

## UK Modern Slavery Act statement

In accordance with Article 54 of the UK Modern Slavery Act of 2015, SEGA SAMMMY HOLDINGS INC. (hereinafter referred to as “SEGA SAMMY”) hereby releases this statement on efforts to prevent slavery, human trafficking and other human rights violations in the businesses and supply chains of the SEGA SAMMY Group.

### 1. Organizational Structure of SEGA SAMMY Group

SEGA SAMMY is a holding company for the SEGA SAMMY Group, which is the comprehensive company group of entertainment businesses. SEGA SAMMY Group’s mission is “Continuing to create moving experiences” and “Making life more colorful” across a wide range of genres ranging from Pachislot and Pachinko machines business centered on Sammy Corporation to entertainment contents business centered on SEGA Group’s digital game business, which includes amusement machine development and facility operation, development of video contents and toys; and resort business, which is represented by the development and operation of hotels.

Our mission as a comprehensive entertainment company working to provide new means of entertainment is to maximize group-wide synergy and offer entertainment products at a quality level only the SEGA SAMMY Group is capable of providing.

In the UK, the SEGA SAMMY Group is engaged mainly in game software development and sales through Sega Europe Ltd. and five other companies. In the fiscal year ending March 31, 2018, total turnover at our six UK companies totaled approximately £205 million.

Please refer to the following URLs for more information about the SEGA SAMMY Group.

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

### 2. Policy on Prevention of Slavery and Human Trafficking

The SEGA SAMMY Group respects human rights and engages in a variety of initiatives to prevent human rights violations such as slavery and human trafficking in our businesses and supply chains.

SEGA SAMMY vows to “Respect human rights”, “Protect human rights”, and “Prohibit human rights violations” under the “SEGA SAMMY Group Code of Conduct”, and to treat all Group employees fairly in compliance with labour-related laws and regulations under “SEGA SAMMY Group Human Resources Policy” in the “Group Management Policy”.

Further, the “SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook” sets forth clear standards for compliance as to “Prohibit inhumane treatment and infringements of human rights”, “Prohibit forced labour” and “Prohibit child labour” in order to prevent human rights violations in the supply chain such as slavery and human trafficking.

Since 2014, SEGA SAMMY has participated in the United Nations Global Compact (“UNGC”) and declared support for its ten principles. Principle 4 of the UNGC states “Businesses should uphold the elimination of all forms of forced and compulsory labour”.

Please refer to the following URLs for more information about the SEGA SAMMY Group Code of Conduct, the Group Management Policy, and the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook.

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/)

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 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)

### 3. Efforts to Prevent Slavery and Human Trafficking

#### Supply Chain Management Initiatives

The SEGA SAMMY Group believes that slavery and human trafficking are more likely to occur in supply chains outside of the SEGA SAMMY Group as opposed to within, and is accordingly working on supply chain management to ensure that human rights violations also do not occur in external supply chains.

Specifically, the SEGA SAMMY Group conducts slavery and human trafficking risk assessments and implements initiatives to prevent slavery and human trafficking especially regarding procurement of prize products and toy products for the Group's entertainment content business, mainly targeting factories of overseas manufacturing subcontractors that are considered potentially high-risk.

With respect to prize products, the Purchasing Division and the Quality Control Division of Sega Interactive Co., Ltd. together visit subcontractor factories once every two months to perform factory audits by Group employees and third parties, including on-site inspections (approximately 92% coverage ratio based on the number of prize product manufacturers contracted under Sega Interactive Co., Ltd.). Sega Entertainment Co., Ltd. also conducts a questionnaire survey on slave labour and human trafficking for its main suppliers of amusement facility prize products and strives to reduce risks by keeping track of product management (approximately 60% coverage ratio based on the purchase amount of prize products at SEGA ENTERTAINMENT Co., Ltd.).

With respect to toy products, SEGA TOYS CO., LTD. is promoting the re-execution of manufacturing subcontractor agreements that include provisions for compliance with laws and regulations related to child labour and forced labour, and has also been providing human rights training for purchasing department employees and local staff and monitoring whether third-party labour standard compliance certificates have been obtained by subcontractors (approximately 96% coverage ratio based on the number of toy product manufacturers contracted under Sega TOYS CO., LTD.).

Further, in the SEGA SAMMY Group, Sega Europe Ltd. in the UK issues statements (in English only) pursuant to the UK Modern Slavery Act.

<http://www.sega.co.uk/modern-slavery-act-transparency-statement>

#### Internal Awareness

SEGA SAMMY has held explanatory sessions for the heads of major purchasing divisions within the SEGA SAMMY Group on the prevention of slavery and human trafficking, as well as a training session on the prevention of slavery and human trafficking for the heads of the toy division in February 2016. Further, all employees of the SEGA SAMMY Group (cumulative total of approximately 2,400 employees as of March 2018) have undergone CSR training and learned about our efforts to prevent child labour and forced labour.

4. Future Endeavors

SEGA SAMMY will continue to implement the aforementioned supply chain management initiatives in the businesses and supply chains of the SEGA SAMMY Group as part of our endeavours necessary to prevent human rights violations such as slave labour and human trafficking. In this way, SEGA SAMMY will endeavour to prevent human rights violations such as slavery and human trafficking.

5. Board approval

This statement has been approved by SEGA SAMMY's Board of Directors.

September 28, 2018



Haruki Satomi  
President and Group COO  
SEGA SAMMY HOLDINGS INC.