

Management

Structure of the SEGA SAMMY Group's Management Philosophy

Group Mission Pyramid

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

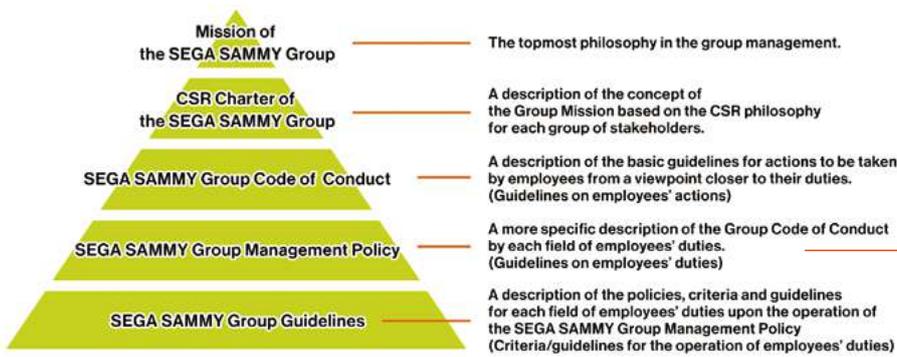
In 2017 we formulated a new Group mission statement and developed the SEGA SAMMY Group Mission Pyramid for the Group and Group companies to instill the mission statement into all of our employees. The Mission Pyramid is divided into three levels: Values, or our corporate DNA; our Mission (raison d'être)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

Group Mission: "Constantly Creating, Forever Captivating" — Making Life More Colorful —

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



Competency		S.S. FIVE SEGA SAMMY 5つの力	
～私たちが共有し続けたい革新者のコンピテンシー～ - Our Core Qualities -			
突破力 Drive	航路を切りひらく Chart a course to new frontiers.	新しい価値を創るために、勇気をもって前進すること Proactively tackle new challenges.	
共感力 Empathy	心の火を灯しあう Realize that no-one travels alone.	相手を理解し、心を伝え、多くの人の協力を得ること Actively build networks based on mutual trust.	
決断力 Initiative	自分のコンパスを磨く Guide by your own compass.	判断軸を磨き、自ら決断していくこと Keep your goals in mind and act accordingly.	
自制力 Control	誠実にみんなのために Keep your rudder steady.	将来のために今どうあるべきかを考え、誠実に対応すること Plan for the future. Act in the present with integrity and sincerity.	
徹底力 Resolve	荒波でもオールをとめない See the journey through.	そこに可能性がある限り、妥協せずに最後までやり抜くこと Realize your potential and complete tasks to the best of your ability.	



- Human Resources Policy
- Occupational Health and Safety Policy
- Information Management Policy
- IT Security Policy
- Personal Information Protection Policy
- IR/Public Relations Policy
- CSR and SDGs Policy
- Environmental Policy
- Overseas Bribery Prohibition Policy

SEGA SAMMY Group CSR Charter
https://www.segasammy.co.jp/english/pr/commu/csr/gr_charter/

SEGA SAMMY Group Code of Conduct
https://www.segasammy.co.jp/english/pr/commu/csr/gr_csr/

SEGA SAMMY Group Management Policy
https://www.segasammy.co.jp/english/pr/commu/csr/gr_policy/

SEGA SAMMY Group Guidelines
https://www.segasammy.co.jp/english/media/file/pr/commu/csr/20141101_supplychain_csr.pdf

We have established guidelines for crisis management, IT security, cloud service use, social networking site use, and overseas bribery prohibition, and we have disclosed our CSR procurement activities in a guidebook.

Our Policy on CSR

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

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

SEGA SAMMY Group CSR & SDG Policy
<https://www.segasammy.co.jp/english/pr/commu/csr/>

Policy on Promotion of SEGA SAMMY Group's CSR & SDG Activities

Referring to the materiality map of the US Sustainability Accounting Standards Board (SASB), the SEGA SAMMY Group has identified materiality to be addressed, under key categories and five key issues, through CSR activities aimed at achieving the SDGs.

