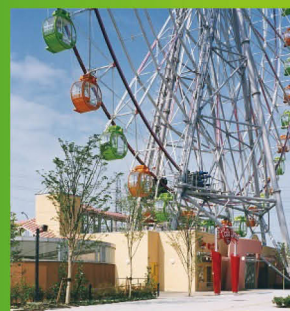


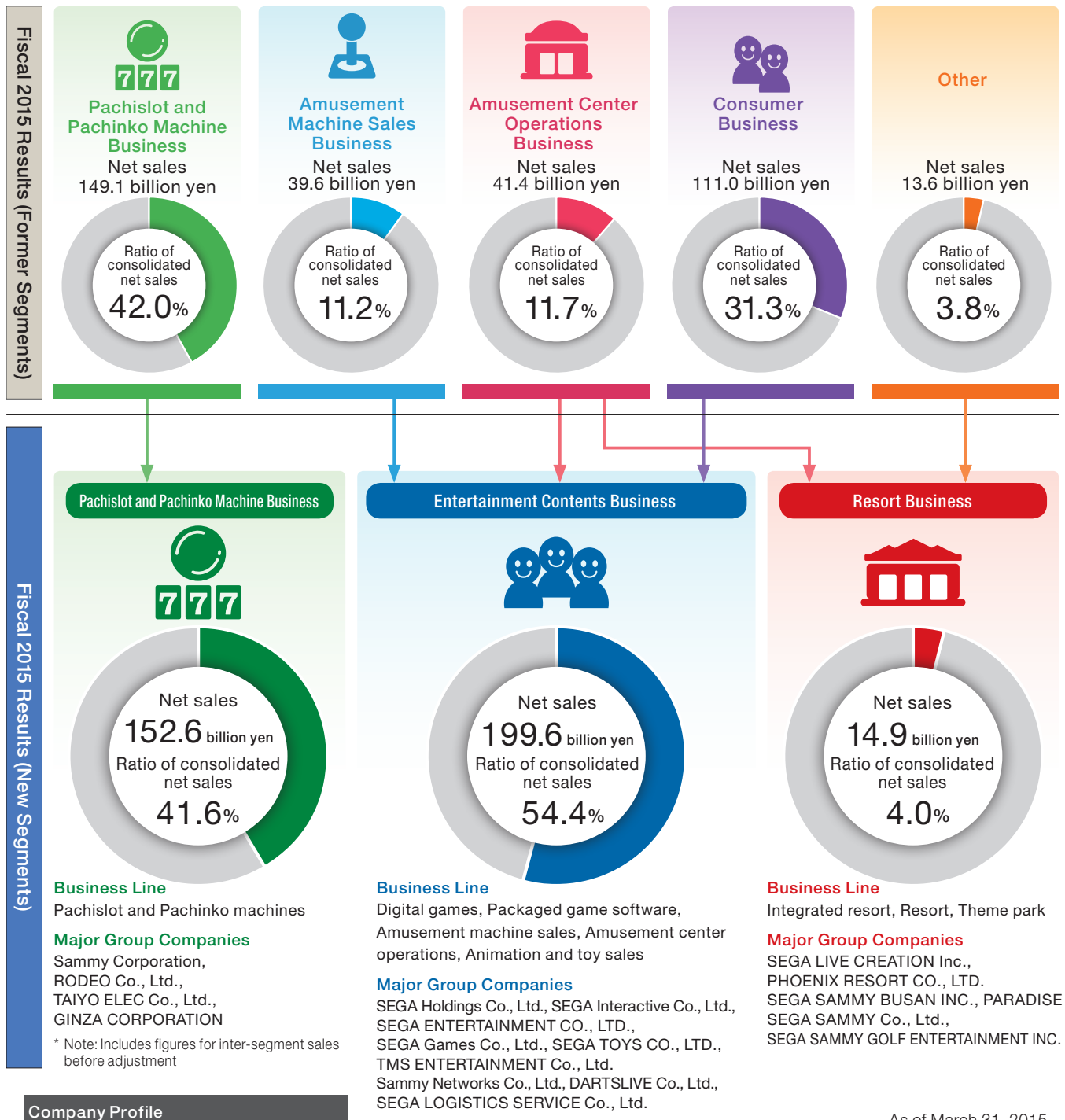
SEGA SAMMY GROUP CSR REPORT

2015



Group Overview

The SEGA SAMMY Group has been providing creative entertainment to customers of all ages in Japan and overseas as a versatile entertainment company group engaged in a wide range of business areas. In April 2015, it reorganized its operating companies into three business groups.



Company Profile

As of March 31, 2015



Company name SEGA SAMMY HOLDINGS INC.
 Address Shiodome Sumitomo Building 21F, 1-9-2 Higashi Shimbashi, Minato-ku, Tokyo
 Established October 1, 2004
 Capital 29.9 billion yen

Chairman and Chief Executive Officer Hajime Satomi
 Principal business Management of the SEGA SAMMY Group as the holding company
 Number of employees 118

CONTENTS

Editorial Policy

We have been publishing CSR report with the aim of reporting on the CSR activities of the SEGA SAMMY Group to our various stakeholders, while at the same time enhancing our activities and information disclosure through communication with them. This report has been constructed with reports of the activities related to five stakeholder groups defined in the SEGA SAMMY Group CSR Charter: "Customers," "Partners," "Shareholders and Investors," "Employees" and "Society (the environment and communities)."

Guidelines Used for Reference

GRI G4 Sustainability Reporting Guidelines (Version 4)
ISO 26000 Guidance on Social Responsibility

Publication Dates

November 2015 (previous report: November 2014, next report: November 2016)

Scope and Boundaries of this Report

Reporting Period

Fiscal 2015 (April 1, 2014 to March 31, 2015)
Some parts of the report may include information that occurred after or before this period. In such cases the time outside the period is clearly stated.

Boundary of Reporting Organizations

SEGA SAMMY HOLDINGS INC., SEGA Holdings Co., Ltd. (including key Group companies), Sammy Corporation
Activities of the organizations in fiscal 2015, which is the reporting period, have been reported in line with the categories of the three business segments* as reorganized in April 2015.

* Please see "Group Overview" on page 1 for the reorganization of business segments.

Use of Organization Names in this Report

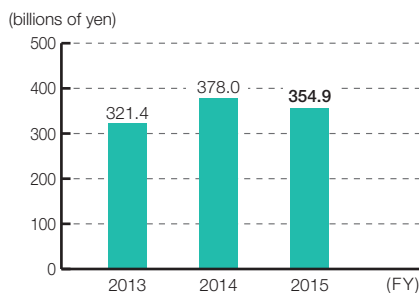
In this report, "SEGA SAMMY HOLDINGS" refers to SEGA SAMMY HOLDINGS INC.; "Pachislot and Pachinko Machine Business" and "Sammy" refer to Sammy Corporation; "Entertainment Contents Business" and "SEGA" refer to SEGA Holdings Co., Ltd., SEGA Interactive Co., Ltd., and SEGA Games Co., Ltd.; "Resort Business" refers to SEGA LIVE CREATION Inc., PHOENIX RESORT CO., LTD., and SEGA SAMMY GOLF ENTERTAINMENT INC.

- Some activities include Group companies other than those listed above.
- When a former company name is used in a table, etc., we add a note to that effect.

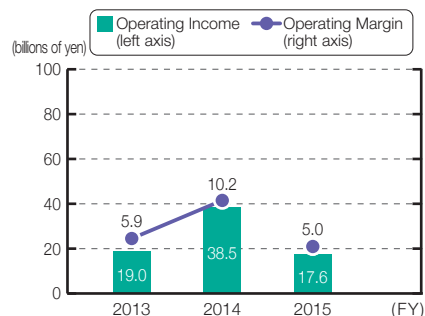
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Financial Data (Consolidated)

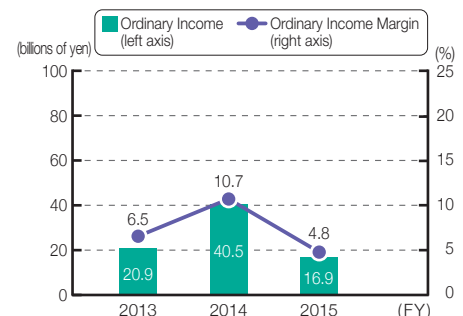
• Net Sales



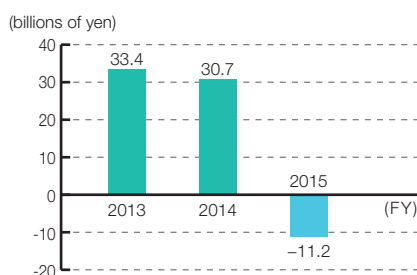
• Operating Income/Operating Margin



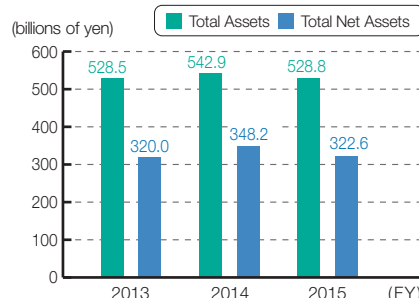
• Ordinary Income/Ordinary Income Margin



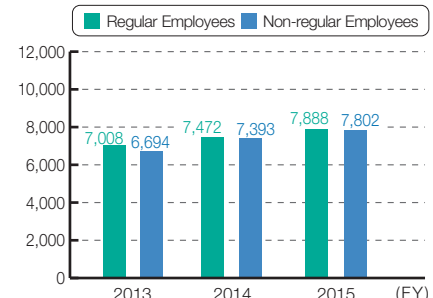
• Net Income



• Total Assets/Total Net Assets



• Number of Employees

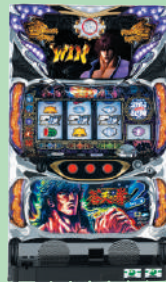


SEGA SAMMY Group Products and Services Deliver Dreams and Excitement to the World



01 Pachislot and Pachinko Machine Business

Pachislot and Pachinko Machine Business provides products that respond to the wide ranging needs of our fans through multi-brand development centered on Sammy Corporation. We intend to strengthen our market presence by further enhancing our development capabilities for pachinko machines, and we are committed to developing and providing pachislot machines equipped with innovative gameplay that invigorates the market.



Pachislot SOUTEN-NO-KEN 2
© Tetsuo Hara & Buronson / NSP 2001, Approved No. YKU-127 © Sammy



Pachinko CR Hokuto No Ken 6 Ken-ou
© Buronson & Tetsuo Hara / NSP1983, © NSP 2007 Approved No. YDA-108 © Sammy



Dejihane CR BLACK LAGOON 2
© 2006, 2010 REI HIROE / SHOGAKUKAN/BLACK LAGOON PROJECT © TAIYO ELEC



Salaryman Kintaro Chapter Shusse Kaido
© HIROSHI MOTOMIYA / SHUEISHA/FIELDS © Sammy © RODEO

02

Entertainment Contents Business

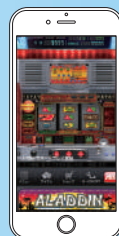
SEGA's objective in the digital game field is to become one of the world's top three digital game companies by applying the development prowess it has established through years of delivering innovative arcade and consumer game software products to the market. Furthermore, we intend to maximize opportunities for earnings across our entire consumer business by developing strategies for cross-platform gaming, in which game data can be shared across multiple devices, and promoting the conversion of intellectual properties originally developed for home video games into the digital game environment. In the amusement machine and the amusement center operation market, where we already have a significant share, we intend to continue the evolution of our product lineup to reflect market needs and to further strengthen the portfolio of our amusement centers.



Buffet Dining "KidsBee"



DARTSLIVE2
© DARTSLIVE Co., Ltd.



Moba7 Aladdin A
© Sammy



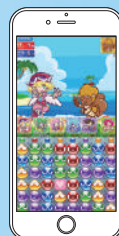
Ikebukuro GIGO



Bee Kawasaki



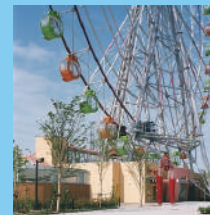
Detective Conan:
Sunflowers of Inferno
© 2015 GOSHO AOYAMA/
DETECTIVE CONAN COMMITTEE
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Puyopuyo!!
Quest
© SEGA



SICBO BONUS JACKPOT
© SEGA SAMMY CREATION Inc.



Oasis Park



Wonderland Wars
© SEGA



UFO CATCHER 9
© SEGA



Anpanman Feature Film
© TAKASHI YANASE/
ANPANMAN PROJECT



Ryu ga Gotoku 0:
Chikai no Basho
© SEGA



Pipitto Okaimono
Anpanman Toy Cash
Register
© TAKASHI YANASE/
FRÖEBELKAN • TMS • NTV



Jewel Watch
© '08', 15 SANRIO/
SEGA TOYS S・S/
W・TX・JLPC



777TOWN.net
Aladdin A II
© Sammy

03

Resort Business

We have accumulated valuable expertise in the development and operation of hotels, entertainment and commercial facilities and casinos through such activities as incorporating the Phoenix Seagaia Resort, one of Japan's foremost resort complexes, in Miyazaki Prefecture into the SEGA SAMMY Group, and launching our Paradise City integrated resort project, scheduled to open in 2017 as the first complex of its kind in South Korea. In addition, by fully capitalizing on the leading-edge technologies and abundant experience reflected in our JOYPOLIS and Orbi theme parks, we plan to develop and operate resorts that are rich in the quality and enjoyment that only the SEGA SAMMY Group can offer.



The North Country Golf Club



TOKYO JOYPOLIS



Phoenix Seagaia Resort



Orbi Yokohama

With pride in entertainment that provides dreams and joy, we will advance our reforms to deliver fresh value and excitement.



Hajime Satomi

President and Chief Executive Officer
SEGA SAMMY HOLDINGS INC.

Creating social value through the new SEGA SAMMY Group

As a leading enterprise in the field of comprehensive entertainment, we deliver excitement and joy through the power of entertainment under our Management Philosophy, which states that “by providing entertainment filled with dreams and excitement to people throughout the world, we will strive to enrich our society and culture.” This expresses the SEGA SAMMY Group’s understanding of how we create social value as a core aspect of our identity.

Now well into the 21st century, society is becoming more and more information-oriented and people are connecting more closely with the world, leading to even greater diversity in lifestyles. In this context, the Pachislot, Pachinko and Game industries are strongly impacted by the diversification of play due to rapid advances in technologies and changes in social structures. To continue to deliver the value that people expect, the SEGA SAMMY Group must remain an innovator, with speed, diversity and flexibility, allowing us in turn to respond to social change.

The SEGA SAMMY Group has long conducted business in the entertainment industry and has acquired assets right up to the present day that serve as its business foundation, such as human resources, technologies and intellectual property. Never satisfied with the status quo, we strive to implement reforms relentlessly in order to create novel entertainment. We restructured the business of the SEGA Group and the new SEGA corporate entity began operations in April 2015. Under an intermediate holding company, SEGA SAMMY HOLDINGS INC.,

we established new operating companies by business area, including Home video game software, Digital games, Amusement machines, Amusement centers operations, Toys and Videos. This restructuring will enable us to make decisions more quickly, while enhancing operations throughout our business portfolio. Furthermore, we pursue technological capabilities plus a little something extra by promoting cooperation among different businesses and generating infinite synergy within the Group. The SEGA SAMMY Group will focus its resources on developing the Digital game business and the Resort business, including integrated resorts, while continuing to strengthen our established businesses to achieve medium- to long-term growth.

Employees are our most important business resource and a wellspring of the Group’s strength. We will continue to nurture a corporate culture in which employees with a variety of personalities and a challenging spirit can fully exploit their talents. This culture will release the creativity that produces innovative entertainment. We work to develop a corporate culture that values free and vigorous creativity while continuing to improve in-house systems and programs, enhance corporate governance and ensure the soundness of corporate management.

Ensuring the sustainable development of the SEGA SAMMY Group and society

Companies always align themselves with society. We consider our business within the context of our relationships with stakeholders and act on the basis of our shared values. We believe this is essential for the effective promotion of CSR at the SEGA SAMMY Group. The Group will promote a variety of social contribution activities for many years to come, such as continued efforts to support those affected by the Great East Japan Earthquake by delivering smiles and happiness through entertainment media.

