

# 04

## With Employees

### CSR Charter

Our employees bring to us creativity and a spirit of challenge. They are our most cherished assets and the fuel for our growth. We will cultivate a corporate culture that allows them to fully exploit their talents and enables us to grow together with our employees.

### Our Stance

The Group Management Policy governing our Group Code of Conduct was established in August 2014. The policy serves as the operational guidelines for employees and contains the Human Resources Policy and the Occupational Health and Safety Policy. By creating a comfortable and safe working environment where our most cherished assets (i.e., our human resources) can enjoy their work with pride and motivation, we are cultivating a corporate culture in which employees can achieve growth as individuals and for the Group as a whole.

### Major Initiatives in Fiscal 2016

1. Thoroughly disseminating the “Human Resources Policy” and the “Occupational Health and Safety Policy” through Group CSR trainings (for 126 managers at 5 companies and 111 newly-hired employees at 11 companies)
2. Enhancing educational systems for cultivating human resources
3. Expanding boundaries for aggregation of personnel- and labor-related data in operating companies

### VOICE

**I exercise great care with new employees, hoping they will enjoy their work and stay for a long time.**

I decided to join the SEGA Group because I felt I would love the people working for the Company whenever I had an opportunity to meet and talk with my college seniors who were already working here. I am assigned to recruiting and new employee training. Since the SEGA Group is an interesting field, we hope to employ new graduates with the spirit of challenge who are willing to create something new with us. Our onboarding program is designed to prepare new employees to work even harder as highly motivated human assets. We closely monitor new employees for their first three years through frequent communications to confirm their progress. My job is challenging and rewarding because of its impact on the future of the SEGA Group. I want everyone to stay as long as possible and enjoy their work. To that end, I must also improve myself day by day so that I will be able to effectively serve the needs of everyone working here.

### Yukina Kakizaki

Personnel Department, Corporate Headquarters  
SEGA Holdings, Co., Ltd.

Majored in Arabic and studied briefly in Islamic countries. Served as a team manager at school and likes to see people grow. As an HR member, supports SEGA Group employees to perform well and elicit smiles from customers.

## Respect for Human Rights

### Basic Stance

The SEGA SAMMY Group's human management (e.g., recruiting, posting, support) is based on the principles of human rights declared in the United Nations Global Compact, which the Group signed in 2014. By stipulating respect for human rights in the Group Code of Conduct and the Group Management Policy (Human Resources Policy), we strive to heighten employee awareness of human rights and take actions to protect these rights.



**Group Code of Conduct:** [http://www.segasammy.co.jp/english/pr/commu/csr/gr\\_csr.html](http://www.segasammy.co.jp/english/pr/commu/csr/gr_csr.html)



**Group Management Policy:** [http://www.segasammy.co.jp/english/pr/commu/csr/gr\\_policy.html](http://www.segasammy.co.jp/english/pr/commu/csr/gr_policy.html)

### Initiatives to Eliminate Harassment

In the Entertainment Contents Business, we focus on preventing harassment so that every employee can work comfortably and can thus perform at their best. The definition of what constitutes harassment is clarified through in-house trainings, mini-tests on the intranet and case studies. Several consultation counters are available inside and outside the company for executives and employees (including loaned employees, part-time staff and temp staff) who have concerns or issues.

For the Pachislot and Pachinko Machines Business, a seminar on harassment is included in new manager training as part of an effort to treat employees fairly and eradicate harassment. Since fiscal 2016, all executives and managerial staff have attended a seminar on harassment to deepen their knowledge about human rights and heightened their awareness through a self-check sheet. A consultation counter specializing in harassment was installed in February 2016.

