

Management

The Structure of the SEGA SAMMY Group's Management Philosophy

Adhering to its objective of providing dreams and excitement 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 and strive to provide value that contributes to the sustainable growth of society.

We are also dedicated to building a relationship of trust with 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.

SEGA SAMMY Group Management Philosophy

By providing entertainment filled with dreams and excitement to people throughout the world, we will strive to enrich our society and culture.

SEGA SAMMY Group CSR Charter



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

As a responsible corporate citizen, we will comply with all relevant laws, regulations and social norms and further deepen the relationship with our stakeholders. Through these efforts, we believe we can provide sound management of our Group and fulfill our responsibilities to society.

SEGA SAMMY Group Code of Conduct



http://www.segasammy.co.jp/english/pr/commu/csr/gr_csr.html

Action Guidelines for Employees Based on the Group CSR Charter

Our action guidelines for employees are based on the Group CSR Charter. Sections in the guidelines include the "Preamble and General Overview" and our basic code of conduct regarding our relationship with stakeholders, as described in "Security, Safety and High Quality," "Proper Business Relationships," "Highly Transparent Management," "Improvement of Workplace Environment," "Contribution to Society" and "Global Environment."

SEGA SAMMY Group Management Policy



http://www.segasammy.co.jp/english/pr/commu/csr/gr_policy.html

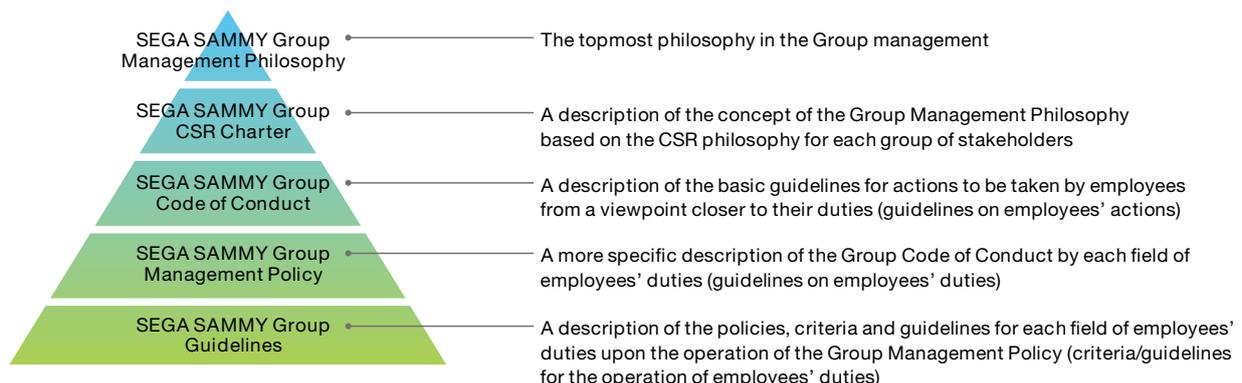
- Human Resources Policy
- Occupational Health and Safety Policy
- Risk Management Policy
- Information Management Policy
- IT Security Policy
- Personal Information Protection Policy
- IR/Public Relations Policy
- Environmental Policy
- Overseas Bribery Prohibition Policy

We posted the Chinese and Korean versions of the Group Management Policy on the Company intranet in March 2015. We will promote the CSR activities of the Group globally by strengthening our cooperation with overseas subsidiaries and partner companies.

SEGA SAMMY Group Guidelines

- Crisis Management Guidelines
- SNS Use Guidelines
- IT Security Guidelines
- Overseas Bribery prohibition Guidelines
- Cloud Service Use Guidelines

Structure of the SEGA SAMMY Group's Management Philosophy



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

Our Policy on CSR

The SEGA SAMMY Group considers CSR activities an important way to create value continuously for the Group and achieve the sustainable development of society.

Group CSR Initiative Themes

In 2012 we set four CSR initiative themes that the Group as a whole can act on: contributing through our business, serving society, addressing environmental issues, and engaging in corporate governance and economic responsibility. Under these issues, approved by the board of directors of SEGA SAMMY HOLDINGS, we are conducting progress management for each business company.

We present our employees with the CSR Policy so that they again review the Group's past CSR activities in order to further instill a CSR mindset among the staff and so that they understand how the Group's CSR activities will be promoted.