Entertainment represents dreams, joy and culture. We want to deliver the excitement created by an entertainment culture to people throughout the world. United in this aspiration, all Group members align their energies to create entertainment that exceeds expectations. By being fully aware of our responsibility for expanding relationships with communities across the globe and by carrying out CSR activities that only the SEGA SAMMY Group can do, we will commit ourselves with pride to the realization of a sustainable society and our corporate growth.

Creating moving experiences by the full collaboration of all members of the SEGA Group

Hideki Okamura

President, Representative Director (COO)
SEGA Holdings Co., Ltd.



The most important corporate social responsibility of the SEGA Group is to support the excitement and joy that entertainment delivers to customers, which becomes a characteristic of a prosperous society by consistently leading in the creation of popular culture. To this end, we must not only plan to provide high-quality content and services but also take a further step forward and deliver moving experiences to customers throughout the world.

Around 60 companies in Japan and overseas were integrated into the SEGA Group in April 2015 through the structural reform of the SEGA SAMMY Group businesses. Each of the Group companies is associated with a different market and business model. The reformed corporate structure, however, enables all of the companies to work as a group toward fulfilling our mission of “Continually creating moving experiences,” freed from the barriers between companies. We do that by sharing this common mission and the concept of value, “Creation Is Our Life,” while ensuring their independence to respond quickly to social change.

Under this new reformed structure, we will continue to provide entertainment at the leading edge of the times and the industry by fully leveraging innovative ideas and the superior technical capabilities that the SEGA Group possesses as a game changer. This new SEGA Group will vigorously advance toward offering the most moving experiences to people around the world.



Taking on challenges to create new value with the spirit of “Always Proactive, Always Pioneering”

Shigeru Aoki

President, Representative Director (COO)
Sammy Corporation

The driving force behind the creation of social value that Sammy Corporation offers through the Pachislot and Pachinko Machine Business as well as the generation of revenue is the spirit of “Always Proactive, Always Pioneering,” a corporate principle that has underlined the company’s activities since its founding. This represents our stance of proactively seeking to convert new ideas into reality while also serving as a catalyst that inspires free thinking and insatiable curiosity from the wellspring of employee vision and originality.

The Pachislot and Pachinko industry faces such adverse circumstances as a shift in the user segment and stricter regulations on machines that encourage excessive gambling. We strive to win the lion’s share of the market, however, by applying our proven insight, exercising ingenuity, and overcoming such adversities.

One CSR initiative we have carried forward over the course of doing business has been to open our showroom to senior citizens. For nine years we have been inviting senior citizens who live in nursing homes in Toshima Ward, Tokyo, the location of our head office, to our showroom. We have held 200 such events as of June 2015. Sammy employees have used their creativity and proactively improved our various CSR activities. These efforts demonstrate that every employee places priority on maintaining sound relationships with our stakeholders and seeks to discern the needs of society and value they can offer while adopting the attitude of acting on behalf of the company.

Our vision for the development of content and services is “Sammy...the wellspring of new ideas.” This is not just true for members of the development division; everyone at the Sammy Group works together to take on the challenge of creating new value and striving for sustainable growth.

Special Feature 1

Women Open the Way to New Types of Enjoyment

We tend to think that only men are involved in planning and developing amusement machines. In fact, many highly motivated women are in charge of various tasks to offer products and services for a wide range of customers to enjoy.

Product developers must begin with what they love. I want to create new ideas from the perspective of being a woman.



New and Distinctive Music Game CHUNITHM

This game features two devices: a highly sensitive touch panel that allows users to freely divide the screen and an infra-red sensor that detects hand motions. The wide range of levels accommodates beginners as well as advanced players, offering refreshing game play with music that engages you in tapping out rhythms.

Scheduled for release in July 2015
<http://chunithm.sega.jp/>
 © SEGA

AYANO MORIYAMA
 R&D Div. #1,
 SEGA Interactive Co. Ltd.

As a member of the development team for *CHUNITHM*, a new music game, I am serving as a hub for organizing events and promotions and incorporating what we learn into product development. Pursuing what we love is our starting point for developing a game. Each team member steadfastly follows their passions as well as their own individuality until they are satisfied. I believe this is the process for creating innovative ideas. Women possess their own uniqueness and strength. Our team had previously developed the music game *maimai*, which featured intuitive operation and a stylish, cute design that is inviting to women as well as those who are unfamiliar with music games.

I intend to further develop *CHUNITHM* so that it attracts more players, and will do this by making the most out of my experience, adding a woman's touch to the game, and listening closely to players and my team to find out what they like and what makes them happy.

While I encounter many tough challenges in developing games, I truly enjoy putting things I love and my individuality into concrete form. I am trying to create games that will delight customers and are fun to build.



I want to provide fresh energy to game arcades by making the best use of female employees' opinions.



ATSUKO SASADA
 N Pro R&D Dept.
 SEGA Interactive Co., Ltd.

The *Nail Pri* project was launched with the hope that more female customers would come to game arcades. I was originally in charge of chassis design. Then I was assigned to supervise the entire machine design, focusing on nail designs because the team thought we should reflect women's viewpoints. In planning nail designs, we conducted a questionnaire survey involving many women, including female employees from different divisions and job types as well as employees' wives and daughters. We proceeded on a trial-and-error basis, using the wide array of opinions we had gathered. Now we offer a variety of designs that

Nail Pri Printer for Producing Customized Nail Stickers

Printers or smartphone apps can be used to create personalized nail designs by combining patterns from a rich collection or creating new designs from photos on smartphones and then printing them as nail stickers.

Scheduled for release in November 2015



<http://nailpri.sega.jp>
 © SEGA



A Sasada's notebook filled with ideas for developing nail designs

enable different customers to enjoy playing. In our location tests, we saw many smiles, including a woman who had not visited a game arcade for quite a while and a mother and daughter who like to pick the same nail designs. I want to continue to actively engage in the planning of machines that will entertain wide range of customers who visit game arcades.

Special Feature 2

Our CSR is about Creating Moments of Gratitude

We want to bring smiles and joy to everyone in their daily lives through our Pachislot and Pachinko Machine Business and provide environments in which senior citizens can confidently enjoy playing pachislot and pachinko.

Soei Tashiro (left), Taichi Akimoto (right)
Sales Div., Sammy Corporation

During a meeting with local business owners, the director of Four Leaves Kofu, an intensive care home for the elderly, requested a donation of pachislot and pachinko machines. We accepted his request, since we definitely wanted to offer entertainment that elderly nursing home residents could enjoy every day.

With the cooperation of many employees, including head office workers, we made several alterations to the machines prior to the delivery, such as reducing the sound volume to match the calm environment of the nursing home and adopting a coinless design to prevent the risk of accidentally swallowing tokens. We really appreciated hearing that the nursing home residents were in fact having a good time playing the machines every day and were especially pleased to receive the expression of gratitude from the owner of the nursing home. We as salespeople always serve as the Company's contact point with the public and can sense social needs and changes. We want to contribute to society through our business while accurately perceiving the needs of society and customers and developing ourselves as salespeople.

We are very happy to have established sound relationships with customers in a different way through social contribution.



Playing pachislot and pachinko is now one of the fun activities that senior residents and visitors to our facility look forward to.

Masashi Kunugi (right)
Manager, the General Affairs Dept., Four Leaves Kofu, Yotsuba-kai, a social welfare corporation

We have always believed that the playfulness of residents is something we need to respect. When I heard on the news that residents and visitors at some of the nursing homes really enjoy playing pachislot and pachinko, I thought we should introduce them so that residents could increase their daily physical movement. While machines that are difficult or take long hours to play are not suitable for our situation, since some residents require a high level of care, others in their seventies enjoy playing pachislot and pachinko almost every day, which seems to energize their daily lives. The introduction of these machines has generated a lot of conversation among the residents, who still talk about them when their families visit. The staffs at Sammy provided terrific support to us in this project, and we are grateful to all of them!



TOPICS

Opening Showroom to the Public

Since June 2006, with the cooperation of the Toshima-Ward Council of Social Welfare in Tokyo, Sammy has been inviting senior citizens to its showroom, where they enjoy playing pachislot and pachinko.

The 200th edition of this event took place in June 2015. Employees who joined as volunteers have become more aware of social contribution by interacting with people from different generations and seeing them enjoy playing.



Special Feature 3

SEGA SAMMY Group Earthquake Recovery Support Activities

Since immediately after the Great East Japan Earthquake of March 11, 2011, the SEGA SAMMY Group has been engaging in various support activities. While support for those in the affected areas has evolved as specific needs changed from one stage to the next, from relief to recovery and reconstruction, the entire Group continues to implement initiatives that elicit smiles and higher morale toward achieving full recovery of the area.



Employee Volunteer Activity (Feedback from Participating Employees)

Maho Miki (participated in the 35th event in July 2014) Licensing Business Div., SEGA TOYS CO., LTD.

What I heard in an affected area had such a strong impact on me that it has changed my view of life. I took to heart the phrase, "The true support of recovery is to never let the reality of what happened on March 11 fade from people's memories." I also got a strong sense of the Group synergy that enables us to work together.

Yuichi Suzuki (participated in the 37th event in October 2014) Production Management Dept., TMS ENTERTAINMENT Co., LTD.

I was happy to learn that the signboards and flower beds we created during our work there now provide a recreational space for residents. Considering that a major earthquake of the same magnitude could strike Tokyo, I realized this was a disaster for all of us, not just the area that was directly impacted.

Kayo Shimoya (participated in the 38th event in November 2014) Luxze Hitotsuba PHOENIX RESORT CO., LTD.

The time I spent communicating with local people was extremely valuable to me, and I also felt a sense of unity with my colleagues. Visiting and directly viewing the affected areas and meeting the people, I realized how lucky I am and grateful for that.

Eriko Kataoka (participated in the 39th event in May 2015) Technological Development Dept., Technological Development Div., Index Corporation

Part of the recovery process is sharing what I saw and heard as well as the current situation in the affected areas with those around me. Participating in these activities was beneficial for me in the sense that I could reconfirm the importance of being a member of the Group. I intend to build up my strength and learn a few party tricks to participate again.

Comment from a Community Stakeholder

Kenji Nakamura
Representative, PlusNEO, a reconstruction support organization

Five years have passed since the earthquake. The SEGA SAMMY Group is still providing support across all three stages by visiting the affected areas and listening to local needs. In fact, residents as well as those of us who continue to provide on-site assistance gain energy from the Group's support. We expect the SEGA SAMMY Group to continue to support us in helping to heal the distress of those who have been impacted.

New Employee Training in the Affected Areas (Feedback from Employees who Participated in April 2015)

Hideaki Seo
Sammy Corporation

I was moved when I heard a resident say, "We must save our own lives." I want to offer a wide variety of entertainment to bring smiles to the faces of the many affected people who have accepted their new lives after the earthquake and are carrying on with a strong resolve.

Natsumi Uwadaira
TMS ENTERTAINMENT Co., LTD.

Visiting the affected areas was a powerful experience. We had seen those places only on TV, so going there made me realize that the four years which have passed since the disaster have not been a very long time at all. These visits are important for reassuring local residents.

Shunji Suzuki
Sammy Networks Co., Ltd.

A group of residents unexpectedly stopped by while we were building flower beds, and we could see their smiles. I strongly feel that one aspect of the SEGA SAMMY Group's social responsibility is to bring exciting experiences to survivors through entertainment.

Akito Konoki
SEGA Interactive Co., Ltd.

I talked with local residents, visited an affect area and participated in fishery support work. All of these experiences have meant a lot to me. From now on, maintaining close relationships with those affected and ensuring their mental health will be more important than providing relief goods. I think one role for us as an entertainment company is to help relieve their distress.

Kayoko Matsushita
SEGA Games Co., Ltd., SEGA Networks Co., Ltd.

I was very sad to see the devastation caused by the tsunami, including damage to the Okawa Elementary School building. I was grateful, however, to participate in planting flower beds that would bring some comfort to local residents. It was a priceless experience, as I was able to learn a lot and strengthen a sense of unity with my colleagues.

Special Events in Support of Areas Affected by Disaster (Feedback from Participating Employees)

- I observed the wonderful smiles and strong spirits of those affected and returned with a renewed energy from the experience. I will take action every day to share my belief that we have to do whatever we can to support the recovery of the affected areas, regardless of the event and involve a lot more people.
- When I saw children enthusiastically inserting coins into the machines and hitting buttons over and over again with big smiles, I realized how beneficial this activity had been. I hope they will be able to let go of their sadness and memories for at least a short time.
- I spent some very pleasant time with children and the elderly, who were surprisingly interested in dart games. I realized the simple truth that when we can enjoy ourselves, we can share the same joy with others. This means a lot to me.

▼ We have received many messages from the visitors.

Comment from a Community Stakeholder

Norio Kanno
Mayor of Iitate Village
Iitate, Soma County, Fukushima Prefecture

We are now in the fifth year following the complete evacuation of Iitate village because of the damage to the nuclear power plant caused by the Great East Japan Earthquake. The village convenes annual gatherings of residents to encourage those who had been forced to relocate to other areas. The SEGA SAMMY Group co-sponsors these events. We appreciate their support by providing various pachislot and pachinko machines as well as their comforting smiles and kindness. We hope they will continue to keep informed and involved in the reconstruction of our village.

Special Feature 4

For Children's Smiles and Sound Growth

SEGA SAMMY Cup Presents the Junior Sports Festival

The Junior Sports Festival, which shares with children the fun of participating in sports, got started when the SEGA SAMMY Baseball Club organized a baseball clinic in 2006 during the Shigeo Nagashima Invitational SEGA SAMMY Cup Golf Tournament. We have gradually increased the number of types of sports included in the festival, along with the cooperation of community residents. And the festival now provides an opportunity for us to communicate with and elicit smiles from children as well as adults in the community through sports.

The festival marked its eighth anniversary in 2015, taking place from February through October 2015 with the cooperation of the municipal governments of Chitose City as the host city and the neighboring cities of Eniwa and Tomakomai. Leading players and former athletes provided a wide range of instruction, from the basics to practical tips and mental training, much to the enjoyment of the children. This year we organized clinics for 17 types* of 14 sports with more than 1,500 children participating.

* The 17 types included rubber baseball, hardball baseball, soccer, running, tag, basketball, SNAG golf, volleyball, swimming, tennis, soft tennis, judo, kendo, table tennis, badminton, skiing and skating.

Major Activities

Kota Yoshiwara, a former member of the Japan National Team, currently, a coach at the Consadole Sapporo Junior Football School instructed children in soccer.



Taichi Sasaki, a former member of the Japan National Team (currently works for Suntory Spirits Limited) communicated the fun of playing volleyball.



Soichi Hiroto, who is known as a charismatic trainer, organized a skating clinic featuring the "4 Stance Theory," which classifies human physical characteristics into four categories.

Participated as an instructor

We use sports to help children continue to dream and to foster their curiosity.



Yoshiki Eto
Captain of SEGA SAMMY Baseball Club
Operating System Dept., IT Div.,
SEGA Holdings Corporation

We offer a unique program that cultivates children's interest in baseball. The program includes drills that are seldom used with junior baseball teams, such as catching balls after playing hopscotch. These drills encourage children to learn about the purpose of the activity and deepen their understanding based on our explanations, thereby enabling them to master catching skills. Baseball theories and skills are profound, and it is therefore always important for children to discover skills on their own. Once children learn how to do this, they will develop a greater interest and become more proactive in learning. This attitude is essential for improving skills. I hope they will continue to practice baseball skills and to dream as well as to foster their own curiosity while cherishing their love of baseball.

Participated as a promoter

With 6,200 children having participated so far in the Junior Sports Festival, we will continue to disseminate the power of sports from Chitose City.



Makoto Hirose
Manager
Sports Promotion Section,
Tourism & Sports Dept.,
Chitose City

Father and son participants

Children of the Chitose Junior Rubber Baseball Team experienced a delightful and fulfilling time learning baseball.



Sorato Miyamatsu
(fourth grade of elementary school)

I began playing baseball two years ago, and I joined this clinic to improve my basic skills. They taught me many things, such as the batting stance and fielding posture. Next year, I'll move up to the fifth grade, so I want to contribute to the team, both in offense and defense, and to become a key player that lifts the team's spirit. Thank you for teaching me.