Five Key Issues

1. Environment

We design products with a view to mitigating the environmental impact of manufacturing processes and enhancing efficiency through recycling and reuse. Further, we are advancing efforts to preserve the environment and reduce power consumption.

2. Addiction

We are taking steps to tackle and prevent different types of addiction, such as addiction to playing pachinko and pachislot machines; addiction to video games, or "gaming disorder," which can seriously affect health; and gambling addiction, which is strongly related to the integrated resort business.

3. People

We are striving to create motivating working environments for diverse human resources and to build a corporate culture with a high level of creativity. We also aim to make diversity an inherent part of our business while ensuring fairness by respecting human rights, prohibiting discrimination of any kind, and protecting the disadvantaged.

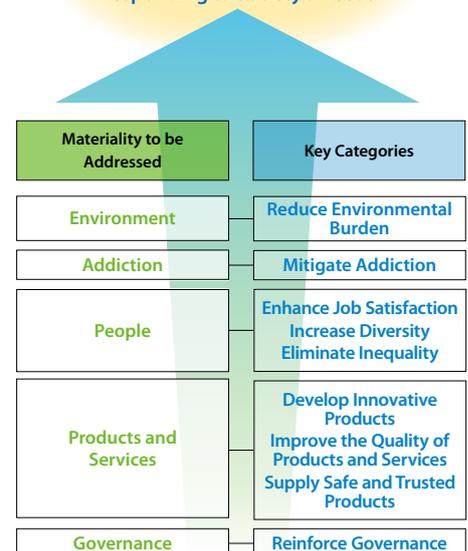
4. Products and Services

To create "experiences that move the heart" through entertainment in order to make life more colorful, we build development processes that allow us to provide innovative products, continually improve the quality of products and services, and supply products and services that can be enjoyed with safety and confidence. We are also proactive in our approach to solving social issues through our business, which will lead to continuous growth and maximize corporate value. At the same time, as a good corporate citizen, the entire Group is enthusiastic when interacting with local communities and contributing to society by providing and promoting diverse entertainment.

5. Governance

We will emphasize corporate governance, including compliance and risk management; strengthen legal compliance frameworks and internal control systems; ensure sound business management; enhance transparency; and improve efficiency through rigorous governance management. In addition, we intend to remain a company that society trusts and supports for many years to come, by keeping all employees aware of our social responsibilities through educational programs and by conducting CSR/SDG activities unique to the SEGA SAMMY Group.

Realize a Sustainable Society and an Increase of Corporate Value by Responding to Society's Needs



The Sega Sammy Group believes that it is important to create an environment in which each and every employee takes pride in his/her work and will come to realize that they contribute to the sustainable development of society, by way of continuously providing “experiences that move the heart” to people all around the world. By promoting CSR (Corporate Social Responsibility) and SDGs (Sustainable Development Goals), we aim to become a corporate group that is trusted, needed and respected by society.



Policy on Promotion of CSR / SDGs Activities of SEGA SAMMY Group

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

CSR and SDGs Promotion Framework

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

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

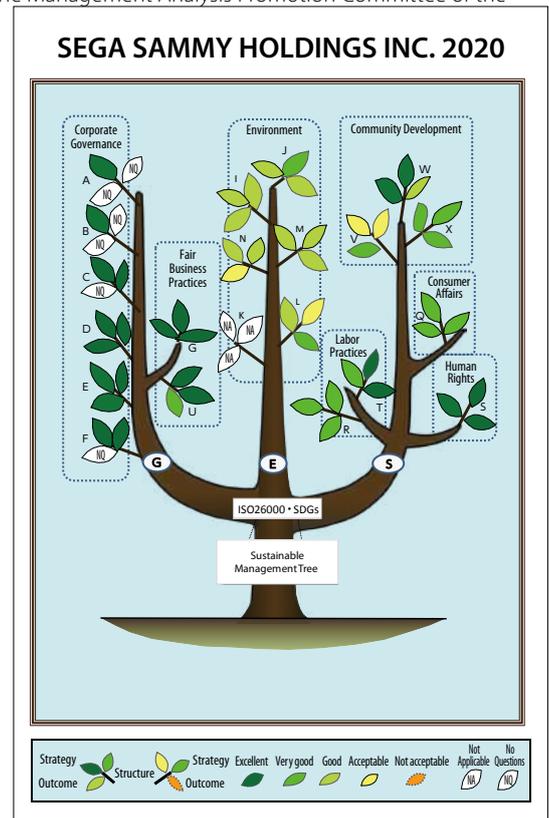
The status of the CSR and SDGs activities is posted in the CSR BOOKLET on our website and thus shared within and outside the Group. In addition, the Board of Directors receives reports on both the results of a survey (1,036 respondents in fiscal 2020) attached to the CSR Communication Report, the employee edition of the CSR BOOKLET, and the extent to which our management philosophy and code of conduct have been instilled.

