss and deliberate on the fundamental policies and critical matters related to the Group's climate change, we established the Group Sustainability Subcommittee within the Group Management Committee, an optional committee, in April 2022. The Group Sustainability Subcommittee comprises the President and Group CEO of the Company, as well as directors and members of the Board Audit Committee who are consistent

with sustainability in the skills matrix of the Board of Directors. Additionally, it includes the CFO of the Group, ensuring compliance with TCFD disclosure requirements. The Sustainability Division of the Company manages the secretariat.

The Board of Directors receives reports on the policies and plans developed in the Group Sustainability Subcommittee and approves them as appropriate.

To assess the potential risks and opportunities arising from future climate change and their financial implications for our business activities, we have conducted scenario analysis methods using the TCFD framework.

We disclose the results of our scenario analysis based on

three axes: short-term (within 2 years), medium-term (over 2 years to within 10 years), and long-term (over 10 years) for the timing of the emergence of climate change-related risks and opportunities that are expected to have a significant impact on the Group.

Scenario Analysis Results (Risks/Opportunities, Financial Impact)

Category	Risks/opportunities item	Timing	Impact on the SEGA SAMMY Group [🛑 Risk 🔵 Opportunity]	Impact level
Changes to policies and regulatory requirements	Introduction of greenhouse gas emission regulations and carbon taxes	Medium/ long term	• The carbon tax burden will increase if governments adopt more brutal climate change-related regulations and apply carbon taxes to greenhouse gas emissions.	Medium
		Medium/ long term	 If governments adopt more brutal 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. 	Large
		Medium/ long term	Electric power charges could increase or decrease due to the use of electric power produced using renewable energy.	Small
Efforts to improve resource efficiency	Introduction of new regulations	Short to long term	 Manufacturing costs could rise due to transitioning to alternative materials (recycled/biomass plastics) with smaller environmental footprints in response to tougher regulations. 	Large
	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. 	Small
	Recycling/reuse	Short to long term	We will reduce costs by recycling used amusement machines and reusing parts.	Small
	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.	Large
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.	Small

Short term: within 2 years, Medium term: over 2 years to within 10 years, Long term: over 10 years

Carbon Pricing

For carbon pricing, which can be quantitatively evaluated based on the third-party assurance of greenhouse gas emissions, we have calculated based on the following method.

In the future, we will continue to explore the possibility of disclosing quantitative evaluations for items beyond carbon pricing.

Greenhouse gas emissions (Scope 1 and 2) were calculated by multiplying the emission unit by the activity volume and multiplying it by the assumed carbon tax price for

Scenario	2030	2050
1.5°C scenario	–¥530 million	–¥950 million
4°C scenario	–¥160 million	-¥340 million

*1 Assumed carbon tax price: (1.5°C scenario) US\$140/t-CO₂ in 2030, US\$250/t-CO₂ in 2050, (4°C scenario) US\$42/t-CO₂ in 2030, US\$89/t-CO₂ in 2050 (quoted from IEA (World Energy Outlook 2022)), assuming an exchange rate of US \$1=¥135 (adopting the AR at the time of our third quarter results for the fiscal year ended March 2023)
*2 Assuming that Scope 1 and 2 are targeted, greenhouse gas emissions are the same as in the fiscal year ended March 2022.

Risk Management

The Company has identified climate change-related risks expected to significantly affect the group as follows:

• Risks related to the "transition" to a low-carbon economy Climate change policies, regulations, technological development, market trends, and evaluations.

Indicators and Targets

Metrics Used by the Organization to Assess Climate Change-Related Risks and Opportunities in Line with its Strategy and Risk Management Process

The Group has established greenhouse gas emissions (Scope 1, 2, 3) as a metric for managing climate change-related risks and opportunities.

SEGA SAMMY Group Scope 1, 2, and 3 Greenhouse Gas Emissions Performance for FY2023/3

Category	Emissions (t-CO2)	Share (%)
Scope 1	9,075	1.1
Scope 2	14,459	1.8
Scope 3	768,058	97.0
Total of Scope 1, 2 and 3	791,592* ³	100.0

*3 Figures predate third-party guarantees and may be subject to change



each 1.5°C scenario and 4°C scenario to assess the impact of carbon pricing.

In 2030, the projected carbon tax burden was ¥530 million in the 1.5°C scenario and ¥160 million in the 4°C scenario, and in 2050 it would be ¥950 million in the 1.5°C scenario and ¥340 million in the 4°C scenario. Our ongoing commitment is to reduce greenhouse gas emissions by around 50% by 2030 and achieving carbon neutrality by 2050 as a group-wide objective.