Takayuki Miyamatsu
Manager
Chitose Midoridai Sharks

The Chitose Midoridai Sharks is a new team, formed in January 2015. It has many issues to address, such as recruiting players and enhancing its overall capability. Above all, my motto is: I want children to enjoy playing baseball as much as possible. When we participated in the baseball clinic, I was impressed by the children's lively smiles. I want to develop each player's individuality while drawing upon the drill methods from the SEGA SAMMY baseball clinic.

We deeply appreciate the SEGA SAMMY Group for hosting the festival, which affords an opportunity to enable children to learn about the greatness of sports and gain important skills for their growth. This year we organized the first of Soichi Hiroto's skating clinics for children and instructors, applying his "4 Stance Theory." We received very favorable comments on the clinic from the many participating instructors as well. We will further promote sports, capitalizing on the experience we have gained from the Junior Sports Festival, and continue to disseminate the power of sports from Chitose City.

Special Feature 5

SEGA SAMMY GROUP CSR Workshop

Let's Talk About Our Future!



The Management Philosophy of the SEGA SAMMY Group states, "By providing entertainment filled with dreams and excitement to people throughout the world, we will strive to enrich our society and culture." This is how the Group views its business. To grow sustainably in harmony with the rapidly changing society, we must ask ourselves what kind of value we should create and provide to society and how we should contribute to society. In this context, we convened the first cross-Group workshop for new and mid-level employees so they could exchange their views on the Group's vision and future initiatives that we should launch now in order to achieve the vision.



Outline

Date: April 21, 2015
Theme: Let's Talk About Our Future!
Participants: 12 employees

Workshop Themes

- Theme 1** Vision of the SEGA SAMMY Group for the Next Ten Years (by 2025)
- Theme 2** Our Responsibility for Achieving this Ten-year Vision (set by the groups below)

Topics	Theme 2 (varied by group)	Participants
GROUP 1 Business, products, planning and development	What unique abilities do we have as an entertainment company?	Nozomu Usami (R&D Div. #1, SEGA Interactive Co., Ltd.) Michitaka Sekiyama (Image R&D Dept., R&D Div., Sammy Corporation) Kenshiro Suzuki (Game Style Lab., President's Office, SEGA Games Co., Ltd., SEGA Networks Company) Ikumi Hayashi (Domestic License Dept., Domestic Business Div., TMS ENTERTAINMENT Co., LTD.)
GROUP 2 Response to customers	Communication with customers	Koichi Hanatate (Consumer Online Marketing Dept., Japan & Asia Business Div., Consumer & Online Company, SEGA Games Co., Ltd.) Keisuke Mayama (Customer Service Dept., Sales Div., Sammy Corporation) Daiki Fujii (Domestic Operations Div., DARTSLIVE Co., Ltd.) Koyomi Kudo (KidsBee Kohoku-Minamo, SEGA ENTERTAINMENT CO., LTD.)
GROUP 3 Human resource development and employee growth	Contribution to the organization, and employees' personal growth	Atsuro Nishiki (Intellectual Property Dept., SEGA Holdings Co., Ltd.) Daijiro Tajima (Personnel Dept., Corporate Div., Sammy Corporation) Momo Cho (Game Planning Promotion Dept., Business Development Div., Sammy Networks Co., Ltd.) Makoto Hirano (Akihabara Operation Center, Sales Div., Japan Multimedia Services Corporation)

Major Opinions Presented by Each Group on Themes 1 and 2

GROUP 1 Business, products, planning and development



Hayashi, Suzuki, Sekiyama and Usami (from left)

- I want to provide new value that is unique to Japan in order to enable the elderly and women to use our products confidently. (Hayashi)
- I want to provide services that make customers happy, capitalizing on the Group synergy. (Suzuki)
- I expect the SEGA SAMMY Group to take the initiative in establishing new rules for the casino industry. (Sekiyama)
- Developing the casino business within the SEGA SAMMY Group will require collaborating with people and companies in the community. (Usami)



Hanatate, Kudo, Fujii and Mayama (from left)

GROUP 2 Response to customers



- The importance of relationships of trust with customers will not change in the future. (Hanatate)
- We are entering the era of the “silver,” or the “senior citizen generation.” I want to be aware of creating a workplace that allows older employees who can share customer needs to work with enthusiasm. (Kudo)
- To realize the fun that people expect over the next ten years, we must constantly ask ourselves whether or not we are really happy with our current jobs. (Fujii)
- I want to create new products and services by leveraging the synergy across the Group. I believe that the future is bright for the Game, Amusement and Pachislot and Pachinko machine industries. (Mayama)



GROUP 3 Human resources development and employee growth



Tajima, Cho, Hirano and Nishiki (from left)

- I want to focus on implementing career development and other programs to develop human resources who are capable of responding to any changes. (Tajima)
- I expect the Group to improve employee training programs at local sites and to learn foreign languages. (Cho)
- I think it is important to create a system that takes advantage of the strengths that each Group company has developed. (Hirano)
- With the spirit of “Creation Is Our Life,” I want to promote the multilateral use of our intellectual properties and events for exchanging technologies across the Company. (Nishiki)



After the workshop, participants shared how they felt motivated to hear opinions from different perspectives. The workshop gave everyone an opportunity to consider how the Company should use and develop human resources, businesses and services and create new things by acquiring connections and ideas. Many of them realized that revitalizing communication within the Group and enhancing synergy is crucial for continuing to deliver value to society.

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

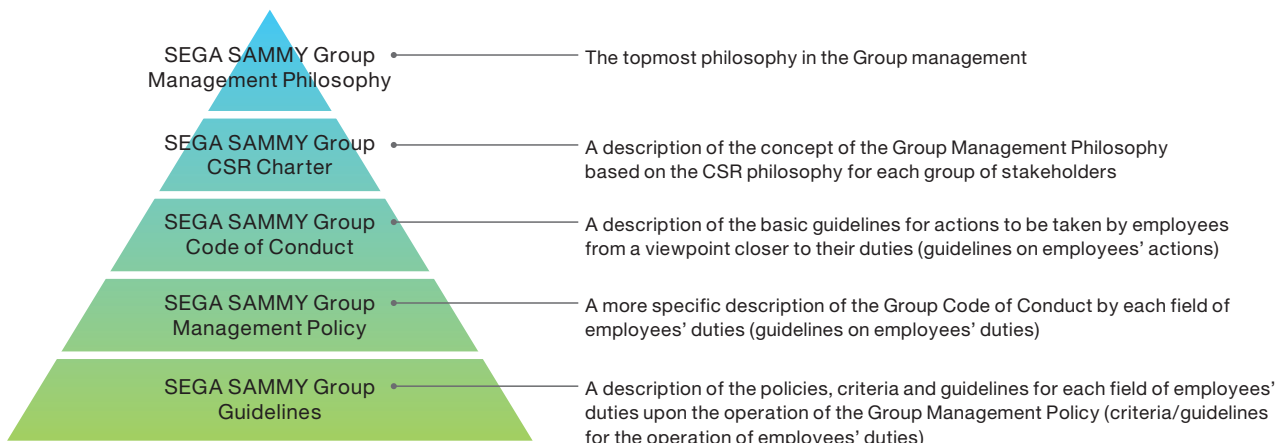
http://www.segasammy.co.jp/english/pr/commu/csr/gr_policy.html

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

We posted the Chinese and Korean versions of the Group Management Policy on our 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
- IT Security Guidelines
- Cloud Service Use Guidelines
- SNS Use Guidelines
- Overseas Bribery Prohibition Guidelines



<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 we are conducting progress management for each business company.



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 (Society and the Environment). 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	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 in activities with various working groups on SRI/ESG, Supply chain, 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.

• United Nations Global Compact Content Index

10 Principles of the United Nations Global Compact		Report Page	Content
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. 13-16 p. 28 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
Labour	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 labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	pp. 13-16 pp. 28-29 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. 13-16 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. 13-16 pp. 18-19 pp. 27-29	The Structure of the SEGA SAMMY Group Management Philosophy, CSR Compliance With partners: fair and impartial business practices

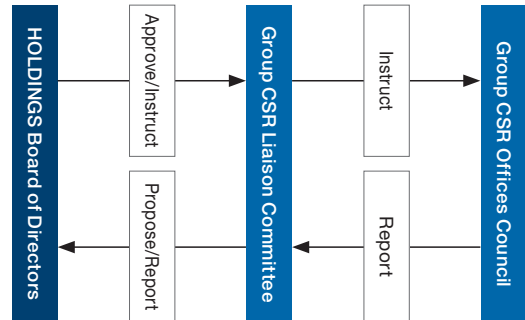
Group CSR Framework

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, chaired by the general manager of The Group CSR Promotion Office of the SEGA SAMMY HOLDINGS, which coordinates CSR management within the Group, 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 the SEGA SAMMY HOLDINGS and attended by CSR managers at Group companies.

The council is, in principle, held once every six months to examine, implement and evaluate CSR activities using the PDCA (Plan-Do-Check-Act) cycle. In fiscal 2015, it shared information and knowledge, discussed Group-wide CSR activities such as the Great East Japan Earthquake recovery support activities, a picturebook campaign, publicly required non-financial information disclosure, and a study on a CSR report that uniquely reflects the SEGA SAMMY Group and the CSR activities of other companies.

• 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 the Holdings 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 training tailored to various levels of understanding.



CSR poster displayed at workplaces

CSR Training

The Group has held CSR training for members of Group company management since October 2013 (10 companies, 11 times, 354 participants). Through outside instructors' lectures 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 training, the participants all presented a CSR declaration for their own departments and were given the opportunity to re-recognize their *raison d'être* as individual members of the Group. We will continue this training 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 CSR training

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 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 2016.



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

Fiscal 2015 Targets, Progress, and Results, and Fiscal 2016 Targets

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 2015 Issues	Progress and Results	Main Page References	Fiscal 2016 Issues	
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. [SEGA, Sammy, SEGA TOYS, SE] Took measures to run patrols and protect youth in partnership with local police, commercial districts, etc. [SE] Prohibited the serving of alcohol to minors [SE] 	pp. 21, 22, 25 and 26	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 [SEGA, Sammy, SEGA TOYS] 			
	Promote accurate, appropriate product labeling	<ul style="list-style-type: none"> Accurate, appropriate product labeling [SEGA, Sammy, SEGA TOYS, SE] 			
	Continue compliance with safety standards conforming to industry group standards, etc.	<ul style="list-style-type: none"> Safety standards conforming to industry association standards [SEGA, Sammy, SEGA TOYS, SE] Promoted gaming in moderation through the industry group [Sammy] 	pp. 25 and 26		
	Continue measures against illegal customer behavior	<ul style="list-style-type: none"> Measures against illegal customer behavior [Sammy] 			
Contributing through Our Business	Promote expanding the scope	<ul style="list-style-type: none"> Developed and popularized the <i>Smiletouch Dental</i> support terminal contributing to the advance of pediatric dental care [TMS] Opened showrooms periodically to senior citizens (16 times, total 107 participants) [Sammy] Cooperated with an NPO to donate toys [HD, SEGA TOYS] Held events to support the recovery in a disaster-affected area using content (5 times) [HD, SEGA, Sammy, SEGA TOYS, TMS, SE, SLS, DARTSLIVE] 	pp. 9, 26, 42 and 44	Contribute to the resolution of social issues using SEGA SAMMY Group content	
	Continue support for recovery and support a new stage	<ul style="list-style-type: none"> Dispatched volunteer Group employees to disaster-affected areas (6 times, total 55 participants) [Group] Dispatched new employees to disaster-affected areas as part of their training (11 companies, 87 participants) [Group] Held events to support recovery in a disaster-affected area using content (5 times) [HD, SEGA, Sammy, SEGA TOYS, TMS, SE, SLS, DARTSLIVE] 	p. 9	Engage in whole-Group activities serving society (support Great East Japan Earthquake recovery, etc.)	
		Use Group synergy to serve society	<ul style="list-style-type: none"> Supported the arts, including the Tokyo Jazz Festival [HD] Participated in the Picture book campaign (150 books) (creating an environment for entertainment in underdeveloped countries) [Group] Held the Junior Sport Festival and swimming clinic [HD, SEGA SAMMY GOLF, PSR] 		pp. 10, 44 and 45
	Contributing through Our Business	Engaging in action to serve society as an extension of business	<ul style="list-style-type: none"> Baseball Club held baseball workshops [HD] Cooperated with an NPO to donate toys [SEGA TOYS] Accepted local junior and high school students for internships [OASIS PARK] Donated to the Pink Ribbon Campaign [SEGA SAMMY GOLF] Sponsored local sports activities [HD, Sammy] Sponsored and participated in local festivals [SEGA, Sammy, SLS] 	pp. 10, 43 and 44	Engage 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) [SEGA] Became a Y-Green Partner of the Yokohama City Wind-Power Electricity Generation Project (Green Power Certificate for 2014 (actual): 95,730 kWh) [SEGA] Established a system for tracking figures of environmental impact at ten major Group companies [HD] Won praise from Nagano Prefecture for the amount of CO₂ absorbed through a forest sponsorship agreement (SEGA-no-Mori) [SEGA] Managed, protected, cultivated black pine on the Seagaia property (2.5 million m²) [PSR] 	pp. 40 and 41	Engage in initiatives concerned with the earth's resources, etc.	
		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 [SEGA] Developed and commercialized Eco-Pachinko [Sammy] 	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 97.24%) [Sammy] Conducted marketable waste recycling (waste separation program by Kawagoe Factory workers) [Sammy] Conducted 100% recycling of amusement machines by manual dismantling [SLS] 	pp. 40 and 41	
	Promote other environmental protection activities	<ul style="list-style-type: none"> Distributed information (e.g., environmental regulations) at the annual Supplier Meeting [SEGA] 	p. 29		
Corporate Governance	Instill a widespread awareness of the Group's Management Philosophy through continuous top-down communication	<ul style="list-style-type: none"> Held CSR training for members of the Group's management (3 times, total 3 companies, total 85 participants) [HD] Formulated the Group Management Policy and Group Guidelines [HD] 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. 13, 14, 15	Instill a widespread awareness of the Group Management Philosophy through continuous top-down communication	
		<ul style="list-style-type: none"> Held compliance training sessions for Group executives (6 times, total 18 companies, total 141 participants) [Group] Held compliance training for newly appointed executives (1 time, 38 participants) [SEGA, etc.] Built an easy-to-use reporting system by establishing the Corporate Ethics Hotline [Group] Held seminars on individual topics (41 times, total 1,409 participants) [SEGA, Sammy, etc.] Held training programs by position (for members of management: 3 times, total 3 companies, total 85 participants; for new employees: 5 times, total 6 companies, total 111 participants) [Group] 	p. 18	Conduct compliance training	
		<ul style="list-style-type: none"> Strengthen corporate governance Conduct training related to promoting CSR activities 			
		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 (twice a month) [HD] 	—	Promote CSR information sharing

* Main companies implementing activities are shown in square brackets (the company name for the fiscal year in which the company conducted the activities). Company names for the below companies are abbreviated as follows.
 HD: SEGA SAMMY HOLDINGS INC.; SEGA: the former SEGA Corporation; TMS: TMS ENTERTAINMENT Co., LTD.; SLS: SEGA LOGISTICS SERVICE CO., LTD.; PSR: PHOENIX RESORT CO., LTD.; SE: SEGA ENTERTAINMENT CO., LTD.; Group: Domestic Group companies including HD, SEGA, Sammy, SEGA SAMMY GOLF (SEGA SAMMY GOLF ENTERTAINMENT INC.)

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. This policy is the basis for addressing such important management issues as choosing board nominees, deciding compensation for directors and corporate auditors, and overseeing management.