Relationships with Our Stakeholders

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

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

Since 2016, we have been subjecting our management to a sustainability analysis by the Management Analysis Promotion Committee of the Sustainable Management Forum of Japan. Our average score was 82.5%, marking three consecutive years of improvement. We scored 97.3% in the area of governance, maintaining high levels in each aspect. Our score in the environmental area has remained at a slightly low 62.2% since our industry has a relatively low impact on the environment, but we have continued to achieve progress since the first analysis. We particularly cooperate with the Task Force on Climate-related Disclosure (TCFD), which is being required of the financial sector amid the growing impact of global warming on business. We have also been recognized for bolstering our efforts in response to comments we received last year by seeking to grasp Scope 3 level CO₂ emissions across our entire business, including our supply and value chains. Our score in the social area rose to 86.7% due to the partnership agreement we signed on regional revitalization with Shichigahama-machi, Miyagi Prefecture, including the dispatch of employees, and as major Group companies advanced in their respective SDGs initiatives. The COVID-19 crisis is currently causing significant changes in employee work styles, including manufacturing. We will seek to reduce our environmental impact further by promoting new work styles and sales methods, such as telework and e-commerce.



Tree diagram of analysis results

Participating in the United Nations Global Compact (UNGC)

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

10 Principles of the United Nations Global Compact		Group's CSR Booklet	Report Page
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights, Principle 2: and Make sure that they are not complicit in human rights abuses.	Management: Structure of SEGA SAMMY Group's Management Philosophy and SEGA SAMMY Group's CSR With partners: Ensuring Fair and Impartial Procurement With employees: Respect for human rights	Pages 13–20 Pages 30–33 Pages 34–41
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, Principle 4: Elimination of all forms of forced and compulsory labor, Principle 5: Effective abolition of child labor, Principle 6: Elimination of discrimination in respect of employment and occupation.	Management: Structure of SEGA SAMMY Group's Management Philosophy and SEGA SAMMY Group's CSR With partners: Ensuring Fair and Impartial Procurement; CSR Procurement Training; partnership with suppliers and clients With employees: Cultivation and Evaluation of Human Resources; Promoting Diversity; Respect for Human Rights; Creating a More Attractive Workplace	Pages 13–20 Pages 30–33 Pages 34–41
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges, Principle 8: Undertake initiatives to promote greater environmental responsibility, Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Management: Structure of SEGA SAMMY Group's Management Philosophy and SEGA SAMMY Group's CSR With Society-Environment: Green Power Certificates System; Designing Environmentally Friendly Products; Twelfth Year of the Adopt-A-Forest Activity; SEGA-no- Mori; Seagaia Beach Cleaning in Hitotsuba Campaign	Pages 13–20 Pages 44–48
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Management: Structure of SEGA SAMMY Group's Management Philosophy and SEGA SAMMY Group's CSR Management: Compliance With partners: Ensuring Fair and Impartial Procurement	Pages 13–20 Pages 17–18 Pages 32

CSR Promotion Initiatives

Raising Awareness

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

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



CSR Communication Report distributed to all employees

CSR Seminars

The Group has held CSR seminars for members of Group company management and employees since October 2013. In fiscal 2020, 761 participants from 13 companies participated, bringing the overall total since October 2013 to 4,090. The participants learned about the changing social environment surrounding our business and deepened their understanding of what it means for a company to exist in harmony with society as well as corporate sustainable growth and development, through lecturers and group work, while strengthening mutual communication. At the end of each seminar, all of them present a CSR declaration and are given the opportunity to recognize anew their raison d'être as individual members of the Group. We will continue holding these seminars so that every individual member will act with an awareness of what they should do in order for society to have expectations of this corporation, and trust and respect it, in order for their Group companies to be corporations they can take pride in. (For more information on the CSR seminars, please see page 40).



