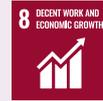


With Partners



Group CSR Charter

We will maintain fair and impartial relationships with our suppliers and work together diligently as partners to create “experiences that move the heart” continuously.

Group Code of Conduct

Fair Business Relations and Impartial Selections

1. Our relationships with trade partners will always be conducted cleanly, transparently and fairly; and we will not engage in any acts that might be misinterpreted as being part of a “cozy relationship” or collusion.
2. In our relationships with trade partners, we will not engage in any transaction that causes undue detriment by abusing our dominant bargaining position over them.*
3. As to the selection of trade partners, we will comprehensively consider such characteristics as creditworthiness, technological capability, development capability, price, adaptability to environment, and judge them based on fair and open standards.
4. We will conduct transparent and fair transactions even within our group companies.

Entertainment and Gift-Giving

5. When entertaining or giving gifts to trade partners, we will not only follow internal rules stipulated by the relevant company, but will also, in view of social common sense, remain moderate in our conduct and make appropriate judgments.

Individual Profits

6. We will not pursue personal profits from trade partners including receiving profits or favors by using our individual positions.

*Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antitrust Act) and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, etc.



SEGASammy
HOLDINGS

Uchijima Takashi

Resort Business Div.
SEGA SAMMY HOLDINGS INC.

Team Effort Wins Prestigious Award

I worked in Paradise City, Incheon, South Korea, as a project manager for the development of the Wonderbox family entertainment center. Working with staff members from more than eight countries, we embodied the concept of a night theme park in the Wonderbox and opened it in March 2019. During the development period, I made myself available onsite as much as possible to facilitate prompt decision-making and effectively manage quality, cost, and delivery while ensuring that all staff worked in concert toward opening the Wonderbox as planned. Even after it opened, we continued to make the utmost effort to increase customer satisfaction in cooperation with related vendors, and this team effort resulted in our winning the Outstanding Achievement Award for having contributed to creating excellent cultural facilities, in the Thea Awards from the Themed Entertainment Association (TEA), one of the entertainment industry’s most prestigious organizations. Going forward, we will continue to provide new and fun entertainment experiences to our customers.



Fantastical interior imaging for a night theme park

Creating Game Software Overseas and Delivering it to Customers All Over the World

To promote the international development of game software sales between Japan and other countries across the world, we apply the overseas business expertise and distribution network that SEGA has for years cultivated to meet the needs of software manufacturers seeking to create new sales channels. Localization, or ensuring that software is suitable for specific markets, is the key for selling game software overseas. We were recently engaged in a project for which we were entrusted with a product license from a software manufacturer in Japan and sold the projects in Taiwan, South Korea, and other countries. The project resulted in a sales volume comparable to that in Japan, which very much pleased the manufacturer. We believe that our unwavering attention to detail in modifying specifications so that the local language is used in the most natural way possible and that having local staff implement sales and promotional activities led to the project's success.

While our main work is in the so-called BtoB business, we know that many end users around the world are waiting for our software game to become available. And we will continue to undertake our projects for a wider and even worldwide audience.



Business negotiations in Asian countries



Takako Takusagawa

Account Management Dept., Business Development Group, Japan Asia Publishing HQ, SEGA CORPORATION



For the Future of the Entire Industry

The Liaison Department mainly plans specific measures and builds consensus with rival competitors to lead the entire pachinko industry in a better direction while making adjustments and negotiating with our customers, such as those running pachinko halls as well as supervisory agencies including the National Police Agency.

Proud to be among the foremost gaming companies, we will exercise leadership in addressing various issues facing the industry, such as a decline in the number of people playing pachinko, gambling addiction, improving the entertainment experience, promoting sound distribution, practicing voluntary business restraint in the wake of the spread of COVID-19, and conducting social contribution activities related to natural disasters. Moreover, we will contribute to the sustainability of both the company and gaming as a whole by promoting the revitalization, efficiency, and soundness of the industry.



A fan event organized by Nippon Yugikikogyo Kumiai



Right: Tatsuma Ito

Left: Sho Matsumoto

Intellectual Property & Public Relations Division, Research & Development Group Division, Sammy Corporation

Ensuring Fair and Impartial Procurement

Ensuring Fairness in All Respects

Requests to Suppliers

We ask our suppliers to undertake the measures and actions described in the following items and based on the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook.

I. Labor

Prohibit discrimination, inhumane treatment, and infringements of human rights; pay appropriate wages; regulate working hours; respect the rights to freedom of association; and prohibit child labor

II. Environment

Control hazardous chemicals; minimize environmental pollution; and promote the 3Rs, the appropriate disposal of waste, and the reduction of final waste

III. Occupational Health and Safety

Promote workplace safety and hygiene; take appropriate measures for occupational injuries and illnesses; and promote employee health management

IV. Product Quality and Safety

Ensure product safety

V. Fair Trading and Ethics

Prohibit corruption, bribery, and abuse of a superior position; provide accurate information on products and services; respect intellectual property; and implement appropriate export control

VI. Information Security



SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook

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

Promoting CSR Activities in Procurement and Purchasing



Since fiscal 2016, the basic agreement signed before any transaction stipulates the supplier's commitment to the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook. Also, we ask our suppliers to renew current agreements, with 93% agreeing to do so.