## Cultivation and Evaluation of Human Resources

### Basic Stance

A fair assessment scheme for employees based on the Group Management Policy (Human Rights Policy) is in place at each company of the SEGA SAMMY Group. Educational opportunities classified by rank and systematically structured are provided for employees so that they can maximize performance in their current qualifications or roles. The creation of a culture that respects the individuality and challenging spirit of each employee and supports each employee to exercise his or her talent and creativity toward self-fulfillment is also promoted. Other schemes for advancing the motivation and growth of employees are also introduced, such as an internal commendation program, for recognizing excellent work, and skill-improvement programs.

### Personal System

In the Entertainment Contents Business, we provide a dual-track career system to support the long-term career development and professional attitude of employees, who can choose between a management path for those who want to be organizational leaders or a specialist path for those who want to focus on applying their own knowledge and technical skills. Since fair assessments are essential to the proper operation of this personnel system, managers undergo evaluator training. We also offer an internal commendation program as part of steps to engender a corporate culture that encourages autonomy for employees to tackle new challenges.

As for the Pachislot and Pachinko Machines Business, employees are provided with a personal choice system through which they can select a management or professional course, a scheme for promoting a sense of professionalism and the will to take on employee challenges and for fostering greater expertise and more clearly defined job roles. We believe we can draw out the best performance of each employee by clarifying the roles expected of them and properly treating them in accordance with their contribution to success in those roles. The Internal Commendation Program has also been introduced, and 38 individuals involved in 5 projects received the Chairman & President's Award in fiscal 2016.

By applying data from employee satisfaction surveys or from the self-declaration system in which employees can identify the jobs they want to do in future, we support their spirit of challenge and pursue our desire to place the right people in the right jobs. At the same time, we strive to fairly assess employees, mainly through interviews conducted twice a year with all employees, during which they receive feedback on the assessment from their supervisor.

An employee satisfaction survey is also conducted once every few years. The employee response rate in fiscal 2016 was 93%, with 85.2% answering that they felt proud of being a member of the Company. We will continue to create an environment in which employees are highly motivated to perform.

## Educational Systems

In our Entertainment Contents Business, we encourage employees through the educational systems to develop their abilities and careers through a combination of educational measures that are common across the board and those specially designed for each rank, vocation and department. Employees can also learn basic skills through the e-learning library system, which is available to all. Managers can enhance their management skills through evaluator training. New employees undergo a month-long company-wide training program. Post-training surveys are conducted to follow up and improve each program.

A coaching system, in which a coach is assigned to each new employee, has been in place since fiscal 2015 to support new employees and train younger workers. Additional educational support is provided for employees who demonstrate initiative in seizing educational opportunities and demonstrate achievement.

For the Pachislot and Pachinko Machines Business, and while following the personnel management policy of “the organization will take responsibility for fostering members until they develop their full talents,” we provide employees with training programs designed for each rank. In fiscal 2015, we extended the training for new employees from one month. Training in April is the same as before. The three months from May to July consist of value chain training, which enables new employees to understand the outline of each department’s work (or the chain of processes until products are delivered to customers). This training has various secondary aims, including helping new employees learn how to do their work in the departments they are assigned to from August based on an awareness of the roles of each department and organization, and improving communication across organizations.

### • Rank-Specific Training System (Pachislot and Pachinko Machines Business)

Rank	Target	Contents	Period
New Managers	New managers	New manager training (management skills, labor management, mental health, evaluation)	4 days
Manager Candidates	Manager candidates	Next-generation leaders development training (enhance business performance capacity and problem-solving skills)	2 days
Leaders	Leaders, from their first year	Career training (take stock of oneself and reaffirm one’s strengths)	1 day
		Leadership awareness training (strengthen inter-personal influence)	2 days
Mid-level Employees	Mid-level employees, from their third year	Career training (take stock of oneself and reaffirm one’s strengths)	1 day
		Logical thinking training (strengthen problem-solving and inter-personal negotiation skills)	2 days
	Mid-level employees, in their first year	Training to increase the ability to lead one’s juniors (enhance listening skills and learn guidance methods)	3 days
New Employees	New employees, in their third year	Presentation training (strengthen presentation technique and persuasive power)	3 days
	New employees, after their first year	New employee follow-up training	3 days
	New employees, when they join the company	New employee training and value chain training	4 months

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## Promoting Diversity

### Basic Stance

Under the Group Code of Conduct and the Group Management Policy (Human Resources Policy), the SEGA SAMMY Group respects the individuality and challenging spirit of each employee, offers an environment featuring a flexible working style so that each employee can appropriately balance work and life, and promotes the recruiting of people with diverse backgrounds of all ages, experience, genders and races in order to effectively respond to changes in a rapidly diversifying entertainment industry.