Group work during a CSR seminar

Corporate Governance

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



Corporate Governance

https://www.segasammy.co.jp/english/ir/library/printing_annual/

Compliance

Our Policy

The SEGA SAMMY Group implements a variety of initiatives under the Group Code of Conduct and the Group Management Policy to ensure that all employees understand and act out of an awareness of compliance.

Compliance Framework

Compliance Framework and Promotion

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

Internal Audit

In addition to various partial audits conducted at Group companies to ensure compliance, SEGA SAMMY HOLDINGS' Corporate Audit Department periodically conducts internal audits on each facility operated by the Group companies, such as those providing entertainment or accommodation as well as golf courses, and on the safety of the food served at these places. We also monitor progress on items requiring improvement to ensure that customer safety comes first. Important auditing issues are reported twice a year at board meetings of SEGA SAMMY HOLDINGS.

Major Improvements

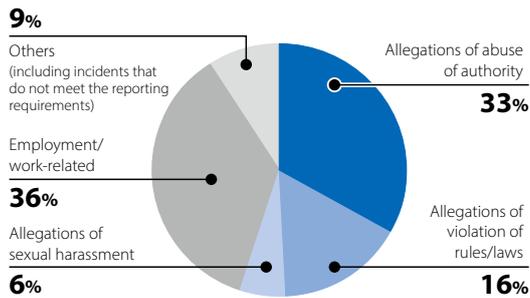
Initiatives	Progress/Results
We conduct safety inspections at 74 amusement centers nationwide to prevent injuries and accidents.	As a result of inspections in fiscal 2020, we found 211 cases where improvement was required, and we requested that operators take the necessary remedial actions. 1. 123 findings related to facilities and equipment 2. 71 findings related to pachislot and pachinko machines 3. 17 findings related to food safety
We ensure the thorough compliance required for promoting an integrated resort and conduct audits on the status of safety management.	We conduct audits on vital themes and confirm improvements by conducting follow-up audits. (1) Response to regulations on work style reforms (2) Status of personal information management (3) Status of response to information security
We seek to raise the safety and security of the food we provide at the Group's restaurants by confirming the integrity of the origins of food materials and displays on the menus.	<ul style="list-style-type: none"> As a result of our investigation into the origin of food materials and content displayed in our menus, we confirmed the appropriateness of our displays and measures for preventing the presentation of misleading information. We confirmed attendance led by the master cook at government-sponsored seminars and lectures by public health centers.

Internal Reporting System

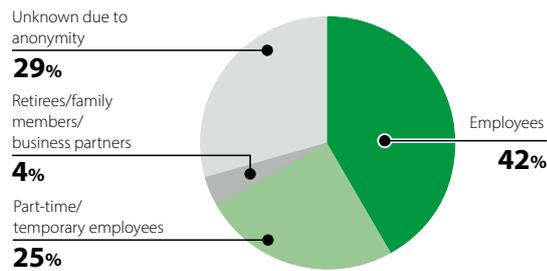
The SEGA SAMMY Group Corporate Ethics Hotline is an internal reporting system set up both inside and outside the company to prevent regulatory violations, misconduct, and other improper conduct through the self-corrective functions of the Group and company. SEGA SAMMY HOLDINGS became a registered enterprise under the internal reporting certification program (declaration of conformity) of the Consumer Affairs Agency of Japan as of December 13, 2019. The program was launched by the agency in February 2019 to promote proper development and administration of internal reporting systems that constitute the key elements of internal control and corporate governance. Under this program, an enterprise evaluates its own internal reporting system and is registered by a designated registration institution if it complies with the Guidelines for Private Enterprises Regarding the Development and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act. A total of 19 incidents were reported in fiscal 2018, 24 in fiscal 2019, and 136 in fiscal 2020. A breakdown of the types of incidents reported and whistleblower attributes for fiscal 2020 is as follows.