 **Our Policy on CSR**
<http://www.segasammy.co.jp/english/pr/commu/tpm.html>



Relationships with Our Stakeholders

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

Stakeholders	Major Communication Opportunities	Major Responsibilities
Customers	Sales activities, user support desk, and service at shops and facilities	Provision of safe, secure, high-quality products and services
Partners	Procurement activities, briefings, supplier meeting, and business, partner consultation desk	Fair and impartial business practices, building ties, and calling on partners to promote CSR
Shareholders and Investors	Publication of various reports, websites, and IR activities	Information disclosure, solid management and corporate growth, and appropriate return of profits
Employees	Intranet, consultation desk, satisfaction surveys, and labor-management consultation	Improving a workplace environment, fair assessments and career development opportunities, and respect for human rights and diversity
Society (the environment and society)	Website, communication with local communities, and social contribution activities	Prosperity of core business, environmental management, cooperation with society and social contribution activities

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, we are participating with various working groups in activities related to SRI/ESG, supply chains, anti-corruption and reporting, set up within the Global Compact Network Japan, and we are striving to address various issues while sharing information with other companies.

• Comparison between the United Nations Global Compact Content Index and the Content of the Group's CSR Report

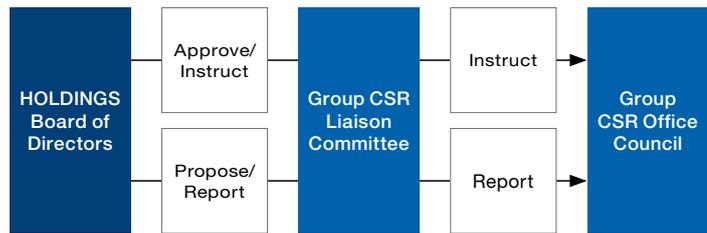
4 categories and 10 Principles of the United Nations Global Compact		Report Page	Content of the Group's CSR Report
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	pp.11-14 p. 27 p. 33	The Structure of the SEGA SAMMY Group Management Philosophy, CSR With partners: fair and impartial business practices With employees: respect for human rights
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation.	pp.11-14 pp. 27-29 pp. 33-36	The Structure of the SEGA SAMMY Group Management Philosophy, CSR With partners: fair and impartial business practices With employees: respect for human rights, development and assessment of human resources, promotion of diversity, labor-management relationship
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	pp.11-14 pp. 38-39	The Structure of the SEGA SAMMY Group Management Philosophy, CSR Promotion of environmental management, initiatives in each phase, other environmental protection initiatives
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	pp.11-14 pp.16-17 pp. 26-29	The Structure of the SEGA SAMMY Group Management Philosophy, CSR Compliance With partners: fair and impartial business practices

Group CSR Framework

The Group CSR Promotion Office set up in SEGA SAMMY HOLDINGS supervises and manages the Group CSR activities.

For the promotion of CSR activities we have the Group CSR Liaison Committee in place. The committee coordinating CSR management within the Group is chaired by the executive director responsible for CSR, who is also general manager of the Group CSR Promotion Office of SEGA SAMMY HOLDINGS, and attended by executive directors responsible for CSR at SEGA Corporation and Sammy Corporation. The Group CSR Offices Council is chaired by the general manager of The Group CSR Promotion Office of SEGA SAMMY HOLDINGS and attended by CSR managers at Group companies. The council is, in principle, held once every year to examine, implement and evaluate CSR activities using the PDCA (Plan-Do-Check-Act) cycle. In fiscal 2016, it shared information and knowledge, discussed Group-wide CSR activities such as the Great East Japan Earthquake recovery volunteer and support activities, a picture book campaign, publicly required non-financial information disclosure, and a study on a CSR report that uniquely reflects the SEGA SAMMY Group and Group CSR seminar.

• Group CSR Structure



CSR Promotion Initiatives

Raising Awareness

The SEGA SAMMY Group believes that putting the Group Management Philosophy 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 Group CSR Promotion 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.



CSR poster displayed at workplace

CSR Seminars

The Group has held CSR seminars for members of Group company management and employees since October 2013 (12 companies, 36 sessions, 1,056 participants). Through lectures by outside instructors and group work, the participants considered changes in society and the business environment. They also deepened their understanding of what it means for a company to exist in harmony with society, as well as corporate sustainable growth and development, while strengthening mutual communication. At the end of each seminar, they all presented a CSR declaration and were given the opportunity to re-recognize their raison d'être as individual members of the Group. We will continue holding these seminars in the future 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 it, and respect it, and in order for their Group companies to be corporations they can take pride in.