• Risks related to "physical" changes caused by climate change Acute or chronic damage caused by disasters brought about by climate change

In addition, for climate change-related risks anticipated to have a significant impact, we evaluate their importance based on the impact assessment criteria using internal indicators.

Scope 1, Scope 2, and, if Applicable, Scope 3 Greenhouse Gas Emissions and Related Risks

The Group has been working on calculating the greenhouse gas emissions of the entire group since FY2015/3.

For FY2022/3, the Group has obtained third-party assurance from SOCOTEC Certification Japan for Scope 1, 2, and 3 greenhouse gas emissions.

Addiction

Prevention of Addictions and Disorders



Main Activities and Milestones	2030 Targets
SEGA Survey and research on gaming disorders conducted by four gaming-related organization in Japan	Compliance with laws and regulations, voluntary rules related to addiction, etc.
Sammy Promotion of measures to combat addiction such as gambling, primarily with Industry Organizations	Contributing to the sound development of the industry
SSHD* Monitoring of industry-academia collaborative research results with Kyoto University	Implementation of industry-academia collaborative research on addiction
* SEGA SAMMY HOLDINGS INC.	

Proactively Addressing the Increasing Impact of Negative Aspects as the Business Expands

Compliance with laws, regulations, voluntary rules, etc.

Engagement in industry organization initiatives

Implementing SEGA SAMMY's own initiatives

Collaboration with Industry Groups

E At the World Health Assembly in May 2019, the World Health Organization (WHO) recognized "gaming disorder" as a disease, defining it as a pattern of excessive online and video gaming. In Japan, the Computer Entertainment Supplier's Association (CESA), the Japan Online Game Association (JOGA), the Mobile Content Forum (MCF), and the Japan eSports Union (JeSU) jointly established a study group to conduct surveys and research relating to phenomena triggered by game play, and to educate the public about appropriate ways to enjoy video games. In April 2023, a report entitled "Survey and Research Results on Gaming Disorders" which this study group has outsourced to external experts and conducted by them was published.

The Group will continue to address these issues appropriately in cooperation with the study group aiming to foster the healthy development of the video game industry.

Addiction Countermeasures in the Pachislot and Pachinko **Machines Business**

P Support for the Recovery Support Network, the Telephone Helpline Services

The Group began to implement initiatives against addiction following the establishment of the Society for Research on Pachinko Addiction in 2003. The Recovery Support Network (RSN), founded in 2006 with the support of various groups within the industry, has also introduced a wide range of initiatives, including awareness-raising activities and telephone helpline services.

P Activities during Pachislot and Pachinko Addiction Awareness Week

Pachislot and Pachinko Addiction Awareness Week is held in Japan every year from May 14 to May 20 with the aim of raising awareness about pachislot and pachinko addiction. Centered around Awareness Week, in addition to holding forums to broaden understanding of these issues, industry organizations are also engaged in Awareness Week poster campaigns and other activities. The Group will continue to support and contribute to the sound development of the industry through these activities.

Addiction Countermeasures in the Pachislot and Pachinko Industry

- 2003 Establishment of the Society for Research on Pachinko Addiction
- 2006 Establishment of the Recovery Support Network (RSN)
- 2017 Release of a statement on pachinko/pachislot addiction
- 2018 Replacement of pachislot and pachinko machines with new models that comply with revised regulations Establishment of the Advisory Council on Addiction Countermeasures in the Pachinko and Pachislot Industry (a committee of independent experts)

Industry-Academia Joint Research Project on Gambling Addiction

SEGA SAMMY HOLDINGS and Kyoto University are jointly conducting a process research project* on gambling addiction, involving the collection and analysis of data related to the progression of gambling behaviors. The goal of this research is to identify early warning signs of dangerous gambling behavior by collecting and analyzing playing data from casinos.

The Group intends to utilize the findings from this research to establish systems for the early identification of players displaying signs of addiction, aiming to prevent further escalation. Additionally, we plan to create facility operations that promote self-control and restraint among users. This approach will help us build an integrated framework for addressing gambling addiction, covering education and prevention and treatment in cooperation with medical institutions and other organizations.

To date, our studies have analyzed playing data, particularly concerning the influence of prior wins or losses on subsequent betting behavior in the process of repeated gambling sessions. We have concentrated on analyzing playing data from the card game baccarat. Results from the joint research showed that repeated gambling behavior results in a tendency to increase the size of bets, regardless of whether the gambler wins or loses, and that this pattern is especially pronounced after a win. It was also found that the percentage of individuals engaging in risky gambling tends to rise after repeated wins. These findings were also published in the research journal International Gambling Studies.