Types of Incidents Reported (FY2020)



Whistleblowers Attributes (FY2020)



Compliance Promotion Activities

Ensuring Full Compliance with the Rules and Enhancing Awareness

We provide seminars by employee level for Group companies to enhance awareness and foster understanding of compliance. We are working to raise awareness among all employees through a variety of approaches, such as holding seminars with guest lecturers, periodically disseminating e-mail magazines, publishing a compliance handbook with specific examples of issues employees may routinely encounter, and posting relevant articles in manga form on our intranet to make selected issues more accessible.

In fiscal 2020, we established the Group Compliance Promotion Office to prevent violations and strengthen compliance across the Group. The office ran a standard e-learning program for the employees of 23 Group companies for providing knowledge on compliance. It also conducted a compliance awareness survey with a 94% response rate to organize training focused on key aspects in an effort to grasp latent risks in the Group and make improvements.

Exclusion of Antisocial Forces

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

Prevention of Corruption

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

Compliance Seminars (FY2020)

	Frequency	Number of Participants	Target Companies
Newly-appointed executives	1	13	All Group companies, including SSHD, SHD, SAMMY, SE, SGC, SIC, TMS, TOYS
Executives	2	134	
Total	3	147	
Managers (in Tokyo)	28	1,109	23 Group companies, including SSHD, SHD, SAMMY, SE, SGC, SIC, TMS, TOYS
Managers (in local regions)	6	68	
Total	34	1,177	

e-Learning (FY2020)

	Number of Courses	Number of Participants	Target Companies
Managers	5	6,549	23 Group companies including SSHD, SHD, SAMMY, SE, SGC, SIC, TMS, TOYS
General employees	4		

Note: For abbreviated company names, see page 2.

Risk Management

Our Policy

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

Risk Management Status

Risk Management

The SEGA SAMMY Group established the Crisis Management Rules based on our Group Risk Management Policy. Under these rules, we perform risk analysis for the 16 major Group companies once a year and share results at SEGA SAMMY HOLDINGS' board of directors. Furthermore, we work to minimize latent risks in business activities and to prevent crises, and we prepare and maintain a rapid response system against the event of a major crisis.

We addressed the novel coronavirus pandemic in 2020 through a Group-wide effort to prevent the spread of infection.

Intellectual Property Management

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

The Entertainment Contents Business assigns Intellectual Property Committee members in each business department and provides training and seminars to project supervisors, persons in charge and new employees to continuously raise awareness of intellectual property. We also share our intellectual property information through the Group intranet to avoid infringing on the intellectual property rights of third parties, while effectively managing our own rights. In addition, intellectual strategies are developed and implemented in alignment with business strategies through interdepartmental cooperation between the Intellectual Property Department and other relevant departments, enabling the Group to actively and strategically acquire and utilize intellectual property rights. Also, we are implementing countermeasures against counterfeit goods in order to maintain and enhance our brand.

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

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

Information Security

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

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

Issues by Theme, Result of Activities, and Relevance to SDGs

We specify issues to be addressed each year and manage the progress and results of our efforts on CSR initiative themes upheld by the Group. We have worked to fulfill our "Road to 2020" medium-term management strategy formulated in May 2017 while further expanding the impact of Group synergies and efficiencies through the integration of Group offices in August 2018 and work style reforms. These efforts have provided employees with different work style options and a more environmentally sound and efficient working environment, thereby establishing the framework for achieving medium to long-term growth of the Group and meet stakeholder expectations.