Group work during a CSR seminar

The SEGA SAMMY HOLDINGS CEO and Group Employees Meet to Exchange Views

A meeting is held once a year to exchange views between the CEO of the SEGA SAMMY HOLDINGS and employees in the Group in order to share the results of activities, issues and other matters relating to individual workplaces, as well as to discuss future directions for CSR activities. CSR officers of Group companies, representative of major projects from Group companies, personnel managers and other such members attend and take part in active exchanges of views. The meetings significantly contribute to revitalizing communication across the Group by offering opportunities for gathering around a table to top management and employees from different divisions or Group companies who otherwise do not see each other. Six employees from six Group companies attended the meeting in fiscal 2017.



Meeting of top management and employees to exchange views on business and CSR

Meeting participants

- Kenji Saito, Technical Research & Development Department 2, Technical Research & Development Division, Research & Development Group Division, Sammy Corporation
- Kenichi Toda, Director, SEGA IKEBUKURO GIGO, SEGA Entertainment Co., Ltd.
- Toshiyuki Kuratsuji, President's Office, Corporate Strategy Headquarters, SEGA Games Co., Ltd. SEGA Networks Company
- Yasuyuki Naito, Director of TOKYO JOYPOLIS, SEGA LIVE CREATION Inc.
- Naoko Miyazaki, Director, Toy Planning Division, Product Planning Department, SEGA TOYS CO., LTD.
- Yu Kiyozono, President, Telecom Animation Film Co., Ltd.

Fiscal 2016 Targets, Progress, and Results, and Fiscal 2017 Issues

We specify the issues to address each year and manage the progress and results of our efforts on the four CSR initiative themes for the Group: contributing through our business, serving society, addressing environmental issues, and engaging in corporate governance and economic responsibility.

• Major Issues and Results Related to the Four SEGA SAMMY Group CSR Initiative Themes

Initiative Themes	Fiscal 2016 Issues	Progress and Results	Main Page References	Fiscal 2017 Issues and Improvements		
Contributing through Our Business	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, SEGA TOYS] Youth protection measures [SE] 	pp. 19-24	Provide safe, confidence-inspiring, and enjoyable products and services		
	Further improve the customer support system	<ul style="list-style-type: none"> Improved the customer support system [E, PP, SEGA TOYS] 				
	Promote accurate, appropriate product labeling	<ul style="list-style-type: none"> Accurate, appropriate product labeling [E, PP, SEGA TOYS] 				
	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, SEGA TOYS] Promoted gaming in moderation through the industry group [PP, SE] 	pp. 22-25			
	Continue measures against illegal customer behavior	<ul style="list-style-type: none"> Measures against illegal customer behavior [PP] 				
Contribute to resolving social issues through Group products	<ul style="list-style-type: none"> Opened showrooms periodically to senior citizens (12 openings, 67 participants) [PP] Cooperated with an NPO to donate toys [SSHD, SEGA TOYS, TMS] Development, manufacturing and sales of accessible design toys 	pp. 10, 25, 44	Contribute to the resolution of social issues using SEGA SAMMY Group content			
Serving Society	Continue support for recovery and support a new Stage	<ul style="list-style-type: none"> Dispatched volunteer Group employees to disaster-affected areas (4 occasions, 39 participants) [Group] Dispatched new employees to disaster-affected areas as part of their training (12 companies, 87 participants) [Group] Held events to support recovery in a disaster-affected area using content (6 events) [SSHD, E, PP, SEGA TOYS, TMS, SE, SLS, DARTSLIVE] Volunteer employees prepared outdoor meals, provided other support, and cooperated in events and operations in the regions affected by the Kumamoto Earthquake [PSR, Group] 	p. 10	Engage in whole-Group activities serving society (support recoveries from the Great East Japan Earthquake, Kumamoto Earthquake, etc.)		
	Use Group synergy to serve society	<ul style="list-style-type: none"> Supported the arts, including the Tokyo Jazz Festival [SSHD] Participated in the Picture book campaign (220 books) (creating an environment for entertainment in underdeveloped countries) [Group] Held the Junior Sport Festival and baseball workshop [SSHD] 	pp. 44-45			
	Engaging in action to serve society as an extension of business	<ul style="list-style-type: none"> Baseball Club held baseball workshops [SSHD] Cooperated with an NPO to donate toys [SSHD, SEGA TOYS, TMS] Donated toys to local kindergartens, etc. [TMS] Baseball Club visited a foster home in a community [SSHD] Sponsored local sports activities [SSHD, PP] Sponsored and participated in local festivals [E, PP, SLS] 	p. 43	Strengthen engagement in activities serving the local community, industry initiatives, etc.		
	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 2015 (actual): 79,152 kWh) [SHD] Established a system for tracking figures of environmental impact at 16 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, cultivated black pine on the Seagaia property (2.5 million m²) [PSR] 	pp. 40-41	Engage in initiatives concerned with the earth's resources, etc.		
Addressing Environmental Issues	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. 39	Promote the 3Rs and address environmental issues related to our business, such as environmentally sound products		
	Promote the 3Rs (especially recycling)	<ul style="list-style-type: none"> Recycled trade-in machines (achieved 97.28%) [PP] Conducted marketable waste recycling (waste separation program by Kawagoe Factory workers) [PP] Conducted 100% recycling of amusement machines by manual dismantling [SLS] 	pp. 39-41			
	Promote other environmental protection activities	<ul style="list-style-type: none"> Distributed information (e.g., environmental regulations) at the annual Supplier Meeting [E] 	p. 28			
	Instill a widespread awareness of the Group's Management Philosophy through continuous top-down communication	<ul style="list-style-type: none"> Held CSR seminar for members of the Group's management (4 sessions, 5 companies, 126 participants) [SSHD] Posted the Group Management Philosophy on the Group intranet, updated the intranet which is constantly accessible for browsing by Group employees; listed the Group Management Philosophy, etc., as CSR items in the employee handbook, which made it possible for employees to carry it with them always for promoting employee awareness [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 [Group] 	pp. 11-13			
Corporate Governance	Strengthen corporate governance Conduct training related to promoting CSR activities	<ul style="list-style-type: none"> Held compliance seminar for Group executives (11 sessions, 39 companies, 238 participants) [Group] Held various compliance seminar (40 seminars, 1,081 participants) [Group] Built an easy-to-use reporting system by establishing the Corporate Ethics Hotline [Group] Held seminars on individual topics (46 seminars, 1,144 participants) [Group] Held seminars by position (for members of management: 3 times, 3 companies, 85 participants; for new employees: 3 programs, 11 companies, 115 participants) [Group] 	p. 16	Continue and deepen compliance training		
		Promote CSR information sharing	<ul style="list-style-type: none"> Collected CSR information by means of information media (newspapers, magazines, etc.) and provided it to Group companies via Group company CSR managers for the purpose of detecting social trends and heightening risk sensitivity (as needed) [SSHD] 		—	Promote CSR information sharing