* This research project is being conducted from December 2017 to March 2026 at the Kokoro Research Center Kyoto University

E Entertainment Contents Business P Pachislot and Pachinko Machines Business Resort Business SS Group

- 2019 Formulation of Basic Guidelines for Addressing Pachinko Addiction Formulation of Basic Guidelines for the Pachinko and Pachislot Industry for Addressing Addiction
- 2020 National Police Agency expresses expectations for promoting measures to address addiction and urges at a meeting of the Board of Directors of the Japan Federation of Gaming Business Associations

ESG Risks and Countermeasures in the Value Chain

Recognizing that the various ESG risks faced by different face-to-face markets and business models confront different types of risk, our group has taken steps to address these risks and has identified key themes for contributing to sustainable management.



fore, the provision of ongoing support is necessary. Any shortcomings in such support could

Response Normally, we respond to customer inquiries through a player support helpdesk. If needed, however, we establish dedicated helpdesks.

harm brands.

Response Research has begun by external

experts with a fair, neutral, professional background, led by game organizations such as CESA, JOGA, MCF, and JeSU.

With the support of the four groups, a bench-marketing study has been launched to look at appropriate measurement criteria and the characteristics of game addiction to support further research, such as understanding the scale of problem gaming, its causes and protective factors.

Pachislot and Pachinko Machines Business 3 2 Planning and Manufacturing development Addiction and improper Regulator revisions, etc.

Before they can be sold, pachislot and pachinko machines must receive approval through prototype testing, which determines whether machines are compliant with the Act on Control and Improvement of Amusement Business, etc and other statutory laws and regulations. Therefore, regulatory revision can significantly affect the marketability and unit sales of pachislot and pachinko machines.

Response We are taking steps to increase efficiency with the aim of accelerating development so that we can swiftly respond to regulatory revisions, etc. In addition, we have to address the risk of a potential drop in the ratio of products receiving approval through prototype testing while also developing models with diverse gameplay that a wide range of users can enjoy casually. Our goal is to improve the quality of our products, in parallel with efforts to rapidly address changes to regulations.

Growing public criticism about pachislot and pachinko addiction and the improper modification of pachislot and pachinko machines or improper playing techniques, could harm the image of this industry. There is a risk that this could ultimately lead to a contraction in the pachislot and pachinko machines market. **Response** To support the sustainable development of this industry, we are actively working with industry organizations to control addictive behavior. We also provide backing for

the industry's image

manufacture of pachislot and pachinko unfounded.



Any litigation filed against us or any penalties incurred from regulatory authorities for violations of laws or ordinances may undermine our brand image and possibly affect our participation in the facility operation or Gaming businesses.

Response Under the Group Risk and Compliance Promotion Committee, we are working to build a corporate structure that fosters the development of sound corporate management in observance of laws, ordinances, and societal norms.

based on the Gacha system, which encour-

ages gambling aspects, are not infrequent.

Response We provide safe and trusted

products and services. For certain titles, we have

applied age authentication to set upper limits

on monthly fees, and we have established and

implemented in-house guidelines to avoid the

use of vague terms that can give players overly

high expectations and to prevent the charging of

excessive fees. We also create experiences that move the heart for people worldwide by providing various types of gameplay for diverse users.

measures for this issue.

Content vendors are required to take counter-



Recovery Support Network and are developing machines with more casual gameplay. In terms of efforts to prevent improper modifications, we coordinate with industry associations in a voluntary drive to collect pachislot and pachinko machines that have been improperly modified. In addition, we have established an internal office tasked with preventing illegal acts, which gathers market information and contributes to the machines that are highly resistant to improper modification. We also take measures to urge caution in relation to strategy guides that are

Environmental burden of raw materials and the processing of recovered and surplus parts

Sammy's manufacturing processes could give rise to surplus electrical parts and other parts. We use natural resources, such as wood, and materials that could place a burden on the environment, such as adhesives. Appropriately processing pachislot and pachinko machines at the end of their service lives is an important responsibility.

In-house

External

Response We are committed to the "3Rs" (reduce, reuse and recycle) throughout all our business processes. At the design and development stages, we are working to standardize parts and share parts between pachislot and pachinko machines, and we reuse the parts from machines we collected from Pachinko halls. We are promoting the use of water-based adhesives with less environmental impact.

Our reuse initiatives are aimed at mitigating environmental impact, but a parallel objective is to improve the profitability of our businesses by increasing efficiency through the use of common parts to reduce parts costs.

Careful assessment of investme opportunities in the Gaming area

Measures against addiction



Lack of responsiveness to social demands for measures against gambling addiction could invite public backlash and jeopardize business continuity.

Response Through industry-academia joint research with Kyoto University, we are working to develop systematic measures against gambling addiction.