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

Key Categories and Key Issues	Initiatives		Fiscal 2020 Progress and Results	Main Page References	Related SDGs
Environment Reduce Environmental Burden	Reduction of the environmental impact caused by business activities	Promote the development and marketing of environmentally sound products	<ul style="list-style-type: none"> Developed low power consumption products, increased the number of items provided [E] Developed and commercialized Eco-Pachinko machines [PP] 	P.33 P.44-48	
		Promote the 3Rs (especially recycling)	<ul style="list-style-type: none"> Recycled trade-in machines (achieved 93%) [PP] Conducted marketable waste recycling (waste separation program of Kawagoe Factory workers) [PP] Conducted 100% recycling of amusement machines by manual dismantling [SLS] 		
		Promote environmental protection activities	<ul style="list-style-type: none"> Distributed information (e.g., environmental regulations) at the annual Supplier Meeting [E] 		
	Consideration for global environmental resources	Promote the environmental actions	<ul style="list-style-type: none"> Purchased Green Power Certificates (1,000,000 kWh actual/year) [SHD] Became a Y-Green Partner of the Yokohama City Wind-Power Electricity Generation Project (Green Power Certificate for 2020 (actual): 168,184 kWh) [SHD] Established a system for tracking figures of environmental impact at 15 major Group companies [SSHD] Won praise from Nagano Prefecture for the amount of CO₂ absorbed through a forest sponsorship agreement (SEGA-no-Mori) [SHD] Managed, protected, and cultivated black pine on the Seagaia property (250m²) [PSR] 	P.44-48	
Addiction Mitigate Addiction	Implement countermeasures against gambling addiction	Joint research for gambling addiction	<ul style="list-style-type: none"> Jointly conducted research with Kyoto University 	P.21-22 P.27-29	
		Continue compliance with safety standards conforming to industry group standards, etc.	<ul style="list-style-type: none"> Safety standards conforming to industry association standards [E, PP, TOYS] Promoted gaming in moderation through the industry group [PP, SE] 		
	Implement countermeasures for user enjoyment	Continue measures against illegal customer behavior	<ul style="list-style-type: none"> Measures against illegal customer behavior [PP] 		
People Enhance Job Satisfaction Increase Diversity Eliminate Inequality	Work style reforms	Work style reforms	<ul style="list-style-type: none"> Promotion of the work style reform (Measures against overtime hours, increased number of paid leaves taken, introduced a flextime system, the teleworking system, etc.) [Group] Opened SEGA SAMMY College (total attendance: 4,398 students) [Group] 	P.34-40, Integrated Report	
	Increase Diversity Eliminate Inequality	Increase Diversity and Eliminate Inequality	<ul style="list-style-type: none"> Introduced the LGBT support system and sponsored Tokyo Rainbow Pride [Group] Received the highest "Gold" rating in the PRIDE Index Introducing a side work system and other work style reform systems [Group] 		
Products and Services Develop Innovative Products Improve the Quality of Products and Services Safe and Trusted Products	Develop Innovative Products	Addressing social issues through business activities	<ul style="list-style-type: none"> Held SDG training for Group executives, and 11 of the key Group companies formulated SDG plans [Group] Gamification [SEGAXD] Development, manufacturing, and sales of accessible design toys [TOYS] Development, manufacturing, and sales of drive simulator [SLS] "Shumikatsu!" for senior hobby activities and exchange opportunities [SGC] 	P.21-22 P.51	
		Organize events and make products that leverage Group-related content	<ul style="list-style-type: none"> e-sports that persons with and without disabilities can enjoy together Programming classes [SE, TOYS] Donating toys in collaboration with NPOs [SSHD, TOYS] Onsite game class [SIC] 		
	Improve the Quality of Products and Services Safe and Trusted Products	Provide safe and secure products and services and continue appropriate information disclosure	<ul style="list-style-type: none"> Set voluntary standards exceeding laws, ordinances, and industry standards in target countries, quality assurance that includes information disclosure by product labeling, etc. [E, PP, TOYS] Youth protection measures [SE] Accurate, appropriate product labeling [E, PP, TOYS] 	P.26-28	
		Further improve the customer support system	<ul style="list-style-type: none"> Improved the customer support system [E, PP, TOYS] 		
		Supporting reconstruction after the Great East Japan Earthquake	<ul style="list-style-type: none"> Dispatched new employees to disaster-affected areas as part of their training (12 companies, 202 participants) [Group] Held events to support recovery in a disaster-affected area using content (5 events) [SSHD, E, PP, TOYS, TMS, SE, SLS, DL] A comprehensive partnership agreement with Shichigahama-cho, Miyagi Prefecture [SSHD] 	P.7-8	
	Contribution to local communities	<ul style="list-style-type: none"> Established the Dance Base Yokohama and supported arts and cultural activities including the Tokyo Jazz Festival [SSHD] Participated in the Picture Book Campaign (353 books) (creating an environment for entertainment in underdeveloped countries) [Group] Donated toys, etc. [SSHD, TOYS] 	P.49-54		
	Participate and sponsor local sports events	<ul style="list-style-type: none"> Held the Junior Sport Festival and a baseball class [SSHD] Sponsored marathon events [PP] and participated in local clean-up activities [SHD] Supported the children's cafeteria [SSHD, PSR] 			
Governance Corporate Governance	Strengthen governance system	Strengthen governance system	<ul style="list-style-type: none"> Responded to the corporate governance code, established the Independent Advisory Committee and Management Strategy Committee, and held seminars for SSHD executives, etc. [SSHD] Maintain the Group Compliance and Risk Liaison Committee and Promotion of training for SSHD Executive [Group] Reported to the Board of Directors the degree to which the Group Missions and Code of Conduct have been instilled in the Group [SSHD] 	P.13-18	
	Strengthen compliance	Strengthen compliance	<ul style="list-style-type: none"> Held a compliance seminar for Group executives (3 sessions, 147 participants), held compliance seminars for managers [Group] Built an easy-to-use reporting system by establishing the Corporate Ethics Hotline [Group] Conducted standard compliance training (e-learning) in fiscal 2020 for the employees of 23 Group companies 	P.17	
	Promotion of CSR/SDGs management	Instill a widespread awareness of the Group's Management Philosophy through continuous top-down communication	<ul style="list-style-type: none"> Held a CSR seminar for Group employees (21 sessions, 14 companies, 761 participants) [SSHD] Posted the Group Mission on the Group's intranet and also listed it in the employee handbook for promoting employee awareness [Group] Published the CSR Communication Report and distributed 11,000 copies to full-time Group employees, part-time workers, and others [Group] Distributed messages from top management about the meaning and practice of the Group's Management Philosophy in a practical way that is easy to understand for employees, with messages about the state of society and business announcements (three times per year) [Group] Participated in the United Nations Global Compact [SSHD] 	P.13-16 P.40	—
	Manage and share CSR information	<ul style="list-style-type: none"> Collected CSR information by means of the information media (newspapers, magazines, etc.) and provided it to Group companies [SSHD] 			



