

SUSTAINABILITY
ACTION REPORT
2021

Long-term Vision for Fiscal Year Ended March 2030

VALUE (Mindset and DNA)

“Creation is Life” × “Always Proactive,
Always Pioneering”



We have formulated a new long-term vision defining where we want the SEGA SAMMY Group to be in the year ending March 2030.

Our mission, and the reason for the Group's existence, is to be constantly creating, forever captivating, making life more colorful, and being a game changer.

In addition to setting long-term targets for each of our business segments, we will also work to achieve continual improvement in corporate value through management policies that are more focused on sustainability.

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Sustainability Highlights in the Fiscal Year Ended March 2021

APR

- Transition to remote working following the declaration of a state of emergency.

MAY

- Participated in ePARA 2020, a barrier-free esports competition established to promote and support employment for people with disabilities.

JUN

- Grand opening of Dance Base Yokohama.

JUL

- Opened a Tokyo office for our special subsidiary, SEGA SAMMYBUSINESS SUPPORT to create new employment opportunities.



AUG

- Established the Sports Darts Project to increase awareness of darts as a lifelong sport.

SEP

September 2020

Joined the Valuable 500—an international initiative to promote an active role in society for people with disabilities.

The aim is to create an inclusive society through the development of working environments in which people from diverse backgrounds can interact on the basis of reciprocal understanding of each person's individuality and contribute actively in their own ways.

[For details](#)

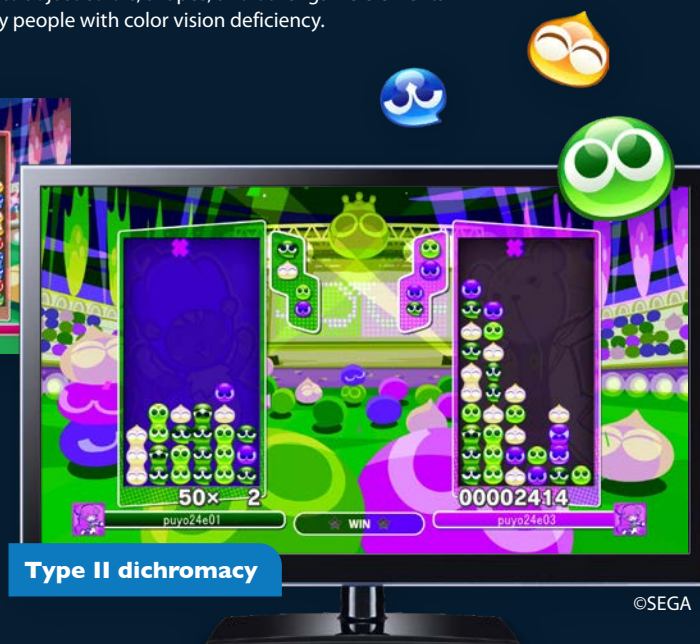


September 2020

Updated SEGA's Puyo Puyo eSports to include a "color adjustment function" to facilitate use by people with color vision deficiency.

With guidance from the Color Universal Design Organization (CUDO), a non-profit organization, we introduced a function that allows players to adjust colors, shapes, and other game elements so that they can be more easily recognized by people with color vision deficiency.

[For details](#)



©SEGA

OCT

- Further enhanced the remote working environment through the introduction of an electronic contract system.
- Dance Base Yokohama wins the 2020 Good Design Award.

NOV

DEC

- Launched a project to explore new ways to experience dancing with the visually impaired at Dance Base Yokohama.

JAN

- Launched a joint Japan-US research project into social inclusion relating to the employment of people with disabilities (research period: 1.5 years).

FEB

- Provided a speaker for the Dignity of Work conference, an international event focusing on the employment of people with disabilities.

MAR

October 2020

“2020 Art of The Rough Diamonds”

The 2020 Art of The Rough Diamonds, an exhibition and auction of art created by people with disabilities, was co-hosted with the Rotary Club of Atago and LIVES TOKYO. A total 150 guests were invited to attend the event, which featured around 70 extremely creative and distinctive works. Most of these works were subsequently sold during the auction.



November 2020

Selected for the highest “Gold” rating for the second consecutive year under the PRIDE INDEX, an evaluation index for initiatives to support sexual minorities in the workplace.

We raised awareness through e-learning programs, lectures, and other activities designed to improve understanding about LGBT issues. Other initiatives included the establishment of an external LGBT advice desk, and sponsorship of “Tokyo Rainbow Pride 2020.” We earned considerable recognition for our proactive group-wide approach to LGBT matters.



March 2021

Released a message regarding anti-Asian hate crimes through Sega of America’s social media platform.






In this message, we declared our intention to continue various social activities, including support for efforts to eradicate all forms of racial discrimination and violence, and donations to related initiatives within the Asian American and Pacific Islander (AAPI) community.

