■ Entertainment Contents Business

ESG Risks and Responses in the Value Chain

In the Entertainment Contents Business segment, which has businesses in a wide range of entertainment areas, we identify important ESG risks in light of the distinctive business models, customer groups, industry regulations, or societal expectations in each area and respond to them appropriately.



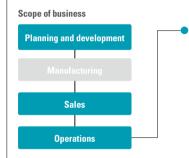
Example of society risk in the digital game area

Excessive use by minors

In the digital game market, societal problems associated with minors who incur excessive fees when playing games based on the Gacha system, which encourages gambling, are not infrequent. This has led to calls for content vendors to take measures.



For certain titles, we have enabled the use of age authentication to set upper limits on monthly fees. Also, 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.



Example of society risk in the digital game area

Customer support

Unlike packaged game software, digital games maintain contact between the provider and consumers. Therefore, the provision of ongoing support is necessary. Any shortcomings in such support could harm brands.



Normally, we respond to customer inquiries through a player support helpdesk. If needed, however, we establish dedicated helpdesks. In September 2013, when a defect in an online game for PCs became apparent, we immediately disclosed the relevant information, corrected the defect, and established a dedicated helpdesk.



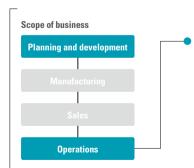
Example of society and environmental risk in the amusement machine sales area

Compliance in relation to procurement

The amusement machine sales area has a fabless business model. If we used our advantageous position to conduct unfair business transactions or failed to comply with the applicable laws in relation to labor practices, we could become subject to legal sanctions. Furthermore, failure to conform to the worldwide strengthening of environmental regulations could lead to the rejection of our products.



The SEGA SAMMY Group strives to establish fair relationships with suppliers based on its *Supply Chain Procurement Guidebook* and the Group Code of Conduct. For the amusement machine sales area, which has numerous suppliers, we have established a separate AM Material Procurement Policy to ensure rigorously fair business transactions. In addition, we require all suppliers to establish and implement systems for chemicals management based on the SEGA Standards for Device and Product Chemicals. Moreover, we check suppliers' establishment and implementation of these systems as part of our efforts to realize appropriate chemicals management.



Example of society and environmental risk in the amusement center operations area

Guidance and development of young people

As an operator of amusement centers, we have a social responsibility to take measures in relation to minors that comply with laws prohibiting smoking, restricting access to venues, restricting entry to amusement centers including restaurants that serve alcohol, and prohibiting alcohol consumption.



We educate employees based on an operational manual that clarifies how to respond appropriately with regard to restricting minors' access to venues and prohibiting smoking. In principle, we prohibit unaccompanied minors from entering amusement centers including restaurants that serve alcohol. If minors enter facilities accompanied by guardians, we strictly prohibit the consumption of alcohol by minors.