*Main companies implementing activities are shown in square brackets. Company names for the below companies are abbreviated as follows.
 SSHD: SEGA SAMMY HOLDINGS INC.; E: Entertainment Contents Business; PP: Sammy Corporation, Pachislot and Pachinko Machines Business;
 SHD: SEGA Holdings Co., Ltd.; TMS: TMS ENTERTAINMENT Co., Ltd.; SLS: SEGA LOGISTICS SERVICE CO., LTD.; PSR: PHOENIX RESORT CO., LTD.;
 SE: SEGA ENTERTAINMENT Co., Ltd.; SEGA SAMMY GOLF: SEGA SAMMY GOLF ENTERTAINMENT INC.; Group: HD, Entertainment Contents Business, Pachislot and Pachinko Machines Business and Resort Business

Corporate Governance

Basic Stance

Corporate governance is central to our corporate conduct, and we continue to improve our capabilities to optimize enterprise value. Our corporate governance policy is to enhance efficiency, maintain sound management, and operate more transparently and being the basis for addressing such important management issues.

Framework for Corporate Governance

The SEGA SAMMY Group has adopted a corporate auditor system with the understanding that directors who possess abundant expertise and experience in the industry, products and services can quickly come to the best solutions. To reinforce corporate governance in both execution and oversight, we have appointed outside directors and auditors while strengthening our own executive officer/internal audit systems.