Haruki Satomi

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

Realizing a prosperous society by executing the mission of multi-dimensional entertainment through the provision of “experiences that move the heart”

The underlying purpose for promoting the SEGA SAMMY Group’s CSR activities is to provide “experiences that move the heart” through business activities we are expected to undertake. We believe that responding to social demands through our business instead of through the SDGs will lead to the sustainable development of society as well as the SEGA SAMMY Group and will ultimately contribute to achieving the SDGs.

In order to continue to be a corporate group that society needs, we reviewed the four key CSR/SDG themes that we have promoted to date. Then, in October 2020, the SEGA SAMMY Group identified five key issues (materiality) to be addressed: Environment, Addiction, People, Products and Services, and Governance. Focusing on the materiality will encourage us to contribute to achieving the SDGs.

In terms of the environment, we will focus on protection by reducing the environmental impact of the cabinet manufacturing process and cutting down on plastics. With regard to the rising incidence of addiction, we will further deepen our joint research with Kyoto University, which began in 2017, and strive to prevent addiction.

SEGA Sammy’s people, approximately 8,800 employees, are indispensable for providing experiences that move the heart. We are currently focused on establishing a corporate culture in which diversity, including work style reforms, is commonplace. By

SEGA SAMMY Group’s Contribution to the SDGs

Products and Services

Concrete Initiatives

- Supply quality products and services that can be enjoyed with safety and confidence
- Improve development processes
- Respond to a super-aging society with fewer children, capitalizing on entertainment content

CASE 1 Extending Driving Life Expectancy with a Driving Simulator

Traffic accidents involving elderly drivers have been increasing, and therefore reducing these accidents has become a major concern of society. Sega Logistics Service in collaboration with Sompō Japan Insurance Inc., developed a driving simulator with cognitive driving capabilities and functions for evaluating and training for driving skills. Sompō Japan Insurance was seeking to inspect cognitive functions and maintain and improve driving skills using a simulator to better understand accidents and elderly hit-and-run incidents. This data was matched with the SEGA SAMMY Group and its technology and corporate philosophy to aid in the simulator’s development.