### Initiatives Taken by Each Business

For the Entertainment Contents Business, we hire people without regard to labels such as gender and nationality. We provide introductory training for new employees and help them settle smoothly into their assignments. Three months after they join, we interview regular employees and assess their performance, and we use the results as follow-up at their place of assignment and for later hiring. Fiscal 2015 was the first year for career development measures in the Pachislot and Pachinko Machines Business. These were implemented on the four pillars of “job rotation,” “optimal placement,” “diverse career formation,” and “self-declaration system” toward establishing a foundation for diverse human resources, improving competence, and employee growth. A language training program was introduced in fiscal 2016 toward the further globalization of the SEGA SAMMY Group. During the fiscal year, we also conducted a long-term career development program with employees in their 50s. We will also conduct this program with employees in their 30s and 40s to support professional development according to age.

### Supporting Women to Participate More Actively

To enhance corporate growth, an action plan is in place for accelerating the best possible participation and performance of female employees in our business operations and efforts are being made to achieve its targets.

At SEGA Holdings, SEGA Games and SEGA Interactive of the Entertainment Contents Business, the four years from fiscal 2017 to 2021 have been set as a planning period for ensuring that women represent at least 30% of all new graduate applicants. The planning will include the development of guidelines for equitable gender selection, and seminars for female students will be jointly conducted with universities. Various initiatives will also be taken to achieve the goal of a 100% return to work rate after childcare leaves, including information updates for those on leave.

In the Pachislot and Pachinko Machines Business, the goal of fully supporting employees on childcare leave in upgrading their skills is to be met during the two years from fiscal 2017 until 2019. Measures for employees to develop their skills or careers, even during leaves, will be implemented to eliminate career gaps.

### Promoting Employment of Persons with Disabilities and Rehiring of Retirees

The average employment rate of persons with disabilities at the major 16 companies of the SEGA SAMMY Group was 1.95% as of March 2016. The Pachislot and Pachinko Machines Business takes part in joint job interviews with public and private employment agencies twice a year to actively hire people toward achieving the statutory employment rate. For the Entertainment Contents Business, we maintain a working environment in which employees with disabilities can exercise their abilities. They regularly receive interviews by vocational and life counselors. Guided by the revised Act for Stabilization of Employment of Older Persons, we introduced a retiree rehiring system in fiscal 2007. Since then we have rehired all applicants who reached the mandatory retirement age for up to five years if they so wished.

## Creating a More Attractive Workplace

### Basic Stance

Each company of the SEGA SAMMY Group promotes a healthy work-life balance to draw out the maximum performance from employees with varying lifestyles and family backgrounds.

## Supporting Work-life Balance

In the Entertainment Contents Business, employees are encouraged to reduce long work hours and take paid leaves. A childcare consultation desk and a childcare information bulletin board are provided for information exchange as part of the effort to support employees in balancing their professional and childcare responsibilities. Various employee welfare measures have also been introduced, such as the *SEGA Mileage System*, which grants employees free service points each year, the SEGA SAMMY Group resorts, and an asset-building plan.

As for the Pachislot and Pachinko Machines Business, the program for childcare and family care goes beyond legal requirements prescribed in the Act on Advancement of Measures to Support Raising Next-Generation Children. Employees whose jobs are confined to certain geographical areas are allowed to take healthcare and family care leave in half-day units instead of full-day units. We also offer "relax holidays" to encourage employees to use their paid leave and make other efforts to shorten staff working hours. This initiative resulted in being certified as a business owner in compliance with legal standards in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children. We will continue to revise our benefit programs to further improve workplaces as comfortable environments.