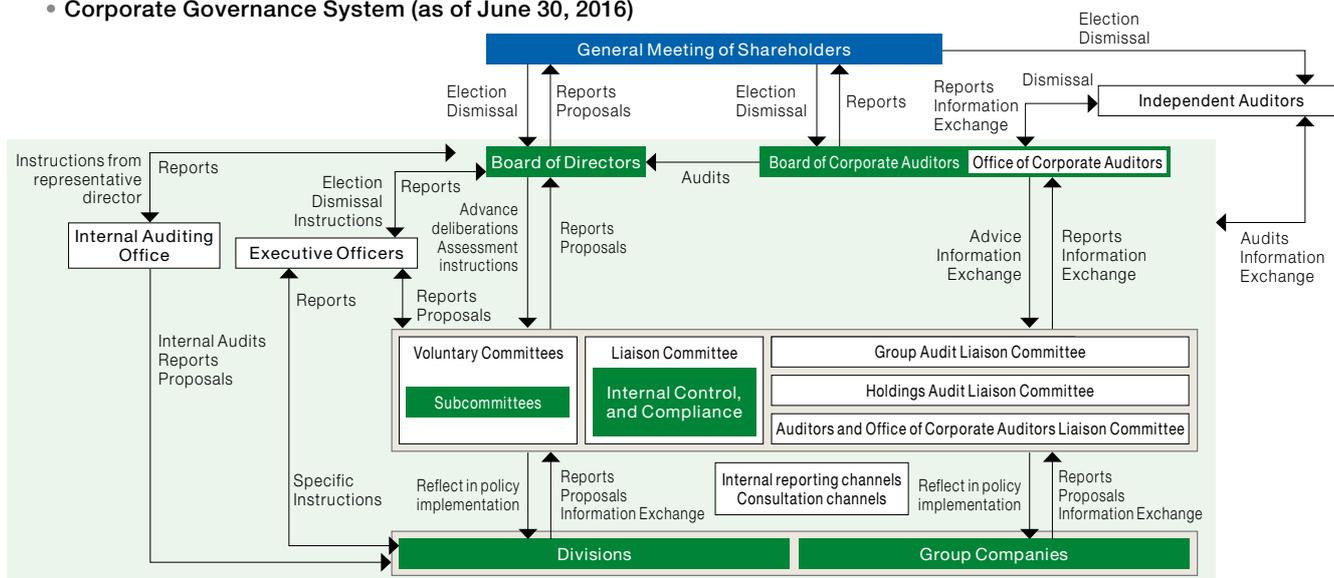
The Board of Directors, comprising eight directors (three of whom are outside directors and independent officers), convenes monthly and as needed for agile management. The Board of Corporate Auditors presently comprises four members (two of whom are outside auditors and independent officers), and convenes for regular monthly sessions and special sessions as needed. Other key bodies, including the Group Audit Liaison Committee and the HOLDINGS Audit Liaison Committee, implement various responsibilities.



Corporate Governance Report (Japanese Only)

<http://www.segasammy.co.jp/japanese/pr/corp/pdf/governance/governance.pdf>

• Corporate Governance System (as of June 30, 2016)



Appointment and Compensation of Officers

Candidates for directors and auditors selected by the Board of Directors are appointed by resolution at a General Meeting of Shareholders.

The representative director, entrusted by the Board and Directors, determines compensation for directors¹ in consultation with other directors, while auditor compensation² is decided in consultation with the auditors, with all compensation set within the limits decided at a General Meeting of Shareholders.

¹ Director compensation was limited to 1,000 million yen at the annual General Meeting of Shareholders in June 2012.

² Auditor compensation was limited to 50 million yen at the annual General Meeting of Shareholders of Sammy Corporation and of SEGA Corporation in June 2004.

• Total Compensation, etc., Paid to Officers (FY2016)

Category	Number of Officers	Amount
Directors	10	535 million yen
Auditors	2	26 million yen
Total	12	561 million yen

Internal Control System

We are enhancing our system under our Basic Policy on the Development of Internal Control Systems. In order to develop and strengthen the SEGA SAMMY Group governance structure, the Group has established the Group Internal Control Liaison Committee, the Group CSR Liaison Committee, and the Group Compliance Liaison Committee. Specialized units were also established to support these three bodies. They discuss and monitor problems and progress in the development of internal control systems that involve Group management, and take steps to maintain and improve those systems. To further strengthen internal

controls, we developed a Group Management Policy for each area of business operation in fiscal 2015 and revised the Group Code of Conduct to adapt to changes in society. We have also set up and are operating an assessment and reporting mechanism for the internal control system based on our internal control report system.

Compliance

Basic Stance

Applying the Group Code of Conduct and the Group Management Policy, a variety of initiatives are conducted in the SEGA SAMMY Group to keep all employees aware of compliance issues so that we can act accordingly.

Compliance Framework

Compliance Framework and Promotion

The group convenes the Group Compliance Liaison Committee chaired by the head of the Group Internal Control Office of SEGA SAMMY HOLDINGS (attended by officers and managers in charge of legal affairs and auditors of eight key Group companies) and a working-level committee, twice a year. Under the leadership of the two committees we are promoting the system Group-wide to maintain sound business management in compliance with laws and regulations and societal norms.