The simulator has been introduced in Shichigahama-machi, Miyagi Prefecture, with which the SEGA SAMMY Group has a comprehensive partnership agreement. This arrangement will help provide a richer life for senior citizens as well as a safe and secure automotive society by reducing elderly accidents and extending their driving life expectancy.



CASE 2 Support for Programming Education

In a society where everything is connected to and can be managed on the Internet, the extent of programming knowledge a child possesses will have a significant influence on their future career choices. Programming classes at elementary schools have been mandatory since the 2020 academic year, although challenges remain in securing instructors.

Leveraging the knowledge of gamification—applying game elements and features to other fields—is the specialty of the SEGA SAMMY Group, and we have supported programming classes using the learning content of our action puzzle game “Puyo Puyo,” jointly developed with Asial Corporation, which handles application production and related skills. In addition to solving classroom-related problems, we will support programming learning at the various educational levels of children, who will forge the future.



accumulating the wisdom of employees from a variety of backgrounds, we seek to improve the quality of our products and services and will continue to create entertainment content that enables customers to have experiences that move their heart while safely and securely enjoying our products and services.

We believe that strengthening governance, the foundation of corporate management, is essential for meeting these challenges, and we are designing a system for supervising business execution and further enhancing execution functions. Furthermore, we are convinced that improving management transparency and providing

responsible explanations to stakeholders will attract useful external feedback and ultimately help to establish a stronger management foundation.

Responding to social demands through our business operations is the ideal path to sustainability, and we believe that the SEGA SAMMY Group has entered the stage of taking action toward realizing its ideals. We will fulfill our mission of providing “experiences that move the heart” by stepping up our efforts on key issues to contribute to achieving the SDGs through all our business activities.

● Implemented SEGA SAMMY Initiatives

February 2019	Identified key SDGs themes
April 2019	Established the SDGs Promotion Office
May 2019	Held SDGs seminars for executives
July 2019	Formulated a new action plan and started considering each company's initiatives for the next plan
October 2020	Identified five key issues (materiality)



The SEGA SAMMY Group is advancing its business activities to address the challenges faced by society, which will ultimately contribute to achieving SDGs. We believe that continuing this cycle is the essence of corporate sustainability and will meet the demands of society by faithfully executing the Group's mission of “Making Life More Colorful” through entertainment.

People



Concrete Initiatives

- Pursue work style reforms that lead to stronger businesses
- Realize diversity
- Establish a creative corporate culture by creating an environment in which diverse human resources play an active role

CASE

Supporting Broader Awareness of LGBTs

The SEGA SAMMY Group has a dependent allowance system for same-sex couples and provides e-learning seminars on LGBT for domestic Group employees.

In addition, since fiscal 2019, we have been supporting the activities of Tokyo Rainbow Pride, which strives to increase awareness of sexual minorities.

Addiction



Concrete Initiatives

- Establish social credibility by practicing educational activities together with the industry
- Deepen research to prevent gambling addiction
- Respond to game addiction and obsession concerns

CASE

Joint Research with Kyoto University

We are taking unique measures through joint prevention research on gambling addiction with Professor Toshiya Murai of the Kyoto University Kokoro Research Center.

Environment



Concrete Initiatives

- Visualize CO₂ emissions throughout the value chain
- Reduce cabinet waste loss due to reuse of pachislot and pachinko machines
- Conserve the natural environment and save energy

CASE

Environmentally Sound Product Development

SEGA Europe Ltd. abolished the use of plastic packaging for some games. It also continues to focus on recycling the cabinets of pachislot and pachinko machines to reduce waste.



Governance



Concrete Initiatives

- Transparent management
- Review of executive compensation