Framework for Corporate Governance

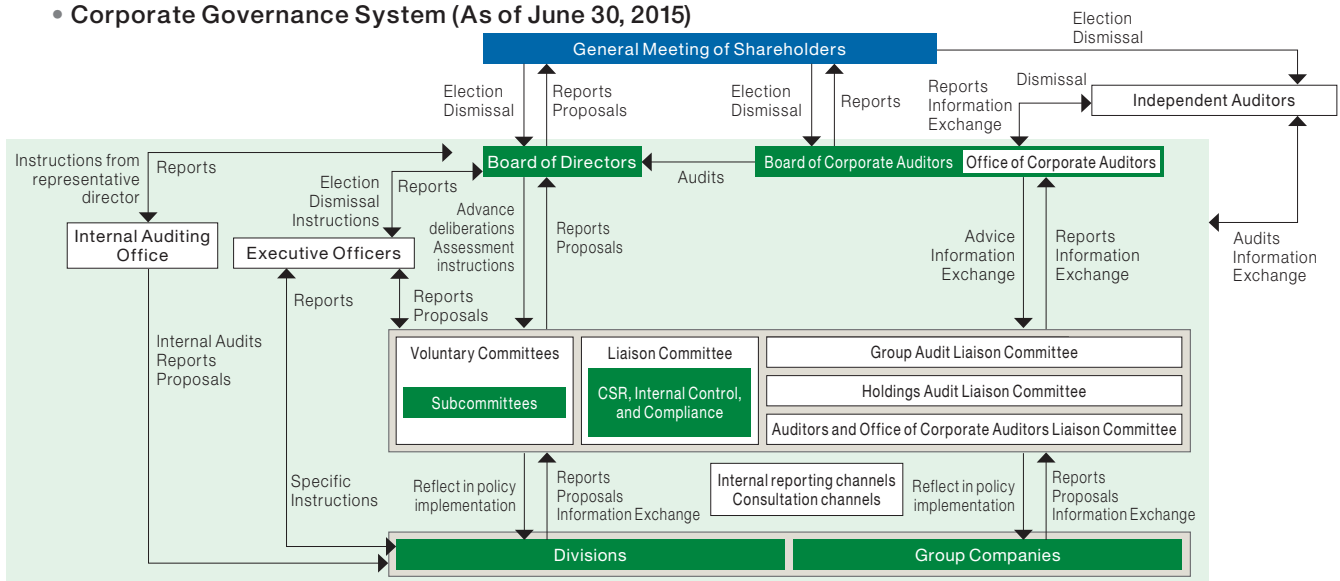
The SEGA SAMMY Group has adopted a corporate auditor system with the understanding that directors who possess abundant expertise and experience in the industry, products and services can quickly come to the best solutions. To reinforce corporate governance in both execution and oversight, we have appointed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

The Board of Directors, comprising nine directors (two 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 (three 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
<http://www.segasammy.co.jp/english/pr/corp/governance/>

• Corporate Governance System (As of June 30, 2015)



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 directors*1 in consultation with other directors, while auditor compensation*2 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 (FY2015)

Category	Number of Officers	Amount
Directors	9	575 million yen
Auditors	2	25 million yen
Total	11	600 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.

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. All reported cases are properly handled under to relevant procedures.

Compliance Promotion Activities

Ensuring Full Compliance with Rules and Enhancing Awareness

We provide training 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.

• Results of Fiscal 2015 Compliance Training (Group Companies)

Nature of Activity	Group	Company Name	Frequency	Total No. of Participants
Compliance seminar for Group executives	Executives, auditors, officers of 18 Group companies	HD, SEGA, Sammy, SNW, Toys, TMS, PSR and other	6	141
New Employee Training	New employees	HD, SEGA, Sammy, SNW, Toys, TMS, PSR and other	5	111
Various compliance training	Group company executives, all employees	HD, SEGA, Sammy, SNW, Toys, TMS, PSR and other	44	1,072
Training on individual issues (legal, contracts, intellectual property, information security, Act on the Protection of Personal Information, the Subcontract Act, food hygiene, etc.)	Group company executives, all employees, employees in charge of the relevant division (varies depending on the training)	HD, SEGA, Sammy, SNW, Toys, TMS, PSR and other	41	1,409

* Company names during the fiscal year are used. Company names for the below companies are abbreviated as follows.
HD: SEGA SAMMY HOLDING SINC.; SNW: Sammy Networks Co., Ltd.; Toys: SEGA Toys; TMS: TMS ENTERTAINMENT 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 overseas, we have established a department specifically to maintain peace and safety in the international community in accordance with the Foreign Exchange and Foreign Trade Act, and we are engaging in export control.

We use means such as improvement of company regulations, training for employees, and provision of information over the Internet to promote understanding and heighten awareness in every one of our employees involved in exports. In addition to preventing violation of laws and regulations before they can occur, we are implementing internal audits and making improvements based on audit results 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 machine 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 regular IP training 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 "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 a 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 training, which includes introduction of e-learning.

01 With Customers

CSR Charter

We will bear in mind the current needs and interests of our customers in our effort to provide entertainment filled with dreams and excitement.

Our Stance

In addition to food, clothing and shelter, fun and excitement are also vital elements of a happy and prosperous life. At the SEGA SAMMY Group, we find the meaning in what we do, as well as the role society expects us to fulfill, in bringing enrichment, fulfillment, vitality for tomorrow and other such values to people's daily lives by providing entertainment that delivers smiles, joy, dreams and excitement to people throughout the world. We seek to accomplish this not only by providing products and services that are safe, secure and of high quality but also by developing and providing products and services that help contribute solutions for society's issues by means of entertainment. Moreover, we will work with related industry groups and others to help the sound development of young people and to promote activities creating appropriate environments for play.

Major Initiatives in Fiscal 2015

1. Pursuing customer satisfaction: gauging and applying customer needs
2. Safety and quality assurance of products and services: a stronger quality assurance system, response after quality incidents, securing safety in facilities
3. Initiatives for promoting a healthy play environment: product labeling, measures against illicit customer behavior, preventing gaming addiction, sound development of young people
4. Contributing through products/services: accessible toys and a preparation support tool



VOICE

Building a Trusting Relationship with Customers by Providing Post-Sales Assistance that is Sincere and Diligent

I was very pleased to hear that I had been ranked the top sales employee in the second half of fiscal year 2015. I believe that maintaining a trusting relationship with customers is the most important thing in sales activities. I'm always aware of being sincere and diligent when interacting with customers. Even after the sales transaction is complete, I continue to visit their stores and provide aftersales support. When I was still new at the job, one of the pachinko hall operators told me, "I will buy it because it's a Sammy brand and because you are the one selling it." I was very encouraged by his words at the time and still feel the same today. I believe that maintaining a trusting relationship with customers is important not only on a personal level but also on an organizational level to avoid any negative effects associated with personnel changes. I will continue to do my part to enable more people to experience and enjoy Sammy's machines to play pachinko, a game that is unique to Japan.

Kota Arai
Sales Div., Sammy Corporation

Joined Sammy Corporation ten years ago and has been working all this time in the Sapporo Sales Office, Sapporo Branch and is currently in charge of 70 pachinko halls in Sapporo and neighboring areas. In fiscal 2015, he was ranked the top sales employee in the entire company.

Pursuing Customer Satisfaction

Basic Stance

The SEGA SAMMY Group believes that gaining a prompt and accurate grasp of the customer's needs and market changes and making good use of that information to improve product development and service are necessary factors for attracting and retaining customers. With similar products and services flooding the markets, we are committed to providing products and services that so completely satisfy our customers that they will want to come back to us again. To this end, we are working to improve the framework for obtaining feedback from customers and determining their wishes using methods that are matched to the characteristics of the respective business and industry. At the same time, we are also working so that the information we obtain through marketing surveys and other such methods can be put to good use in creating our products and providing our services.

Gauging and Applying Customer Needs

Inter-Departmental Collaboration and Information Sharing

In the Entertainment Contents Business, to increase customer satisfaction, it is important to quickly and accurately gauge customers' increasingly diverse needs and use that information in our product development and services, our development, marketing, and sales teams work closely together to perform stronger marketing research.

In the Pachislot and Pachinko Machine Business, the development, sales, and production teams set up a checkpoint in 2007 to develop game machines that satisfy both our client pachislot and pachinko hall operators and players. The checkpoints provide opportunities for these three teams to exchange opinions and are held three times during the entire process, from product development to market release, at the planning stage, prototype stage and then prior to release. After market release, the teams also hold a wrap-up meeting and develop a report about market reaction and machine quality. All this information is collected and used for future product development.

Efforts in Development

In the Entertainment Contents Business, under the spirit of the SEGA Group's value "Creation is Our Life," we pursue new challenges every day to develop innovative products that deliver the quality of play we uniquely offer to our customers.

Everything we do is about our desire to give our customers dreams and excitement through their game play. This is what our development team of the Pachislot and Pachinko Machine Business, which has worked with originality and vision to produce many popular hit machines, takes such pride in. We are strengthening our methods for customer-driven market positioning with a positive grasp of diversifying market environments and needs from the early stages of planning and development. With regard to players, we hold group interviews and conduct product evaluation surveys, while with regard to pachislot and pachinko hall operators, we engage in active communication and periodically conduct surveys. Using methods like these, we promptly grasp their needs.

Incorporating Customer Input

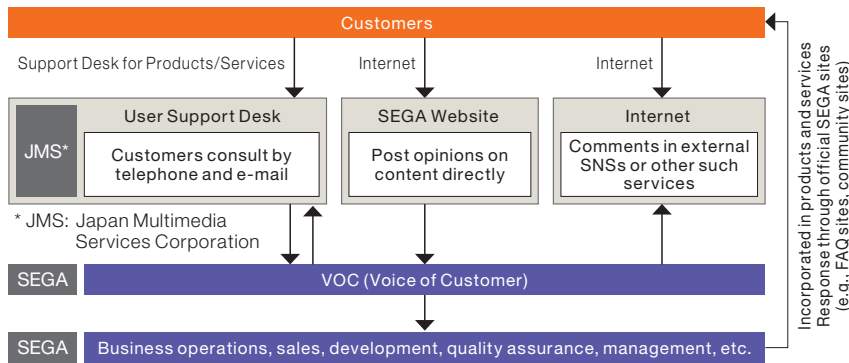
In the Entertainment Contents Business, we offer promotions tailored to customer segments and interests to convey the appeal of our products at exhibitions and in-store events, where we interact with our customers face to face. We also actively seek out direct communication and conduct questionnaire surveys to get customer feedback we can use in further improving product value.

In the Pachislot and Pachinko Machine Business, each time a new product is introduced, we conduct both quantitative and qualitative market analyses of players. We also periodically visit pachislot and pachinko halls to share information with the hall operators, and we use their feedback for product development.

Customer Support System

In the Entertainment Contents Business, we comprehensively respond to the many types of customer input we receive by working through our User Support Desk. A specialized Voice of Customer (VOC) group is also in place to forward customer inquiries and feedback to various departments, where it is used to improve product and service quality. In order to further enhance customer satisfaction, we reorganized the VOC group in May 2015 into two teams: the existing user support desk and a team that designs and develops systems for promptly and appropriately bringing market feedback to us. The objective of the new VOC group is to turn a massive volume of collected data into what both our customers and employees find most useful and valuable. We address after-sale service through SEGA LOGISTICS SERVICE, which is in charge of maintenance, repair, parts provision, and distribution and associated business departments, which analyze quality problem trends, discuss improvement plans, and report to the development, production, and sales teams to help make improvements.

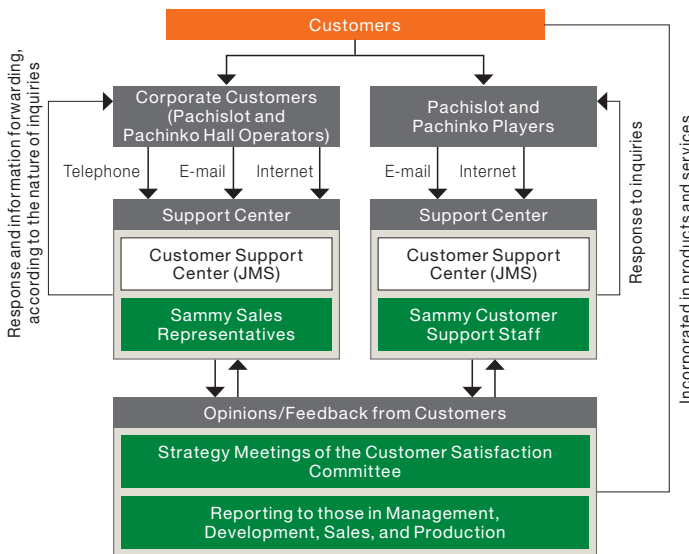
• Mechanisms and Framework to Act on Customer Feedback (Entertainment Contents Business)



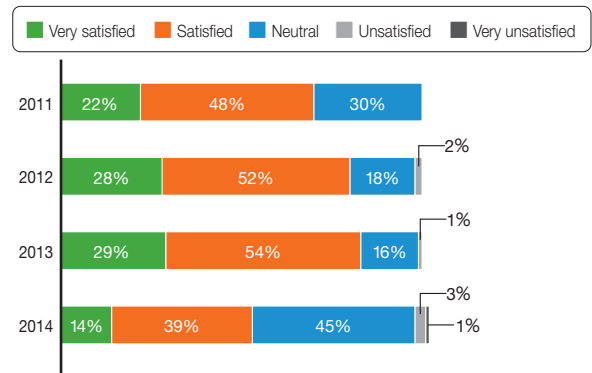
- Customer comments received through our official sites or external SNSs may be answered directly from JMS through VOC, or the answer may be posted on an official SEGA website.

In the Pachislot and Pachinko Machine Business, fiscal 2016 will mark the tenth anniversary of the Customer Support Center, originally opened in response to customer requests. To provide services that meet customer expectations, we are now identifying the factors that drive customer satisfaction and striving to promptly provide appropriate corrective action for machine failures, the service most demanded by customers, and at the same time focusing on training service staff in the Customer Support Center and analyzing machine failures.

• Mechanisms and Framework to Act on Customer Feedback (Pachislot and Pachinko Machine Business)



• Results of Customer Support Center User Satisfaction Survey



Two-Way Communication with Customers

The Entertainment Contents Business offers a community service called *it-tells* that can be used by anyone with a SEGA ID (sign-up is free). The service offers a virtual venue for customers who share common hobbies and interests, including our games and services, such as *Phantasy Star Online 2* and the *Sonic the Hedgehog* series, to interact with each other. It also provides an opportunity for two-way communication with our customers. In August 2015, the number of users using the service had exceeded 50,000, and we will be further expanding services in the future.

Sammy Plus opened in 2014 as a customer service website for the Pachislot and Pachinko Machine Business now has about 8,000 pachislot and pachinko halls signed up. We intend to go beyond simply delivering information to provide more convenient tools for the pachislot and pachinko operators.



Community site *it-tells*



Sammy Plus website exclusively for pachislot and pachinko hall operators

Work Improvement Activities from the Customer’s Point of View

SEGA ENTERTAINMENT, which operates amusement facilities and food and drink shops, is striving to enhance its services and shops in order to provide smiles and excitement to even more customers. Employees bounce ideas off each other and roll out creative services suited to the local characteristics and target customers at each shop. We have also established an “Excitement Award” system to commend these kinds of initiatives at each shop. This motivates employees and encourages initiatives to make work improvements.

Safety and Quality Assurance of Products and Services

Basic Stance

Each company in the SEGA SAMMY Group has created its own quality assurance system that is optimized for the countries and regions they serve, as well as for the distinctive characteristics of the industries they supply with products and services. All our companies are engaged in maintaining and improving quality throughout all the processes involved from development to production, marketing and service. For the safety of our products, we not only observe the standards set by legal statutes and by industry but we also engage in thoroughgoing safety management based on the voluntary standards established by each Group company. We will strive through these efforts to provide products and services that satisfy customers and earn their trust.

Safety and Quality Assurance of Products and Services

Quality Assurance System

In the Entertainment Contents Business, the Quality Assurance Department operates independently from other departments, such as sales and development, to strengthen our quality assurance system by centrally managing product and service safety and quality in keeping with relevant rules. To manage product safety in particular, the business follows its own voluntary standards as well as industry guidelines established by JAMMA.* Outside of Japan, we have quality assurance systems in place suited to local conditions.