The Pachislot and Pachinko Machines Business upholds internal rules including the Internal Regulations on Managing Outside Orders for Production and Purchasing. Established purchasing rules are applied for the evaluation and selection of business partners. Before commencing business with new suppliers, we assess and analyze data provided by them as well as from external research organizations to evaluate the suitability of the candidates. In regard to annual audits, we review content every year.

In fiscal 2020, although we initially planned to audit 81 companies, we were only able to audit 76 due to the impact of COVID-19.

Learning from the experience of the last fiscal year, we will consider adopting remote auditing this fiscal year to ensure that all target companies undergo proper audits.

Continuing to Strengthen the Framework for Subcontract Act Compliance



Building and operating a system of compliance with the Subcontract Act and other regulations is of the utmost importance, and we are stepping up internal seminars accordingly, such as by covering the Subcontract Act in the e-learning provided for the entire Group. Moreover, we participate in seminars during Subcontract Act Compliance Month every year in November and rollout the content, such as changes, to the relevant departments of our Group companies. In regard to internal training for the purchasing department in the Pachislot and Pachinko Machines Business, we standardized implementation of the Subcontract Act training program for employees transferred to the purchasing department so they could quickly gain knowledge about the act. This will help them more efficiently carry out their tasks, even if they are new to purchasing work.

We established the SEGA SAMMY Group Corporate Ethics Hotline, an internal reporting system and an internal and external consultation contact point for maintaining sound business transactions based on integrity and mutual trust with business partners. To prevent unfair treatment, SEGA SAMMY HOLDINGS responds to inquiries as a neutral party, and they are handled responsibly by the director in charge rather than the individual directly involved.

Amusement Material Procurement Policy

Basic Stance

1. All employees engaged in amusement materials procurement at SEGA will comply with legal and social norms and conduct themselves with sound judgment in keeping with the SEGA SAMMY Group Code of Conduct and internal rules.
2. SEGA amusement materials procurement will be conducted with integrity and impartiality, and we will deal with our business partners fairly and sincerely.
3. We will endeavor to build trusting relationships with our business partners by conducting fair trade, and we will work with our business partners to improve technologies and product quality, pursue economy and efficiency and achieve mutual success.

Prohibition of Child Labor and Forced Labor

E Initiatives have been underway, primarily at overseas production plants and similar facilities, to prohibit child labor and forced labor. Every month, members of the purchasing and quality control divisions of SEGA Interactive visit plants producing prizes, including onsite inspections, resulting in auditing 96% of our suppliers. The results of these audits showed that no suppliers were at a high risk. In addition, in fiscal 2020, 19 purchasing and procurement staff members participated in the CSR procurement seminar held by SEGA SAMMY HOLDINGS.

SEGA ENTERTAINMENT conducts a survey of major suppliers, manufacturing prizes used at amusement facilities, on slavery and human trafficking in order to ensure appropriate management and reduce any associated risks (audited 80% of our suppliers). These audits confirmed that no suppliers were at a high risk.

SEGA TOYS is pursuing the conclusion of a master manufacturing contract incorporating a clause that obligates compliance with laws about child labor and forced labor, the provision of a human rights seminar for the purchasing division and local employees in charge, and the confirmation of a third-party certification for labor standard compliance (audited 96% of our suppliers).

Response to the U.K. Modern Slavery Act

E As our commitment to the Modern Slavery Act 2015, enacted in March 2015, SEGA SAMMY HOLDINGS has posted a statement on its corporate website about preventing human rights violations such as slavery and trafficking in all our businesses and supply chains.

Modern Slavery Act Transparency Statement

https://www.segasammy.co.jp/english/media/file/pr/commu/csr_library/uk_modern-Slavery-Act-statement_en.pdf

CSR Procurement Training

With the enactment of the U.K. Modern Slavery Act, laws and regulations governing human rights violations, including child labor and forced labor, are becoming increasingly strict. Since the entertainment industry is also closely associated with concerns over human rights violations, we have started to conduct CSR procurement training for the procurement and purchasing personnel at our seven Group companies in previous fiscal year. In fiscal 2020, our seminars have been postponed due to COVID-19. However, we will continue to provide the program, which includes the lecture “CSR procurement—Instilling CSR throughout the supply chain” and the card game “Game of Choice,” to deepen employee understanding of CSR procurement and create an opportunity for participants to reflect on their roles in society as members of the SEGA SAMMY Group.

Partnership with Suppliers

Coordination with Suppliers

E SEGA Interactive has been working to strengthen its relationships with suppliers by holding supplier meetings, in which we share purchasing and development policies concerning the environment and quality. In fiscal 2020, the meetings were attended by 161 people from 90 companies, and 98.7% of them informed us that the meetings were beneficial.



Supplier meeting in fiscal 2020