By analyzing behavioral data from players showing signs of gambling addiction, we aim to establish a system that rapidly detects addiction and prevents behavior from escalating.

Non-Financial Data

Human Resources Data



Note: The number of employees increased in fiscal year 2020, mainly due to the transfer of temporary workers in the Entertain ment Contents Business to permanent employment contracts.

Employees Rehired after Retirement

People Hours '20 '21 '22 '23 (F



Number of female managers Percentage of female managers

Average Overtime Hours per Month





Note: The new employee turnover rate indicates figures for SEGA SAMMY HOLDINGS, SEGA, and Sammy only.

Employees Taking Childcare Leave and Percentage of Employees Returning to Work after Childcare Leave



Number of employees taking childcare leave
 Percentage of male employees returning to work after

childcare leave Percentage of female employees returning to work after

childcare leave

Other Indicators					(FY)
	2019	2020	2021	2022	2023
Mid-Career Hires (People)	224	196	97	131	310
Hiring of Persons with Disabilities*1 (People)	94	103	98	129	135
Employees Taking Maternity Leave (People)	66	70	48	39	38
Days of Paid Leave Taken (Full-time employee) (Days)*2	-	-	11.0	12.0	14.5
Percentage of Paid Leave Taken*2 *3 (%)	-	-	50.7	56.6	65.6
Days of Volunteer Leave Taken (Days)	101	18	0	26	8
Employees Taking Volunteer Leave (People)	42	16	0	19	31
Difference in wages between male and female workers (all workers)	_	_	_	-	76.5

*1 Number of people with disabilities employed by Group companies subject to the Employment Rate System for Persons with Disabilities

*2 Figures are shown from FY2021/3 due to a revised calculation method

*3 Calculated by dividing the number of paid leave days taken by the number of statutory annual paid leave days. Includes statutory annual paid leave days at some Group companies.

Scope of Data and Aggregation Methods

• Fiscal year 2019: 15 domestic companies, fiscal year 2020: 14 domestic companies, fiscal year 2021: 12 domestic companies, fiscal year 2023: 11 domestic companies (SEGA SAMMY HOLDINGS, SEGA, Sammy, ATLUS, Sammy Networks, SEGA TOYS, SEGA Logistics Service, DARTSLIVE, TMS ENTERTAINMENT, PHOENIX RESORT, SEGA SAMMY CREATION)

• Number of employees indicates consolidated Group figures

• The wage difference between male and female workers is calculated for SEGA SAMMY HOLDINGS Inc. The calculation method used is average annual income of female employees divided by average annual income of male employees.

Environmental Data





Electricity Usage





Notes 1: Some data estimated based on total floor area

2: Decline in CO₂ emissions mainly reflects reductions in the use of fuel and electricity 3: Coefficient for CO₂ emissions from purchased electricity: Adjusted emission coefficients for each electricity provider for the fiscal year prior to each reporting fiscal year 4: There are changes from the previous year's figures due to a review of the calculation method used when obtaining a third-party guarantee.

Number of Violations of Environmental Laws and Regulations

Environmental Indicators at Sammy's Kawagoe Factory

Pachislot and pachinko machine recycle rate (total for pachislot and pachinko machine rate (total for pachislot and pachine rate (total for pachislot and pachine rate (total for pachislot and pachine rate (total for pachislet and p

* Data on the use of environmentally friendly materials (amount of wood used) has not been disclosed from the fiscal year ended March 2023 onward, as we have switched to alternative materials.

Scope of Data

• Fiscal year 2019: 15 domestic companies, fiscal year 2020: 13 domestic companies, fiscal year 2021: 19 domestic companies, fiscal year 2023: 19 domestic companies (SEGA SAMMY HOLDINGS, SEGA, Sammy, ATLUS, Sammy Networks, SEGA TOYS, SEGA Logistics Service, DARTSLIVE, TMS ENTERTAINMENT, PHOENIX RESORT, Sega of America, Inc., Sega Europe Ltd., Amplitude Studios SAS, Relic Entertainment, Inc., Sega Black Sea EOOD, Sega Publishing Europe Ltd., Sports Interactive Ltd., The Creative Assembly Ltd., Two Point Studios Limited)

Please check the Company website for the latest ESG data. https://www.segasammy.co.jp/en/sustainability/data/dataesg/ Integrated Report 2023

CO₂ Emissions (Scope 3)



Industrial Waste Discharge

Water Usage



					(FY)
		2020	2021	2022	2023
		0	0	0	0
					(FY)
		2020	2021	2022	2023
achines)	Recycle rate (%)	95.4	98.6	96.4	98.3
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