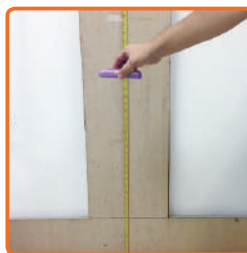
SEGA TOYS takes focus on the customer and assurance of product safety as its highest management priorities. We are establishing and promoting a voluntary action plan following our basic product safety policies as we work to ensure both safety and quality. At the development and design stages, we are setting up design inspection and validation checkpoints and working to ensure safety in compliance with the Japan Toy Safety Standard (ST Standard) prescribed by the Japan Toy Association, Food Sanitation Act and other relevant laws and to prevent the occurrence of problems on the market. In addition, we are using prototypes prior to production to apply thoroughgoing quality

* Japan Amusement Machine and Marketing Association, Inc.



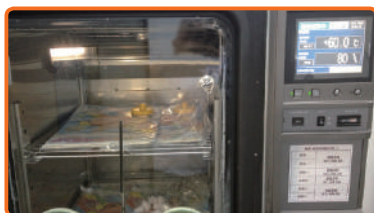
Durability tests, load tests and drop tests

Switches and buttons are checked for durability in load tests, drop tests, etc.



Static electricity tests

Static electricity equivalent to that found on the human body is applied to the product to ensure it is safe and does not fail.



High-temperature, high-humidity chamber tests

By varying the temperature and humidity, we use this chamber to make sure the product is sound and continues to work under a variety of environmental conditions.

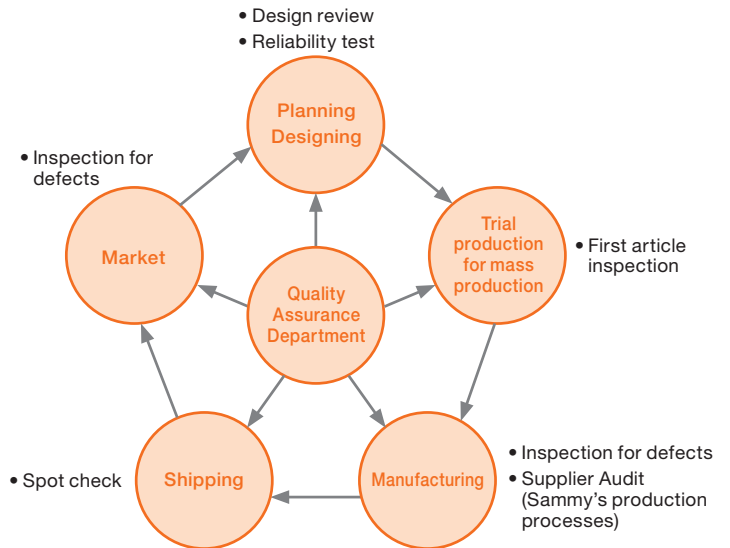


X-ray fluorescence spectrometer

All products are checked to make sure they do not contain harmful substances such as cadmium, lead and mercury.

testing of various kinds, including durability tests, overload tests and drop tests, to ensure product quality and safety. Considering that toys are used by a wide range of customers, we also set quality standards for the materials in these products based on the Food Sanitation Law and other such sources, and we establish control requirements and written pledges regarding the use of polyvinyl chloride (PVC). These are some of the stringent voluntary standards that we apply.

In the Pachislot and Pachinko Machine Business, we offer safe, high-quality products and services by means of quality assurance initiatives for proactive creativity and effective improvement. We have also established quality assurance procedures and related internal rules to eliminate major failures that could compromise safety, leading to the development of quality manuals, control documents and records. We also conduct periodic reviews, such as verifying that the 4M (Man, Machine, Material and Method) system is being properly managed by suppliers. In addition, we are endeavoring to improve product quality by reinforcing collaboration between our Development, Sales, and Production departments.



Disclosure and Response after Quality Incidents

In the Entertainment Contents Business, if quality issues arise related to products or services, we respond in a prompt yet reliable way, according to the scope and nature of the issues, and we are stepping up our system for permanently preventing issue recurrence. We promptly disclose information by means of direct mail, notices in industry publications, and so on. If necessary, a dedicated service center is established to minimize any impact on amusement center operators and other customers.

In the Pachislot and Pachinko Machine Business, every quality problem is reported to the departments concerned, in accordance with the established rules. We respond promptly, putting the customer first, and appropriately disclose information. We approach the problem by first inspecting the discovered defect to quickly determine the root source within the entire process, such as design, manufacture and transportation. Using the results of the inspection, our Development, Sales, and Production departments work in concert to quickly address potential problems and prevent their recurrence.

Manufacturing that Complies with the Law

Whenever the Pachislot and Pachinko Machine Business puts a product on sale, we are required to go through multiple approval processes according to the “Ordinance for Enforcement of the Law on Control and Improvement of Amusement Businesses” (Amusement Businesses Law Enforcement Ordinance). First, an application for type testing must be submitted to the Security Communications Association to obtain certification. Verification* of the machine is then acquired from the National Public Safety Commission in each prefecture concerned, after which we go on to the sales and production stages.

* A verification determining whether the machine type developed by that manufacturer conforms to technical standards set by the National Public Safety Commission.

Ensuring Safety at our Facilities and in our Services

In our amusement center operations business, we are careful to protect customer safety by periodically inspecting our amusement machines and center facilities concerning customer safety. We are also actively installing separate smoking areas among other measures so more customers can enjoy themselves comfortably. We will continue to perform voluntary inspections of operations and management based on a list created by the company. In this way, we endeavor to provide a safe and reassuring environment for our customers to enjoy.

Creating a Wholesome Environment for User Enjoyment

Basic Stance

To make the products and services of SEGA SAMMY Group more enjoyable, we are striving to create a wholesome environment for game playing from the perspective of legal and regulatory compliance and consumer protection in which users have a sense of security. For example, in the Entertainment Contents Business, we clearly indicate the intended age group for each game using both industry-standard labels and our own voluntary labels. The Pachislot and Pachinko Machine Business is also working with the industry to address related issues, such as gaming addiction and illicit behavior. By closely collaborating with the industry as a single team, we will continue to contribute to its sound development.

Product and Service Labeling

We label our product packaging, user manuals and other tools of home video game software in keeping with relevant laws and regulations, industry group guidelines, and internal rules. By applying clear and appropriate labels we ensure that customers can use our products and services with confidence. We are also proactive about specifying the range of users of each product and addressing any ethical issues. SEGA labels all products in line with assessments conducted in countries worldwide. In Japan, SEGA indicates the target age group of each game based on the ratings system established by the Computer Entertainment Rating Organization (CERO), and in addition we label products according to our own voluntary standards.



Labeling of age of intended audience under CERO rating system and label based on SEGA's voluntary standards

Measures Against Illegal Customer Behavior

The Revised Amusement Businesses Law Enforcement Ordinance, which is aimed primarily at controlling excessive gambling on amusement machines and preventing improper modifications, has been in effect since July 2004. Acting in accordance with this ordinance, the Pachislot and Pachinko Machine Business has established guidelines to help prevent users from illegally manipulating amusement machines for their illicit benefit. We are continuing to collect market information and working on building amusement machines that are resistant to this abuse. There are groundless walk-throughs and strategy guides circulating in some parts of the market, and we are taking measures against these by various means, including use of the Sammy website, pamphlets and other such media to urge caution.



Warnings against improper activity are also included in pamphlets that provide details on machine models and advice on how to play.

Pachislot Hokuto No Ken Kyoteki
© Tetsuo Hara & Buronson/NSP1983, © NCP 2007
Approved No. YFC-128
© Sammy

Initiatives against Gaming Addiction

The pachinko industry is engaged in various activities to address dependency on gaming. These include conducting a survey on the actual extent of addictive gaming and raising awareness to prevent dependency and excessive game play and a campaign to eliminate the problem of adults leaving their children in parked cars, as occurs with addictive gaming. The Pachislot and Pachinko Machine Business has been supporting the Recovery Support Network, the counseling service of a specified non-profit organization. In addition, our public service messaging incorporates the slogan, "Play Pachinko in moderation. Don't get addicted" in advertisements run in various media.

Pachinko addiction prevention poster



Collaboration with the Industry and External Organizations

Gaming addiction and illicit behavior, unfortunately, are problems faced by the pachislot and pachinko industry and we believe it is important for the entire industry to align its efforts to solve them. The Pachislot and Pachinko Machine Business is actively engaged in activities intended to eliminate illegal slot machines (illegal gambling) such as poster campaigns, enhancing the readability of website content, conducting a survey on the number of illegal slot machines.



A poster on eliminating illegal slot machines, from the Pachislot and Pachinko Industry 21st Century Club

Initiatives for the Appropriate Use of Content

SEGA Games and Sammy Networks provide content for smartphones and tablet mobile terminals, and in light of the problems of excessive game use by minors and associated charges, we have instituted age authentication for certain titles that places limits on the monthly charges that can be accumulated for them. In connection with the game “gacha,” in which players use points and other items that we sell for a price, we also take steps to temper player expectations by avoiding ambiguous statements that could result in accumulating excessive charges. We have, for example, established in-house guidelines for clear statement of the “reality” of items that players can acquire or of the probability of their acquisition, item by item. We intend to continue our efforts, not only by measures like these, but also by compliance with laws and regulations and in terms of consumer protection, so as to create a wholesome environment for game playing where users can enjoy themselves with a sense of security.

Initiatives for the Sound Development of Young People

In the Amusement Center Operations Business, we encourage our employees to get “AOU Youth Advisor*” certification, in order to develop the industry and fulfill healthy facility management. Many employees have already done so and are working with their communities to guide and foster youth. Our operating manual moreover spells out restrictions on minors’ entry to premises and ways of dealing with youth smoking, and employee training is very thorough. As a business serving alcohol, we take the responsibility of checking the age of customers whenever they enter any of our food and drink shops. Minors are allowed in on occasions such as reserved parties, but in those cases we provide wristbands to distinguish minors from non-minors to prevent any possibility of minors being mistakenly served alcohol. In addition, we use a service manual to provide thorough education to employees about appropriate drinking.



Wristband for underage customers

* AOU Youth Advisors: Those who have completed the youth advisor training provided by the All Nippon Amusement Operators Union

Contributing through Our Products and Technologies

A Board Game that Even Children with Hearing Impairments Can Enjoy

Flashpad is a toy developed by SEGA TOYS that can also be enjoyed by children with hearing impairments. Various sensory features are incorporated into the game, such as changing the color of the area touched, displaying game outcome in numeric values or color and a visible display of volume. In 2014, *Flashpad* received the Japan Toy Award in the category of Universal-use Toy. Moreover, *Flashpad* is useful and enjoyable for not only children but also adults since it improves hand-eye coordination and increases brain activity levels, which may be helpful in preventing diseases such as dementia.



Since December 2014, *Flashpad* has been enjoyed by people at the events to support recovery in areas affected by the Great East Japan Earthquake.

Better Medical and Dental Care Experiences for Young Children Through Animation

TMS ENTERTAINMENT produces animated programs such as *Anpanman* and *Detective Conan*. In 2010, it launched *Smiletouch* a tool using animation to support preparation* of young children for medical treatment. In 2013, it released *Smiletouch Dental* to meet the desire expressed by many dentists for a similar tool for their clinics. Looking ahead, we will contribute to help create medical environments and services that are more respectful of children’s points of view.



* Preparation: The medical concept and practical techniques of getting children and their family members mentally ready for treatment. This includes promoting understanding by explaining the illness, examination, or treatment in terms appropriate for the child’s age and comprehension level. One type of preparation is distraction. When children are crying loudly or refusing to accept treatment, a distraction can ease their anxieties and fears. Such techniques have rapidly spread to pediatric clinics as important elements of care in recent years.

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02

With Partners

CSR Charter

We will maintain fair and impartial relationships with our suppliers and work together as partners in providing entertainment filled with dreams and excitement.

Our Stance

Good partnerships are about sharing goals to advance together. We have established Group-wide standards for choosing partners in terms of integrity, business efficiency, safety and quality, maintenance, technology, and the environment. We will continue to build fair and impartial relationships based on a platform of mutual trust. We aim to work with partners to provide entertainment filled with dreams and excitement, drawing on broad information sources, maintaining knowledge and judgment capabilities that are as good as those of our partners, and exchanging the correct information with them.

Major Initiatives in Fiscal 2015

1. Fair and impartial business practices
 - Providing training to strengthen the framework for Subcontract Act compliance (Entertainment Contents Business: 6 training sessions attended by 282 people, Pachislot and Pachinko Machine Business: 12 training sessions attended by about 200 people)
 - Introducing a system for appropriately executing ordering procedures (Pachislot and Pachinko Machine Business)
2. Partnership with suppliers and clients
 - Joint quality conferences held by Pachislot and Pachinko Machine Business (79 participants from 17 companies)
 - Introducing a new mechanism that allows our partners running amusement centers to select from multiple business model options

VOICE

Successfully Building a Strong Relationship with Partners through the Shared Passion for Games and Close Communication



Jointly creating a product with business partners always requires extensive efforts to establish a strong relationship. This is particularly true when they come from different countries with different languages and cultures. I especially felt the importance of relationship building when I was involved in localizing *Closers*, an online game developed by the Korean developer NADDIC GAMES for the Japanese market, after we in-licensed the game.

My involvement in this project started during the development phase, even before it was launched in South Korea. Although the time required for localization itself was about six months, I visited South Korea almost every month for over a year. At times, we worked through the night together and shared our passion and know-how for games with each other. As a result, I was able to gain their trust and convince them that our opinions would lead to better results. They also began to have a clearer understanding of our requests, which they incorporated into the product. I believe we were able to create a product that would be successful in any country, because we were able to build a strong relationship of mutual trust.



In August 2015, *Closers* launched its online service in Japan.
© SEGA © NADDIC GAMES Co., Ltd. All Rights Reserved.

Yoshiaki Sekiguchi
Domestic Online Business Dept., Asia Business Div., Consumer Online Company, SEGA GAMES Co., Ltd.

Joined SEGA as the person in charge of online games operations. After working as a producer for *Rusty Hearts* since 2012, he became a producer for *Closers* in 2015.

Fair and Impartial Business Practices

Basic Stance

The SEGA SAMMY Group has clearly stated in the Group Code of Conduct its commitment to fair and impartial relationships with business partners. The Group strives to ensure uncorrupt, transparent, and fair business transactions. As corporate social responsibility is a responsibility that should be shared throughout the supply chain, we select and decide to continue transactions with business partners based on fair and clear standards that give comprehensive consideration to matters such as creditworthiness, technical competency, development capabilities, price, and responsiveness to the environment.

We are committed to practicing fair and impartial business transactions. Toward that end, we have established a system in each Group company to promote compliance with the Subcontract Act and strengthen control in respect to the law. We also provide ongoing education to relevant departments and individuals.



The SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook

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

Our Requests to Suppliers

We ask our suppliers to undertake the measures for the following items based on the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook:

I. Labor

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

II. Environment

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

III. Occupational Health and Safety

Promote workplace safety and hygiene, take appropriate measures for occupational injuries and illnesses, promote health management for employees

IV. Product Quality and Safety

Ensure product safety

V. Fair Trading and Ethics

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

VI. Information Security

Ensuring Fairness in All Respects

Procurement Activities

The Entertainment Contents Business has established a cooperative framework to maintain integrity with business partners. Consistent with the Group Code of Conduct, we seek to refrain from inappropriate formalities, excessive monetary or material gifts, and unnecessary business entertainment. Partners are notified of our commitment to these principles in writing. Several departments participate in assessments of business partners, and with this information we continuously evaluate, select and manage these partners following internal rules. The Amusement Machine Sales Business established a Procurement Policy in fiscal 2012.

The Pachislot and Pachinko Machine Business upholds internal rules including the Internal Regulations on Managing Outside Orders for Purchasing and the Internal Regulations on Managing Business Partner Accounts. Established purchasing rules are applied for the evaluation and selection of business partners. Several departments assess prospective business partners, analyzing data from the candidates themselves and from external research organizations to evaluate suitability. Before starting business with a new partner, our managers talk directly to the partner on the relevant content based on a document entitled "On Integrity." In addition, all our purchasing is conducted under the Group CSR Charter and the Group Code of Conduct throughout the supply chain. In preparation for introducing the SEGA SAMMY Group Supply-Chain CSR Deployment Guidebook into our purchasing in fiscal 2017, we will be conducting surveys with our key partners concerning the content of the guidebook.

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.