### Sammy's Kawagoe Factory Certified as a "Company Offering Diverse Ways of Working"

In Saitama Prefecture, where the "Saitama Womanomix Project" is under way, a certification system to acknowledge companies "offering diverse ways of working" is being implemented as part of an initiative to energize the local economy through "woman power." Under the system, the municipality recognizes companies that support women in balancing their professional lives and childcare or other personal roles. The Kawagoe Factory was certified as a Gold-level\* company on June 1, 2015.



\* Certification is categorized into Platinum, Gold and Silver, depending on the number of items meeting the six requirements subject to certification.

## Occupational Safety Initiatives

For our Pachislot and Pachinko Machines Business and the Entertainment Contents Business, the Health and Safety Committee meets every month to ensure employee well-being and safety. In the event of an accident, the cause is investigated and improvement measures are taken to prevent any recurrence. The Pachislot and Pachinko Machines Business conducts what we call 6S patrols\*, in which employees check for latent risk factors around them and work for improvements case by case, putting significant effort into the safeguarding of personnel health and safety. Salespersons are committed to safe driving and each year obtain an Safe Driver card, which is only issued to drivers who have not committed any traffic accidents or violations for more than a year.

\* 6S refers to safety plus five Japanese terms (all starting with the letter S) relating to orderliness, cleanliness and discipline.

## Health Maintenance

The Entertainment Contents Business provides regular health checkups, assistance with complete physicals and offers an employee assistance program (also available to employees' family members) to answer health questions. A full-time industrial health staff is stationed at the worksite, and a health management center is provided so employees can consult with internal medicine practitioners, psychiatrists and public health nurses. In light of employee safety, we have established a voluntary standard to more effectively facilitate health consultations. The minutes of the monthly Health and Safety Committee meetings and other related information are posted on the intranet to keep employees well informed.

For the Pachislot and Pachinko Machines Business, the use of a web tool helping employees monitor their own stress levels is encouraged, and new managers receive mental health management training. Medical questionnaires and doctor consultations are provided for employees working long hours. Managers are asked to reduce long working hours for their staff, and employees are encouraged to take days off. An occupational physician or nurse is always available for consultation during work hours, and a system using tablet PCs for remotely receiving consultation from an occupational physician or nurse is introduced to contribute to maintaining the health of employees at branch offices.

## Industrial Relations

Employees in the Entertainment Contents Business are represented by the JAM SEGA Labor Union and the All Japan Metal and Information Machinery Worker's Union (the SEGA Group subcommittee, the Ota Branch, the Tokyo regional HQ), while the Seagaia Union represents workers in the Resort Business. Sound, positive relationships are maintained between management and workers through regular talks at all companies, including those without union representation. Of the 2,458 employees qualified to join a union, 855 are members, and negotiations were conducted 36 times in total in fiscal 2016 at the three companies of PHOENIX RESORT, SEGA ENTERTAINMENT and SEGA LOGISTIC SERVICE.

## Personnel and Labor Data

### Scope

- FY2014: 9 companies; FY2015: 10 companies; FY2016: 16 companies
- SEGA SAMMY Holdings, Sammy, Sammy Networks, SEGA Interactive, SEGA ENTERTAINMENT, SEGA Games, SEGA TOYS, SEGA Holdings, SEGA LIVE CREATION, SEGA LOGISTICS SERVICE, TAIYO ELEC, DARTSLIVE, TMS ENTERTAINMENT, Japan Multimedia Services, PHOENIX RESORT, and MARZA ANIMATION PLANET

The data coverage for the consolidated number of regular employees is about 70%.