Internal Reporting System

An internal reporting system was created to prevent regulatory violations, misconducts, and other behaviors through the self-corrective functions of the Group and/or company. Whether reported internally or to specified law firms, these matters are investigated and rectified, and steps are taken to prevent recurrence, which is supported by a whistleblower protection system. The system is made known to all employees through our intranet and posters.

Compliance Promotion Activities

Ensuring Full Compliance with Rules and Enhancing Awareness

We provide seminars by employee level for Group companies to foster a pervasive awareness of compliance. Our compliance handbook provides specific examples of issues employees may encounter routinely and we are running relevant articles in manga form to make the issue more accessible. All employees can view these materials on the intranet. We also invite employees to compete in the "Compliance Senryu Verse" contest held once every year to foster understanding and instill a pervasive awareness.

• Compliance Seminars at Group Companies (FY2016)

Nature of Activity	Group	Company Name	Frequency	Total Participants
Compliance seminar for Group executives	Executives, auditors, officers of 39 Group companies	SSHD, SHD, Sammy, SNW, Toys, TMS, PSR, and others	11	238
New Employee Seminar	New employees of 11 Group companies	SSHD, SHD, Sammy, SNW, TMS, PSR, and others	3	115
Various compliance seminars	Group company executives, all employees	Sammy, SNW, SIC, DL, MARZA, OP, and others	40	1,081
Seminar on individual issues (legal, contracts, intellectual property, information security, Act on the Protection of Personal Information, the Subcontract Act, Food Sanitation Act, etc.)	Group company executives, all employees, employees in charge of the relevant division (varies depending on the seminar)	SSHD, SHD, Sammy, SNW, TMS, PSR, and others	46	1,144

Company names for the below companies are abbreviated as follows.

SSHD: SEGA SAMMY HOLDINGS INC.; SHD: SEGA Holdings Co., Ltd.; Sammy: Sammy Corporation;
SIC: SEGA Interactive Co., Ltd; SNW: Sammy Networks Co., Ltd.; Toys: SEGA TOYS CO., LTD.;
DL: DARTSLIVE Co., Ltd.; TMS: TMS ENTERTAINMENT Co., Ltd.; MARZA: MARZA ANIMATION PLANET INC.;
OP: OASIS PARK Co., Ltd.; PSR: PHOENIX RESORT CO., LTD.

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 states explicitly that (1) All unlawful payoffs and other corruption that can be considered as gifts or favors are to be prevented; and (2) the conduct of activities for social benefit, including donations, must be fair and aboveboard and in compliance with Company rules that are established on the basis of relevant statutes and regulations. In July 2014, the Group established a Group Management Policy presenting the content of the Group Code of Conduct in a more specific manner. We have also issued Chinese and Korean versions of our Group Overseas Bribery Prohibition Policy to globally disseminate the policy.

Security Export Control

As SEGA expands its business globally, we are engaging in export control to contribute to maintenance of peace and safety in the international community in accordance with the Foreign Exchange and Foreign Trade Act.

We use means such as improvement of Company regulations, seminars for employees and provision of information on the intranet to promote understanding and heighten awareness in every one of our employees involved in export business and prevent violation of laws and regulations before they can occur to maintain proper export control systems.

Risk Management

Basic Stance

Under the SEGA SAMMY Group Risk Management Policy, in times of peace SEGA SAMMY 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 as Company rules based on our Group Risk Management Policy. Under these rules, 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 also instituted the SEGA SAMMY Group Basic Policy on Measures for Stranded Persons in the Event of an Earthquake Directly beneath the Tokyo Metropolitan Area. The basic policy addresses concerns such as the storing of reserve supplies, building and facility safety, performing safety checks, and rules on returning home. Countermeasures are made by each Group company, and all employees learn about them through channels such as the intranet.

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 to raise the awareness of intellectual property among supervisors and persons in charge and thereby avoids infringing on the intellectual property rights of third parties, while effectively managing our own rights. We are also implementing countermeasures against counterfeit goods in order to maintain and enhance the SEGA brand. Game machines businesses study the technology under consideration at each stage of R&D as part of thorough risk assessment. Additionally, our efforts to raise awareness in employees include a regular IP seminar and posting of a variety of IP information on our intranet site.

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 implement measures to prevent unauthorized access to customer private information as well as loss, falsification, and leakage of such information. We will continue to make every effort to appropriately and safely handle private information by conducting employee seminars, which include introduction of e-learning.