Strengthening the Framework for the Subcontract Act Compliance

A committee established in April 2009 for the Entertainment Contents Business to promote compliance with the Subcontract Act works to prevent violations of the law, raise awareness of it, and strengthen control in respect to it. In fiscal 2015, we held 6 briefings (282 participants) mainly for departments that deal with subcontractors in their business. We also used a dedicated page on our company intranet to help employees gain the necessary knowledge and increase their awareness of compliance.

For the Pachislot and Pachinko Machine Business, 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 training accordingly. In fiscal 2015, we conducted compliance training, which was incorporated into the Rank-Specific Training programs of our personnel system, with 200 participants. Moreover, we have systematized work processes to ensure all our ordering processes are appropriately performed under the rule of sending purchase orders to suppliers.

Partnership with Suppliers and Clients

Coordinating with Suppliers

To ensure product safety and quality throughout the supply chain, Entertainment Contents Business has been working to strengthen the relationships with suppliers by holding supplier meetings and using the BATON communication system, which enables smooth information sharing. We are continuously upgrading the BATON to further enhance its features, which will allow for the timely assessment of procurement risks and identification of issues perceived by suppliers.



At a supplier meeting

Quality Control and Improvement of Production Partners

The Entertainment Contents Business attaches great importance to its relationship with partner manufacturers. Aside from working closely with them as suppliers in general, we periodically audit their factories based on quality targets and give them assembly instructions among other efforts to boost quality and production efficiency. When we start working with a new manufacturer, we require it to undergo a plant audit, and ongoing clients also receive plant audits once a year to ensure stable quality. We inform them of the results of the audit, and if a partner manufacturer falls short of our quality targets, we ask them to make improvements by, for example, issuing a countermeasures plan and holding quality meetings. Moreover, we have a system in place to certify inspectors who ensure that voluntary quality control mechanisms at our production partners' plants become firmly established. The production department publishes the SEGA Amusement Products Inspector Textbook, with which students learn the knowledge and specific inspection techniques that an inspector needs to know. Only those who pass a test are allowed to conduct voluntary audits. The textbook is also available in Chinese.

Cooperation with Partners Running Amusement Centers

The Entertainment Contents Business has positioned revitalization of the amusement industry as a priority issue. Accordingly, we have reinforced the detailed support and suggestions offered to partners that run amusement centers. In fiscal 2015, we formulated multiple sales plans for games such as *CHUNITHM*, *Kancolle Arcade* and *Luigi Mansion Arcade* to provide many business model options for the consideration of our partners running amusement centers so that they can choose the most suitable one for their needs.

Initiatives with Retailers and Partner Manufacturers

Because we consider retail stores to be a prime point of contact with customers, the Entertainment Contents Business plans and holds instore sales promotions and events nationwide for our home video game software. These appeals are tailored to the specific characteristics of the product and store, and are a way of showing customers directly the attractiveness of the product. In addition, we use our strong nationwide sales network as we actively handle products from other game manufacturers who do not have sales and logistics organizations. We view these manufacturers as our partners too. We give them the same exacting sales support that we apply to our own products so that customers always have access to excellent game software.

Working with Partners Overseas

When doing business outside Japan, the Entertainment Contents Business ensures that it not only follows all local laws and regulations but also builds sound partnerships with local enterprises with knowledge of local culture and customers. After-sale maintenance and follow-up are particularly important in the case of amusement machines, and so we keep close ties with our local distributors and form a reliable service arrangement with them. In recent years we use such an arrangement to sell non-Japanese manufacturers' machines, alongside our own products, as their distributor.

Joint Quality Conferences with Partner Companies

The Pachislot and Pachinko Machine Business holds joint quality conferences twice a year for partner companies that assemble pachislot units. During the conferences we set goals for reducing the rejection rate, share examples of defects, and exchange technology. Continuing this kind of initiative has brought the rejection rate down substantially, and has recently created ties between partner companies. Going forward, we will keep strengthening ties aimed at improving quality and work processes throughout the supply chain.

• Joint Quality Conferences (Fiscal 2015)

		First Half	Second Half	Subtotal	Total
Partner Companies	Total participants (companies)	8	9	17	17
	Total participants (people)	15	16	31	
Sammy	Total participants (people)	25	23	48	



A joint quality conference held in fiscal 2015

03 With Shareholders and Investors

CSR Charter

We will view our business with a global perspective in our efforts to ensure sustained growth and to maximize enterprise value. Additionally, we will enhance management transparency and meet the expectations of our shareholders and society through fair and timely disclosure and appropriate return of profit.

Our Stance

Fair and timely disclosure and appropriate return of profit to shareholders are top management priorities. We will look beyond near-term earnings to focus on innovating products, maintaining a production structure that enables stable supplies, and formulating sales plans based on precision marketing. We will maintain a highly transparent and credible administrative structure to build trust among shareholders and investors. We will engage with these stakeholders, properly conveying management information while seeking their feedback.

Major Initiatives in Fiscal 2015

1. Establish the following provisions in the SEGA SAMMY Group Code of Conduct (revised in August 2014) as our basic commitments to shareholders and investors:
 - (1) Highly transparent management/two-way communication,
 - (2) Proactive and fair disclosure of information,
 - (3) Appropriate return of profits/maximization and sustainability of corporate value, and
 - (4) Compliance with insider trading laws
2. Receive recognition for our annual report and online IR site by several third-party institutions



VOICE

Improving Communication Skills through Challenges to Achieve Best IR Practices Unique to SEGA SAMMY

The SEGA SAMMY Group has long maintained a high proportion of foreign investors, and we have recently noted that more investors both inside and outside of Japan are engaged in long-term investment. Shareholder expectations for the role of IR, such as the disclosure of corporate governance practices, are also increasing. Working in the IR Department requires us to provide our shareholders with a clear explanation of what the numbers mean as well as contributing factors. Even periods of poor performance merit an honest and sincere presentation of results. The high level of communications required here is challenging, and I find that meeting that challenge is often rewarding. While I enjoy interacting with a diverse group of people through my work on a daily basis, I've always liked to "entertain people"; that was my reason for joining Sammy. With that in mind, I would like to be bolder and more creative in our IR proposals as befitting a company in the entertainment industry.

Takashi Mita
Investor Relations Dept., Group Executive Office
SEGA SAMMY HOLDINGS INC.

Joined Sammy Corporation as a sale representative. After working in management, Mita was assigned to the IR Department of SEGA SAMMY HOLDINGS INC. in fiscal 2015 to oversee the publication of the annual report and business report. Since fiscal 2016, he has also been involved in organizing general meetings of shareholders, a further expansion in the scope of his work.

Appropriate Returns of Profits

Basic Policy on Profit Sharing

SEGA SAMMY HOLDINGS identifies profit distribution to our shareholders as a top management priority, and therefore our basic policy is to return an appropriate level of profits to shareholders. To provide a stable dividend stream, we pay dividends twice a year, at interim and year-end during the fiscal year. For the fiscal year ending March 31, 2015, our interim dividend was 20 yen per share and the year-end dividend was 20 yen per share.

Disclosing Information to Shareholders and Investors

IR Policy

In accordance with the SEGA SAMMY Group IR/Public Relations Policy, SEGA SAMMY HOLDINGS works to earn the understanding and trust of shareholders and investors by disclosing information in keeping with the Financial Instruments and Exchange Act, other laws and the rules of the Tokyo Stock Exchange for timely disclosure, and in addition we provide a wide range of information on management policies, business activities and more. Also, if there is a chance it could affect investors' investment decisions, we actively disclose voluntary information that does not fall under legal and timely disclosure rules. Information disclosures are made on the Tokyo Stock Exchange's TDnet and our website.



SEGA SAMMY Group IR/Public Relations Policy

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

Communication with Shareholders and Investors

Accessible General Meetings of Shareholders

SEGA SAMMY HOLDINGS enables more of our shareholders to attend our regular general meeting of shareholders by avoiding the busiest days of the year for such meetings and choosing meeting sites with sufficient capacity. Our June 2015 meeting was attended by 1,962 shareholders. We have an ongoing commitment to make it easy for shareholders to submit their comments and questions and ensure that our meetings run smoothly.

Investor Relations

SEGA SAMMY HOLDINGS offers an IR Information Center that gives briefings to investors in Japan and abroad and answers shareholder and investor inquiries. For institutional investors and security analysts in Japan and abroad, we provide results briefings once every six months and telephone conferences to discuss our quarterly results. We also participate in company information sessions and other events in an effort to communicate actively with individual investors.



Nikkei IR Fair 2014

Past Activities

	FY2015 (ended March 31, 2014)	FY2016 (ended March 31, 2015)
Financial Results Briefing	2	2
Quarterly Financial Results Briefing (teleconference)	2	2
Small Meeting	1	4
Individual Meeting (domestic investors)	218	187
Individual Meeting (overseas investors)	121	123
Facility Tour	1	0
Overseas Roadshow	4 (North America: 1, Asia: 2, Europe: 1)	5 (North America: 1, Asia: 2, Europe: 2)
Conference	4	6
Event for Individual Investors	1	1

External Evaluation of Our Investor Relations

A list of awards the Group has received from third-party institutions for its IR activities in fiscal 2015 is shown below.

- FY2014 Nikkei Annual Report Award, Excellence Award – Nikkei Inc. (February 2015)
- 2014 Listed Company Website Quality Ranking, Highest Award in comprehensive ranking segment – Nikko Investor Relations Co., Ltd. (December 4, 2014)
- Internet IR Excellence Award 2014 – Daiwa Investor Relations Co., Ltd. (November 20, 2014)
- Gomez IR Site Comprehensive Ranking 2014, Silver Medal – Morningstar Japan K.K. (June 5, 2014)



Annual Report

<http://www.segasammy.co.jp/english/ir/ar2014>

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 2015

1. The establishment of the Group Management Policy, and the revision of the Group Code of Conduct in response to social change (August 2014)
2. The thorough dissemination of the “Human Resources Policy” and the “Occupational Health and Safety Policy” through Group CSR training (for 171 managers at 5 companies and 133 newly-hired employees at 9 companies)



VOICE

I'll further improve our personnel system while focusing on teamwork and communication.

The first major job for me as the HR general manager was to implement a new personnel system, with which I had been involved since the preparation phase. At the time, the DARTSLIVE personnel system needed reforms, including a redefinition of qualifications and positions and the negative impact of being a company that grew too big too quickly after its foundation. Working with executives on the project from the design stage turned out to be quite an experience for me. Staff relationships are fairly egalitarian at our company, and its corporate culture allows anyone so motivated to challenge new things and develop a career regardless of their age, gender or nationality. Being a woman is not a disadvantage here. Our strengths are teamwork and good communication. While focusing on these aspects, I intend to further enhance our training programs and implement other measures as well to help create an organization in which everyone can be satisfied with their own growth.

Ayumi Nagano
HR Div., Corporate Headquarters, DARTSLIVE Co., Ltd.

DARTSLIVE evolves its varied entertainment businesses across the globe around the *DARTSLIVE2* network dart machine. In November 2014, the company launched the service in its 18th overseas country, New Zealand. DARTSLIVE is a young organization, marking its 12th anniversary in 2015. Nagano became the HR general manager in April 2015, her fifth year at the company.

Respect for Human Rights

Basic Stance

The SEGA SAMMY Group's human resource 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



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

Initiatives Taken by Each Business

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 seminars, 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 Machine 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 attend a seminar on harassment to deepen their knowledge about human rights and learn how to protect them. A more effectively coordinated operation of consultation counters with measures against harassment is also being planned.

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 the Internal Commendation Program, for recognizing excellent work, and skill-improvement programs.

Personnel 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 recruiting system as part of steps to engender a corporate culture that encourages autonomy for employees to tackle new challenges.

As for the Pachislot and Pachinko Machine 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 86 individuals involved in 11 projects received the President's Award in fiscal 2015. 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 train employees while supporting their spirit of challenge in our desire to place the right people in the right jobs.

At Sammy Networks, a company deploying pachinko/pachislot network games for PCs and smartphones, we

revised the personnel system introduced in 2013, incorporating opinions collected at a discussion meeting of division heads, so we can more quickly evaluate employees commensurate with the fast-changing entertainment industry, and we will continue to revise the system as necessary. We introduced the specialist path in April 2015 to demonstrate our appreciation for employees with a high level of expertise.

Educational Systems

In our Entertainment Contents Business, we encourage employees through the educational systems that were reviewed in fiscal 2014 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 Machine 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 to five months. Training in April is the same as before. The four months from May to August 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 September based on an awareness of the roles of each department and organization, and improving communication across organizations.

• Rank-Specific Training System (Pachislot and Pachinko Machine 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 days
		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
	Mid-level employees, in their first year	Logical thinking training (strengthen problem-solving and inter-personal negotiation skills)	2 days
New Employees	New employees, in their third year	Training to increase the ability to lead one’s juniors (enhance listening skills and learn guidance methods)	3 days
	New employees, after their first year	Presentation training (strengthen presentation technique and persuasive power)	3 days
	New employees, when they join the company	New employee follow-up training	3 days
		New employee training and value chain training	5 months

At TMS ENTERTAINMENT, we held 33 workshops on the rights for animation work and originals during fiscal 2015, with a total of 370 executive and regular employees of the Sales Division in attendance. The workshops, organized and led by staff from the Rights Control Office, shared and visualized the structure of rights, the most critical issue for a company engaged in the planning, production, sales, distribution and exports of animation work. Participants gained a deeper or renewed knowledge about the importance of preparing contracts, ways to work with original authors, the structure of rights by type of work and the rights owned by our company, and they were also reminded of precautions to take or potential problems associated with using animation work.

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 as useful information for later hiring.

Fiscal 2015 was the first year for career development measures in the Pachislot and Pachinko Machine 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 will be introduced in fiscal 2016 toward the further globalization of the SEGA SAMMY Group.

Promoting Employment of Persons with Disabilities and Rehiring of Retirees

The average employment rate of persons with disabilities at the major 10 companies of the SEGA SAMMY Group was 1.8% as of March 2015. Sammy 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 2006. Since then we have rehired persons reaching 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. As shown by the data from the Group's major 10 companies (see page 37), the number of employees who take childcare leaves and the rate of returning to work after childcare leaves have been increasing over the years. In addition, an increasing number of men have been taking childcare leaves.

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 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 Machine 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 the government continuing to certify since 2007 that we comply 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 Machine 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 Machine 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.

* 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. The number of industrial health staff members was increased in December 2014 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 Machine 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.

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.

Personnel and Labor Data

Scope

- FY2013/2014: 9 companies (except for TAIYO ELEC); FY2015: 10 companies
- SEGA SAMMY HOLDINGS, Sammy, Sammy Networks, TAIYO ELEC, SEGA, SEGA ENTERTAINMENT, SEGA Networks, SEGA TOYS, TMS ENTERTAINMENT, PHOENIX RESORT (company names in the relevant fiscal years)
- See "Group Overview" on page 2 for the consolidated number of employees.
- The data coverage for the consolidated number of regular employees is about 70%.