### • Composition of Employees

	FY2016		
	Total	Male	Female
Number of employees	7,053	5,396	1,657
Regular employees	5,281	4,405	876
Non-regular employees	1,772	991	781
Foreign nationals	89	61	28
Average age	38.4	39.1	35.8
Average length of service (year)	10.9	11.3	8.8

### • Overseas Subsidiaries

	FY2015	FY2016
Number of employees stationed abroad	32	47
Number of executives* at overseas subsidiaries	145	149
Number of executives from Japan	99	105
Number of locally hired executives	46	44

\* Board members and executives

### • Composition of Management-level Staff and Board Members

	FY2014	FY2015	FY2016
Number of female management-level staff	41	59	56
Percentage of female management-level staff	4.6	5.7	5.4

### Management-level Staff and Board Members in Fiscal 2016

	Total	Managers	Division Managers	Executive Officers
Number of board members by position	1,043	694	285	64
Male	987	651	273	63
Female	56	43	12	1
Ratio of females	5.4	6.2	4.2	1.6

### • Recruiting

	FY2014			FY2015			FY2016		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Number of new graduates	111	80	31	144	102	42	95	62	33
Number of mid-career recruits	126	104	22	288	221	67	200	159	41
Rehired employees after retirement	-	-	-	31	28	3	19	18	1

### • Persons with Disabilities

	FY2014	FY2015	FY2016
Number of employees	124	156	173
Rate of employment	1.7	1.8	1.95

### • Data on the System Supporting Both Professional and Private Lives

	FY2014			FY2015			FY2016		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Maternity/Childcare leave (number of employees)	-	/	-	59	/	59	59	/	59
Childcare leave (number of employees)	65	4	61	83	9	74	77	6	71
Number of employees who returned to work after childcare leave	-	-	-	72	9	63	53	5	48
Percentage of employees who returned to work after childcare leave	/	-	-	/	100	97.9	/	100	88.9

### Duration of Childcare Leaves by Male Employees in Fiscal 2016

	Total	Within One Week	One Week to One Month	Longer than One Month
Number of employees	6	3	0	3

### • Work-life Balance

	FY2014	FY2015	FY2016
Average overtime hours per month	-	18.7	17.3
Number of paid-leaves taken	-	8.5	8.2
Percentage of paid-leaves taken	45.3	47.0	45.6
Total number of employees who took volunteer leave	51	40	35
Total number of days for volunteer leave taken	-	108	74

### • Occupational Health and Safety

	FY2014	FY2015	FY2016
Number of industrial injuries	108	71	90
Injuries with lost worktime	-	4	6
Injuries with no lost worktime	-	67	84
Rate of lost-worktime injuries	-	0.5	0.6

Data for 2014 and 2015 includes injuries during commuting; data for 2016 only includes injuries during worktime.

### • Examples of the System Supporting Both Professional and Private Lives

#### Childcare

System	Statutory	Company	System at Each Company
Childcare leave	Until child reaches age 1	Entertainment Contents Business/Pachislot and Pachinko Machines Business	· From 1 year and 6 months to 2 years and 6 months
Shorter working hours for childcare	Until child reaches age 3	Entertainment Contents Business	· Up to 2 hours/day until child enters elementary school · Up to 1 hour clock-out time earlier until child reaches 3rd grade
		Pachislot and Pachinko Machines Business	· Up to 2 hours/day until child enters elementary school · Up to 1 hour/day until child reaches 3rd grade

#### Nursing

System	Statutory	Company	System at Each Company
Nursing leave system	Up to 93 days	Entertainment Contents Business/Pachislot and Pachinko Machines Business	· 93 business days/person (including shorter working hours for nursing)
Shorter work hours for nursing	Up to 93 days	Entertainment Contents Business	· Up to 2 hours/day within 93 business days
		Pachislot and Pachinko Machines Business	· Up to 2 hours/day within 93 business days
Nursing leave system	Up to 93 days	Entertainment Contents Business/Pachislot and Pachinko Machines Business	· Annually 5 days/person (reserved leaves can be used)