• Composition of Employees

	FY2015		
	Total	Male	Female
Number of employees	7,418	5,832	1,586
Regular employees	5,410	4,568	842
Non-regular employees	2,008	1,264	744
Foreign nationals	106	66	40
Average age	37.4	38.3	34.2
Average length of service (year)	8.5	9.2	6.4

• Composition of Management-level Staff and Board Members

	FY2013	FY2014	FY2015
Number of female management-level staff	44	41	59
Percentage of female management-level staff	4.1	4.6	5.7

• Recruiting

	FY2013			FY2014			FY2015		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Number of new graduates	115	71	44	111	80	31	144	102	42
Number of mid-career recruits	175	141	34	126	104	22	288	221	67
Rehired employees after retirement	—	—	—	—	—	—	31	28	3

• Data on the System Supporting Both Professional and Private Lives

	FY2013			FY2014			FY2015		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Maternity/Childcare leave (No. of employees)	—	—	—	—	—	—	—	—	59
Childcare leave (No. of employees)	49	1	48	65	4	61	83	9	74
Number of employees who returned to work after childcare leave	—	—	—	—	—	—	72	9	63
Percentage of employees who returned to work after childcare leave	—	—	—	—	—	—	98.2	100	97.9

• Work-life Balance

	FY2013	FY2014	FY2015
Average overtime hours per month	—	—	18.7
Number of paid-leaves taken (day)	—	—	8.5
Percentage of paid-leaves taken	44.4	45.3	47.0
Total number of employees who took volunteer leave	93	51	40
Total number of days for volunteer leave taken	—	—	108

• Examples of the System Supporting Both Professional and Private Lives

• Childcare

System	Statutory	Company	System at Each Company
Childcare leave	Until child reaches age one	SEGA/Sammy	From 1 year and 6 months to 2 years and 6 months
Shorter working hours for childcare	Until child reaches age three	SEGA	<ul style="list-style-type: none"> • Up to 2 hours/day until child enters elementary school • Up to 1 hour clock-out time earlier until child reaches 3rd grade
		Sammy	<ul style="list-style-type: none"> • Up to 2 hours/day until child enters elementary school • Up to 1 hour/day until child reaches 3rd grade

• Overseas Subsidiaries

	FY2015
Number of employees stationed abroad	32
Number of executives at overseas subsidiaries*	145
Number of executives from Japan	99
Number of local executives	46

* Board members and executive officers

• Breakdown of Management-level Staff and Board Members in Fiscal 2015

	Total	Managers	Division Managers	Executive Officers
Number of board members by position	1,041	715	285	41
Male	982	668	274	40
Female	59	47	11	1
Ratio of females	5.7	6.6	3.9	2.4

• Persons with Disabilities

	FY2013	FY2014	FY2015
Number of employees	99	124	156
Rate of employment	1.5	1.7	1.8

• Duration of Childcare Leaves by Male Employees in Fiscal 2015

	Total	Within One Week	One Week to One Month	Longer than One Month
Number of employees	9	5	1	3

• Occupational Health and Safety

	FY2013	FY2014	FY2015
Number of industrial injuries	100	108	71
Injuries with lost worktime	—	—	4
Injuries with no lost worktime	—	—	67
Rate of lost-worktime injuries	—	—	0.5

* Including injuries during commuting

• Nursing

System	Statutory	Company	System at Each Company
Nursing leave system	Up to 93 days	SEGA/Sammy	93 business days/person (including shorter working hours for nursing)
Shorter work hours for nursing	Up to 93 days	SEGA	• Up to 2 hours/day within 93 business days
		Sammy	• Up to 2 hours/day within 93 business days
Nursing leave system	Up to 93 days	SEGA/Sammy	• Annually 5 days/person (reserved leaves can be used)

05 With Society—Environment

CSR Charter

With a full awareness of the fact that we are, as a corporate citizen, a member of society, we will voluntarily and proactively put forward efforts to provide a social contribution through our business activities, etc., our support in the development of cultural activities including art and sport and the preservation of the global environment.

Our Stance

Global environmental problems such as global warming, depletion of natural resources and waste pollution are becoming increasingly serious and the response toward environmental challenges is a top priority that should be addressed by all corporations and individuals. With the aim of achieving the “sustainable development of society,” we, the SEGA SAMMY Group, not only comply with laws, regulations and rules concerning the environment but also accumulate activities that exert a positive impact on the environment through such means as striving to conduct business activities in harmony with the environment, engaging in energy-saving measures, recycling and reducing usage of consumable supplies.

Major Initiatives in Fiscal 2015

1. Environmental management promotion: activities for preventing or lessening the burden on the environment and the collection, analysis and assessment of basic environmental data at major offices and facilities
2. Product development and designing stage initiatives: eco-friendly design and requesting that suppliers effectively manage chemicals
3. Production and transportation stage initiatives: recycling and proper handling of waste and promoting reduced packaging
4. Disposal stage initiatives: attain 97.24% recycling of pachislot and pachinko machines through trade-ins (fiscal 2014: 96.58%) and attain 100% recycling of amusement machines through manual dismantling
5. Other environmental protection initiatives: introduction of new multi-function printers and promotion of paperless activities at each operating company, continuation of forest-planting activities through the Black Pine Forest Declaration (Miyazaki Prefecture) and at SEGA-no-Mori (Nagano Prefecture)

VOICE

Sharing the Magnificence of Seagaia’s Nature while Joyfully Protecting it

Phoenix Seagaia Resort is surrounded by a 700-hectare black pine forest that stretches from north to south along the Pacific Ocean coast for about 11 kilometers. At the resort we have been working to conserve the natural environment under the Black Pine Forest Declaration. In April 2015, we conducted a beach-cleaning campaign to protect green turtles, a designated natural treasure of Miyazaki Prefecture, and their spawning areas. The activity, which started with a lecture on sea turtles, was performed as a competition and drew 106 participants. I got involved in this project just six months after joining the new division. I’m relieved by the success of the project, through which I have rediscovered the importance of connections with people. And I’m going to plan other eco-friendly or sporting events and programs that can work superbly with the nature-rich environment.

Eriko Nakajima
Legal and General Affairs, PHOENIX RESORT Co., Ltd.

PHOENIX RESORT Co., Ltd., the operating company of Japan’s leading resort, Phoenix Seagaia Resort, joined the Group in March 2010. Nakajima joined Seagaia in 1994 with the major portion of her career spent working in the bar lounge section of the Food and Beverage Department. She is a working mother.



Promotion of Eco-friendly Management

Group Environmental Management Structure

The SEGA SAMMY Group conducts a range of businesses from product manufacturing to facility management. To reduce our environmental burden, it is essential first to determine the environmental impact of our business activities as a whole. Therefore, the SEGA SAMMY Group gathers basic environmental data for its major workplaces and facilities and evaluates the trends in environmental burdens. We will continue to reduce our electricity usage by aggressively pursuing improvements such as more efficient use of lighting and air conditioning and switching to energy-saving equipment.

Compliance with Environmental Laws

The SEGA SAMMY Group strives to prevent environmental pollution by complying with environmental laws as well as the industry guidelines that each operating company has agreed to. There were no violations of environmental laws or any cases of pollution in fiscal 2015 in our Group.

Product Development and Designing Stage Initiatives

Designing Environmentally Friendly Products

Amusement Machine Sales Business has made efforts to commercialize energy-saving, highly energy-efficient amusement machines by actively using low-energy components, individually controlled lighting, and an eco-mode that reduces product power consumption during standby.

In the Pachislot and Pachinko Machine Business, we limit substrate types at the designing and development stage to enable the common use across the range of products in an effort to efficiently use resources and reduce waste. Other measures include the employment of eco-friendly functions and the use of lead-free soldering components. Every year we participate in the initiative of the Nippon Yugikikogyo Kumiai (Japan Game Machine Industry Association) to grasp the overall industry usage of substances of concern and to share information among companies.

• Examples of Eco-friendly Design Products

Product	Environmentally Friendly Features
<i>Hokuto No Ken BATTLE MEDAL</i>	Eco-mode function saves 20% in power consumption
<i>Star Horse 3, StarBoat</i>	Parts of <i>StarHorse 2</i> are reusable
<i>100 & Medal HYOZAAN!!</i>	Power-saving 60.6% more effective than previous products; with eco-mode function that further saves 12.5% in power consumption
Many other amusement machines	Designed for easy maintenance and inspection; distribution of checklist manuals to amusement centers to prolong product life



Mark is displayed on products with eco features

Properly Controlling Chemical Substances

Under the SEGA Standards for Chemical Substances in Machines/Products, Amusement Machine Business requests that every supplier establishes a system for controlling chemical substances in products and runs their operations accordingly. Suppliers are also requested each year to conduct a self-audit on their system using a check sheet designed to confirm the status of achievement, and the audit results are reported to us. As an effort on our part to properly control chemical substances, we regularly visit the production sites of our suppliers and make sure that the system is in place and that the operation is being executed properly.

Production, Transportation and Disposal Stage Initiatives

Production and Transportation Stage Initiatives

The Pachislot and Pachinko Machine Business actively recycles and properly disposes of waste material generated during production processes. We also strive to cut packaging use with reusable delivery boxes when transporting components and unit items. In September 2012, we established a distribution center on land adjacent to a new factory, enabling the consolidation of the previously scattered function of parts warehousing, which led to reduced energy use for transportation.

Recycling Amusement Machines

We strive to reduce waste by designing components for current amusement machines so that they can be reused in new products. We provide amusement center customers with maintenance and inspection manuals so that our products can be used over a long time. In our amusement centers we implement thorough daily maintenance to extend the life of machines. Machines that must be discarded are manually disassembled by SEGA LOGISTICS SERVICE CO., LTD. (SLS) and completely recycled. SLS has attained the complete elimination of disposal in landfills or through incineration by having intermediate industrial waste processing firms come to its distribution centers and establishing a nationwide recycling system that reduces the cost and fuel consumption for transporting discarded machines and prevents illegal dumping.

Other Environmental Protection Initiatives

Environmental Activities in Offices

In addition to the energy-saving and resource conservation activities carried out year-round, Group companies have introduced various measures in fiscal 2015 to further reduce energy and paper consumption, such as by introducing new multi-functional printers and transitioning to a completely wireless network, which also resulted in raising operational efficiency as well as the environmental awareness of employees. We strive for further improvements by monitoring the impact introducing each system.

Green Power Certificates System

SEGA has bought one million kilowatt-hours' worth of Green Power Certificates (micro-hydropower and biomass) annually since fiscal 2006 based on a contract with Japan Natural Energy Co., Ltd. Additionally, in April 2007 we became a Y-Green Partner of the Yokohama City Wind-Power Electricity Generation Project, whose main facility is the Hama Wing turbines in Yokohama's Kanagawa Ward. The facility generated 95,730 kilowatt-hours of power in fiscal 2015.

 Japan Natural Energy Company Limited (Japanese only)
<http://www.natural-e.co.jp/>



Let's Grow a Forest in Hitotsuba

Phoenix Seagaia Resort, which is engaged in the protection of a black pine forest, has participated in the Festival of Morizukuri (forest creation) every March by the Regional Forest Office of Miyazaki, which administers the nationally owned forest on the Hitotsuba Coast of the prefecture. In fiscal 2015, an activity for raising black pines was carried out under the theme of "Let's Glow a Forest in Hitostuba," and we took part along with about 200 other participants, including residents and representatives from the local government and forest industry. We will continue to work on the Morizukuri project with the local community and with a sense of joy in observing the growth of black pines.



Our employees planting black pines with local residents

SEGA-no-Mori

The use of electricity, which is an indirect source of CO₂ emissions, is a given throughout the Entertainment Contents Business. Accordingly, we are making efforts to protect the global environment by reducing this effect in our operations and through offsetting, which makes use of schemes outside of business. As part of the effort, we signed a ten-year "adopt-a-forest" contract with Minamiaiki Village of Saku County in Nagano Prefecture in April 2008 to develop environmental activities for the privately owned forest of 3.633 hectares (roughly 773 times the area of the Tokyo Dome) to be named Sega-no-Mori (SEGA Forest).

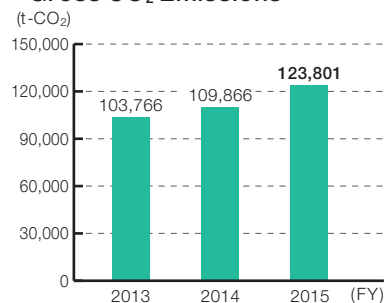
The volume of CO₂ absorbed by SEGA-no-Mori in fiscal 2015 was 1,684.3 t-CO₂, offsetting four years of indirect CO₂ emissions from an average amusement center. With the impressive cooperation of local people, SEGA-no-Mori also fosters an awareness of global environmental protection among employees.



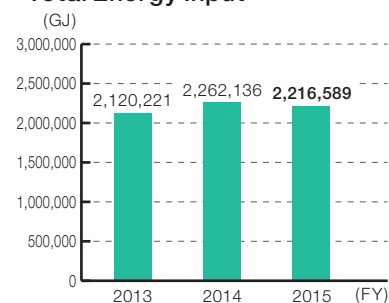
Certificate of volume of CO₂ sequestered by the forest for 2014

Environmental Data

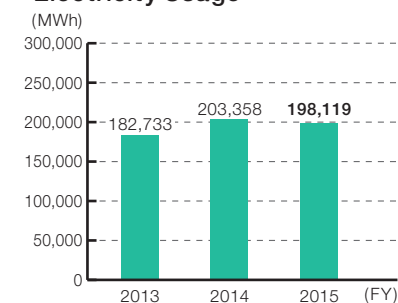
• Gross CO₂ Emissions



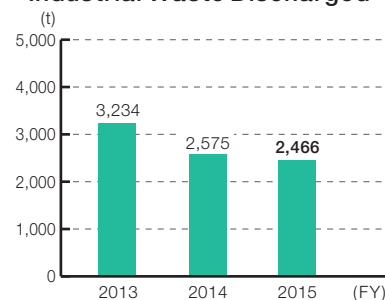
• Total Energy Input



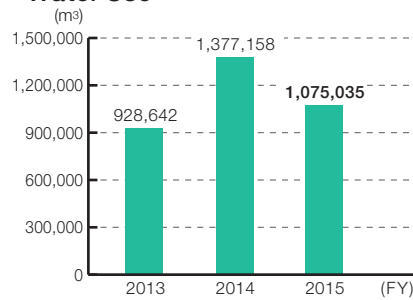
• Electricity Usage



• Industrial Waste Discharged



• Water Use



- Aggregated data include an estimate based on floor space.
- Gross increase of CO₂ emissions is largely attributable to power company emission factors.
- Adjusted CO₂ emission factors for each power company in previous years are used for purchased electricity.

• Scope (Number of organizations^{*1}, facilities or sites where data were collected)

	Other than Water Use			Water Use ^{*2}		
	FY2013	FY2014	FY2015	FY2013	FY2014	FY2015
Offices						
SEGA SAMMY HOLDINGS	4	4	4	4	4	4
SEGA	17	11	10	—	5	4
Sammy	45	39	39	45	10	11
Sammy Networks	—	1	1	—	1	1
SEGA TOYS	1	1	1	—	1	1
TMS ENTERTAINMENT	2	2	2	2	2	2
SEGA Networks	—	—	1	—	—	1
TAIYO ELEC	1	—	11	—	—	1
Total	70	58	69	51	23	25
Amusement centers						
SEGA	Directly operated by SEGA	194	—	—	—	—
	JOYPOLIS, Orbi Yokohama	2	3	3	—	3
	Spa facility	1	1	0	—	1
SEGA ENTERTAINMENT	Directly operated by SE (AM centers and Bee shops)	—	219	224	—	224 ^{*4}
Total		197	223	227	0	223
Leisure facilities						
PHOENIX RESORT	1	1	1	1	1	1
Total	1	1	1	1	1	1
Production sites						
Sammy	Kawagoe and old Kawagoe factories	2	2	2	2	2
	Seto Factory	—	—	1	—	1
TAIYO ELEC						
Total		2	2	3	2	3

*1 Former company names as of the fiscal year concerned

*2 Rented offices with fewer than 50 people have been excluded since fiscal 2014.

*3 Facility was sold.

*4 SEGA ENTERTAINMENT has the Amusement (AM) Centers division and Restaurant (Bee shops) division; the AM Centers division belonged to SEGA until fiscal 2013; the Restaurant (Bee shops) division has been included since fiscal 2014.

• Status of Eco-friendly Initiatives at the Sammy Kawagoe Factory

		FY2013	FY2014 ^{*3}	FY2015
Amusement machine recycling rate	Recycling rate	98.47%	96.58%	97.24%
	Amount of lumber used	1,778t	2,055t	1,344t
Use of environmentally friendly materials	Amount of PEFC-certified lumber ^{*1}	468t (26.3%)	134t (6.5%)	66t (4.9%)
	Adhesives used ^{*2}	0.36t	—	—
	Water-based adhesives used	0.36t (100%)	—	—

*1 PEFC-certified lumber: Lumber procured properly from forests certified by a third-party organization under the Programme for the Endorsement of Forest Certification Schemes (PEFC) as being sustainably managed. As PEFC is a scheme to reduce the distribution of lumber and products resulting from environmentally destructive tree clearing, purchasing PEFC-certified lumber contributes to the encouragement of sustainable forest management.

*2 Components glued together using environmentally friendly water-based adhesives have been purchased from suppliers since fiscal 2014.

*3 Figures are revised retrospectively for improved accuracy.

06 With Society—Serving Society

CSR Charter

With a full awareness of the fact that we are, as a corporate citizen, a member of society, we will voluntarily and proactively put forward efforts to provide a social contribution through our business activities, etc., our support in the development of cultural activities including art and sport and the preservation of the global environment.

Our Stance

The SEGA SAMMY Group is keenly aware of the need to contribute to society as a good corporate citizen. In addition to our commitment to realize a prosperous society through our core entertainment business, the Group's individual companies and workplaces actively dialogue with members of the community and exercise initiative in ways that benefit society. These efforts also encourage all employees to grow and work in concert toward creating a stronger Group.

Major Initiatives in Fiscal 2015

1. Community Activities: Accepting junior high to high school student interns, cooperating for the children's portable shrine, co-sponsoring the Koedo Kawagoe Half Marathon, exhibiting at the Sakura Monozukuri Festa 2015
2. Social Support: Launching a campaign to deliver picture books, promoting the Pink Ribbon Campaign, donating and disinfecting toys, providing support for Japan's cross-country skiing team
3. Sports, the Arts and Other Cultural Activities: Sponsoring the Tokyo Jazz Festival, offering swimming classes, serving as a special sponsor for the children's rubber baseball tournament, supporting an amateur baseball league and holding baseball classes

VOICE

Experiencing Sammy's Social Value through Promoting Cross-Generational Communication and Sharing Play Time

We have been inviting senior citizens from five nursing homes twice a month to play our pachislot and pachinko machines. This activity is arranged so that they can enjoy our machines, which are known to have positive effects on increasing brain activity, with their friends. There is also the additional hope that we can provide them special play times in their daily lives, which could otherwise become monotonous. Our employees volunteer in every event and have good conversations while providing assistance, making this a meaningful opportunity for cross-generational communication. We believe that this also allows for our employee volunteers to experience the joy that Sammy can bring to people's lives through interaction with senior citizens and having fun, and thereby reaffirms the social value of entertainment.

Kent Murakami (left) Toshiro Norikae (right)
Administration Dept., Corporate Div.
Sammy Corporation

In charge of opening the showroom of pachislot and pachinko machines for senior citizens, an activity the Corporate Division of Sammy Corporation has been promoting as a typical activity of SEGA SAMMY Group. Celebrated the 200th showroom opening in June 2015; the first was held in 2006. Norikae and Murakami support the activity with their youthful energy and vigor.



Community Activities

Local Junior High and High School Students Experience Park Management Work

Since 2001, Oasis Park has been accepting student interns twice a year from local junior high and high schools, with a total of 130 youths having participated by fiscal 2015. After completing their internships, which mainly focused on park management work, participants stated that they had learned the purpose and meaning of work, gained the knowledge required for becoming a professional and developed an understanding of the importance of being attentive and acquiring communication skills while also having fun. We will continue to provide internship opportunities, which also provide a chance for employees to reflect on their own experiences.



Student interns engaged in park management work

Interaction with the Community

The Entertainment Contents Business makes donations to the Haneda Shrine's summer festival in July and opens its premises as a children's portable shrine rest station and provides beverages. Our employees are also active participants in a monthly cleanup led by the neighborhood association. During an inter-city baseball tournament, the association gave the SEGA SAMMY Baseball Club their ardent support. We look forward to establishing a deeper relationship with the community in the future.



Children's portable shrine at the Haneda Shrine's summer festival

Support for Koedo Kawagoe Half Marathon 2014

The Pachislot and Pachinko Machine Business has served as a special sponsor for the Koedo Kawagoe Half Marathon, held annually in the area where our Kawagoe Factory is located. Thanks to favorable weather, a total of 9,604 runners participated in the marathon in November 2014. Seventeen Sammy employees joined as volunteers, handing out water to runners along the road, while 96 Pachislot and Pachinko Machine Business and Group employees and suppliers participated as runners. With about 10,000 runners and so many volunteers, the day offered abundant opportunities for congenial civic interaction.



Koedo Kawagoe Half Marathon

Exhibition at the Sakura City Industrial Festival: Sakura Monozukuri Festa 2015

Since 2012, SEGA LOGISTICS SERVICE has participated in the annual Sakura Monozukuri Festa in Sakura City, where the company is located. The company exhibited items such as the *Kid's Medal Game* and *UFO CATCHER*, which many visitors enjoyed. SEGA LOGISTICS SERVICE has been participating in this event, where the charms of Sakura are presented for local residents and visitors through various products, popular locally produced goods, technologies, and services offered in Sakura, Chiba. Going forward, we will continue striving to create a community-based company.



Exhibition booth

Delivering Christmas Gifts to Children in a Group Home

The SEGA SAMMY Baseball Club has been delivering Christmas gifts to a group home located in Hachioji City, where the team is based, as one of its regional contribution activities. The Baseball Club has been regularly visiting the facility, and the Christmas party of 2014 was its fifth party. At the party, members of the Baseball Club dressed as Santa Claus and other characters handed out presents to each of the children. They also enjoyed playing baseball and other games with them. The spirited energy of the children cheered up the participants, and everyone had a great time.



Members dressed up as characters

Social Support

Campaign to Deliver Picture Books

As part of its international contributions, the SEGA SAMMY Group is associated with the Shanti Volunteer Association's* Campaign to Deliver Picture Books to children. We purchase picture books with money raised by collecting unwanted old books and other items from Group employees, paste stickers into them with translations into local languages, and then send them to the designated locations. In fiscal 2015, the seventh year of this initiative, employees from 19 Group companies took part, sending a total of 988 books.

* The Campaign to Deliver Picture Books sponsored by the Shanti Volunteer Association: This campaign provides Japanese picture books with stickers displaying the words in the local languages to Cambodia, Laos, Myanmar refugee camps and Afghanistan, places where hardly any books are published for children, with the hope that the books will bring comfort and fun to children faced with anxiety and sorrow caused by poverty and civil war.



Our employee pastes translation stickers on each page of the book

Promoting the Pink Ribbon Campaign

SEGA SAMMY GOLF ENTERTAINMENT INC. has continuously promoted the Pink Ribbon Campaign to raise awareness of the importance of the early detection of breast cancer. At the 6th Pink Ribbon Ladies Charity Golf Event held in October 2014, we were able to donate 60,000 yen to the Pink Ribbon in SAPPORO* with the help of 29 participants and Sapporo-native professional golfer, Mie Nakata. With the cooperation of local communities, we will continue to promote the Pink Ribbon Campaign, which highlights the importance of early detection, diagnosis and treatment of breast cancer.

* Pink Ribbon in SAPPORO: An organization promoting the importance of screening by raising awareness of breast cancer and running various activities that provide opportunities for patients, medical personnel and citizens to interact with each other.



President Yasuhiro Ota (left) and Dr. Tosei Ohmura, a Specially Appointed Associate Professor at Sapporo Medical University Hospital (right), who gave a lecture at the event

Donating and Disinfecting Toys in Collaboration with NPOs

To address social challenges as much as possible through our core business, we have been donating toys from SEGA TOYS CO., LTD. every fiscal year to non-profit organizations (NPOs). This year marked the sixth time we engaged in this initiative, and the Group works with the Japan NPO Center to select NPOs to receive donations.

In fiscal 2015, we donated about 500 toys to the Approved Specified Nonprofit Corporation Family House, which provides accommodation support to families of children undergoing treatment for cancer and other intractable diseases. Our employees regularly visit the facility and work with volunteers to disinfect and repair toys and plush dolls.



An employee disinfecting and repairing toys and plush dolls

Continuous Support for the Cross Country Skiing for the Disabled Japan Team

The SEGA SAMMY Group provides ongoing support to Japan's national cross-country skiing team with the Ski Association of Japan for the Disabled, a specified non-profit corporation, as its parent organization. The association strives to open up cross-country skiing to persons with disabilities and related individuals in Japan to increase competitive abilities as well as to promote and popularize the sport. We will continue to support the team in working hard with the hope of inspiring persons with disabilities so that they can enjoy cross-country skiing, which can lead to a healthier physical condition, while we also encourage young people with disabilities to dream of making it to the Paralympics.



The Cross Country Skiing for the Disabled Japan Team

Charitable Donations by SEGA Europe, Ltd.

In accordance with employee suggestions, SEGA Europe Ltd. has donated to the Kids Company, a charitable organization that supports children deprived of a family environment and young people; The David Sheldrick Wildlife Trust, an orphaned elephant organization in Kenya's Nairobi National Park; the Mamoli Mission Orphanage in Mozambique; the Royal Surrey County Hospital in the U.K.; and other organizations in need of help. Moreover, employees brought various canned food products and other food items for the local foodbank, enough to fill 16 large boxes. In fiscal 2015, employees donated 1,180 euro.



Food items brought by employees and donated to the local foodbank

Sports, the Arts and Other Cultural Activities

Special Support for the Tokyo Jazz Festival

The SEGA SAMMY Group supports the Tokyo Jazz Festival every year, which is one of Japan’s largest jazz festivals. The event gathers the top jazz musicians from around the world to perform under the concept of promoting a new culture, carrying forward and further developing the jazz legacy, and establishing cultural crossovers. We will continue to support the festival in fiscal 2016, its 14th year, and contribute to culture through the power of music, particularly jazz, which inspires and moves people across borders and generations.



© 13th TOKYOJAZZ FESTIVAL © Rieko Oka
Tokyo Jazz Festival held at Tokyo International Forum

Takeshi Matsuda Presents the “Challenge and Conquer Yourself!” Swimming Class in the Phoenix Seagaia Resort

Swimming medalist Takeshi Matsuda, who is under contract with SEGA SAMMY HOLDINGS, and his coach Yumiko Kuze, held a swimming class in their hometown of Miyazaki Prefecture in April 2015. Carried forward from fiscal 2015, this marked the second time the class was held to develop junior swimmers in the prefecture. Children not only learned swimming skills but also gained insight into the efforts required to realize their dreams and the importance of staying healthy, eating well and challenging themselves. The opportunity to watch and interact in person with a member of the Japanese national swimming team inspired the children.



Swimmer Takeshi Matsuda giving a swimming lesson

The 6th SEGA SAMMY Cup Children’s Rubber Baseball Tournament

Supporting the efforts of the Tokyo Kids Baseball Academy to strengthen children’s baseball skills in Tokyo, the SEGA SAMMY Group has been serving as a special co-sponsor for the academy. The SEGA SAMMY Cup Children’s Rubber Baseball Tournament, organized for the sixth time in fiscal 2015, was held in November at the SEGA SAMMY baseball field in Hachioji. The opening ceremony began with a speech from the baseball coach, Kiyoshi Hatsushiba, who has been coaching the SEGA SAMMY Baseball Club since fiscal 2015. In his speech, he encouraged the players, saying: “I want you to learn a lot through baseball. Be grateful to your parents and play the best you can.” On the first day of the tournament, baseball clinics were led by members of the club. The children practiced fielding drills with the players and learned baseball skills while having fun at the same time.



Opening ceremony of the SEGA SAMMY Cup Children’s Rubber Baseball Tournament

VOICE

Baseball is a part of my life, and I want to be a player who can have a positive influence on the team.



Yuya Kawabata
SEGA SAMMY Baseball Club, General Affairs Dept.
TMS ENTERTAINMENT Co., Ltd.

I joined this club nine years ago and feel so privileged to still be playing at my age. I’m grateful to everyone for their support and to the company for providing an environment in which we can play baseball.

Baseball used to mean everything to me, but as I began participating in such activities as visiting children in group homes, raising funds for the Great East Japan Earthquake and baseball classes, I came to a fresh understanding of why the club exists and began acting accordingly. Of course, winning games is important, but raising Group value by contributing to communities means just as much. As a senior player and team leader, I’d like to be a role model to younger members in my play, words and actions. I’ll look on the bright side of things whenever we face challenges, and I’ll serve as a positive influence on my team members.



Third-party Comment



Yoshinao Kozuma
Professor, Faculty of
Economics, Sophia
University

The following comments represent the author's subjective view on the SEGA SAMMY Group's CSR Report 2015, with particular focus on clarifying the report's recommendable initiatives as well as challenges that remain to be addressed.

1. Extending CSR Management across the Group

Major progress has been achieved in extending CSR management across the Group in fiscal 2015. The reorganization of the report's content was an especially important achievement. In the past, results for SEGA, Sammy and other Group companies were reported separately, which made it difficult to evaluate the performance of the entire Group in regard to each CSR task. After the reorganization of business segments in fiscal 2015, however, the relationship between the Group's CSR policy and performance has been well organized, making the report very easy to understand. Organizing the Group's management principle system and CSR policy into the "management" category has also facilitated reader understanding of the Group's CSR management.

In terms of the content of the initiatives, ongoing employee volunteer activities to support reconstruction after the Great East Japan Earthquake and the ambitious CSR Workshop are being implemented across the entire Group. These activities, together with CSR training for managers, promise a further dissemination of CSR management.

2. Creating a Women-friendly Workplace

Over 20% of SEGA SAMMY Group employees are women and nearly half of them are non-permanent workers. This means that the Group cannot depend on the contribution of female employees for long-term business growth without outstanding initiatives directed toward work-life balance and diversity. Reviewing the data, we find that the number and ratio of female managers are increasing, which may indicate a certain amount of care taken for creating a women-friendly workplace. In particular, the rising number of male employees taking childcare leave is a notable trend, suggesting that the measures are functioning well. In June 2015, the Sammy Kawagoe Factory received the gold accreditation under Saitama Prefecture's program to recognize "companies implementing diverse work styles." This is also a major achievement in this area.

3. Improvement in Disclosure

Several improvements in disclosure were made in fiscal 2015. The first of these worth mentioning is the broader range of data for personnel and labor, including information on the number of host country managers in foreign subsidiary companies, the ratio of women in managerial positions, the number of rehired employees after retirement, the number and ratio of employees returning from childcare leave, the duration of childcare leave taken by male employees, monthly average overtime working hours, and occupational injury frequency. These are important data points for evaluating CSR management. I highly praise this improvement in disclosure as demonstrating the SEGA SAMMY Group's confidence in the effectiveness of its hiring policy. I also noted a major improvement in the clearly defined boundaries of the report, which now encompasses the data coverage ratio for the consolidated number of regular employees. These improvements provide evidence of sound data management.

4. Some challenges remained

The area most in need of improvement is the management of quantitative targets and achievements. Because constructing a system for this purpose will take time, I urge you to be steadfast in your efforts. Fully reporting on a consolidated basis represents another issue that requires consideration, and I expect an early response, including the process of data collection. In addition, I believe that evaluating the validity of your PDCA in environmental management is necessary, given the continued increase in the Group's CO₂ emissions.

Response to Third-party Comment



Hiroshi Ishikura
General Manager of Group CSR
Promotion Office
Executive Director
SEGA SAMMY HOLDINGS INC.

The Group reorganized in April 2015 to more effectively keep pace with the rapidly changing entertainment industry. We intend to continue evolving as a Group by quickly adapting to new directions while preserving what should be preserved, including safety and security.

As Professor Kozuma has indicated, we focused on clarifying the policies and activities of the entire Group and expanding the disclosure of such items as employment and labor data. While providing CSR training for managers, we have also started training for general employees to instill CSR among all Group workers.

In order to support Great East Japan Earthquake recovery, we will continue to participate in events and other activities to bring relief to the afflicted area, with the belief that as an entertainment company, we can serve an especially useful role during the reconstruction phase.

As pointed out by Professor Kozuma, we recognize the challenge of establishing a system that facilitates ongoing improvement in work-life balance, diversity and environmental management. We will continue to make such improvements in addition to further enhancing information disclosure.



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URL: <http://www.segasammy.co.jp/english/>

Comparison with Annual Report

The annual report is unlike the CSR report in that it essentially presents financial information. You can download a copy of the annual report from the Investor Relations page of the SEGA SAMMY HOLDINGS website at: <http://www.segasammy.co.jp/english/ir/>

Web <http://www.segasammy.co.jp/english/ir/>

Disclaimer

This report contains past and current facts about the SEGA SAMMY Group, as well as forward-looking statements about social conditions, business plans, and forecasts based on management's judgments in light of information available as of the publication date. Please note that social conditions and business results may vary from these forecasts.