For details [🔗](#)




SEGA SAMMY Group Five Key Categories and Key Issues


E Entertainment Contents Business **P** Pachislot and Pachinko **R** Resort Business **SS** Group

Key issues and priorities for action	Initiatives	Progress and results in FYE March 2021	Details	Related SDGs
 <h2>Environment</h2> <p>In addition to efficiency improvements through recycling, reuse, and product designs that prioritize the reduction of environmental loads at the manufacturing stage, we will also implement initiatives in such areas as environmental protection and the reduction of electric power consumption.</p> <p>Reducing the environmental impact caused by business activities</p> <p>Consideration for global environmental resources</p>	<p>Promoting the development and marketing of environmentally sound products</p> <p>Promoting the 3Rs (especially recycling)</p> <p>Promotion of environmental protection activities</p> <p>Promoting environmental actions</p>	<p>E Development and increased supply of low power consumption products</p> <p>P Development and commercialization of Eco-Pachinko machines</p> <p>P Game machine recycling ratio: 98.6%</p> <p>E 100% recycling of amusement machines through manual dismantling</p> <p>E Distribution of information (e.g., environmental regulations) at the annual Supplier Meeting</p> <p>SS Establishment of a system for tracking environmental impact figures at 11 major Group companies</p> <p>SS Purchase of Green Power Certificates (1,000,000 kWh actual/year)</p> <p>E Sponsorship of the Yokohama City Wind-Power Electricity Generation Project (completed in September 2021) as a Y(Yokohama)-Green Partner</p> <p>E Signing of <i>Mori no Sato-Oya</i> (adopt-a-forest) agreement with the village of Minamiaiki in Minamisaku-gun, Nagano Prefecture</p> <p>R Management, protection, and cultivation of black pine on the Seagaia property (Approx. 2,417,000m²)</p> <p>R "Seagaia beach clean in Hitotsuba"</p>	<p>P. 16</p> <p>P. 17</p> <p>P. 18</p>	 
 <h2>Addiction</h2> <p>We are working to address and prevent dependence-related problems, such as gaming disorders that cause people to suffer serious health problems due to their obsession with games, addiction to Pachinko and Pachislot games, and gambling addiction, which is closely related to the integrated resort (IR) business.</p> <p>Implement countermeasures against gambling addiction</p> <p>Other safety measures, etc.</p>	<p>Joint research on gambling addiction</p> <p>Compliance with safety standards conforming to industry group standards, etc.</p> <p>Fraud prevention measures</p>	<p>SS Jointly research with Kyoto University</p> <p>E P Establishment of safety standards that conform to industry association standards</p> <p>P Promotion of gaming environment in moderation through an industry group</p> <p>P Responding to regulatory restrictions, countermeasures against fraud</p>	<p>P. 07</p>	

E Entertainment Contents Business **P** Pachislot and Pachinko **R** Resort Business **SS** Group

Key issues and priorities for action	Initiatives	Progress and results in FYE March 2021	Details	Related SDGs
 <h2>People</h2> <p>In addition to creating motivating environments for diverse individuals, we will work to foster a richly creative corporate culture. We will eliminate inequality and other issues by making diversity the norm, by ensuring respect for human rights, by prohibiting discrimination, and by protecting the disadvantaged.</p>	Workstyle reforms	Diverse, flexible workstyles <ul style="list-style-type: none"> SS Promotion of workstyle reforms (e.g., modification of the flextime system, introduction of tests for teleworking allowances, promotion of subsidiary employment and teleworking) SS Opening of SEGA SAMMY College (total attendance: 6,642 students) 	P. 08	  
	Enhancing diversity, eliminating inequality	Increasing diversity And eliminating inequality <ul style="list-style-type: none"> SS Introduction of various systems to ensure that same-sex partners are treated on an equal footing with spouses SS Selected for the “Gold” rating in the PRIDE Index for two consecutive years SS Declaration of opposition to racial discrimination 	P. 09	
 <h2>Products and Services</h2> <p>We will create moving experiences through entertainment and make society more energetic and colorful by building development processes that allow us to offer revolutionary new products, by continually improving the quality of our products and services, and by providing products and services that people can enjoy safely and with confidence. At the same time, we will achieve continuous growth and maximize our corporate value by actively working to provide solutions to social issues through our business. As a good corporate citizen, the entire SEGA SAMMY Group contributes to local communities by providing and promoting a diverse range of entertainment, while engaging in dialogue with local communities.</p>	Improving the quality of products and services, ensuring that products are safe and can be used with confidence	Addressing social issues through business activities <ul style="list-style-type: none"> E Programming classes using <i>Puyo Puyo</i> 	P. 13	  
	Providing safe products and services that can be used with confidence and continuation of accurate information disclosure	<ul style="list-style-type: none"> E P Setting of voluntary standards exceeding laws, ordinances, and industry standards in target countries, quality assurance that includes information disclosure on product labels E P Accurate, appropriate product labeling E P Improvement of the customer support system 	P. 11 P. 12	
	Support for disaster-affected areas	<ul style="list-style-type: none"> SS Conclusion of a comprehensive partnership agreement related to regional revitalization with Shichigahama-cho, Miyagi Prefecture 	P. 13	
	Contribution to local communities	Other group-level social contributions and support for the development of culture and art, etc. <ul style="list-style-type: none"> SS Partnership with Shinagawa City SS Establishment of the <i>Dance Base Yokohama</i>, support for artistic and cultural activities, including the <i>Tokyo Jazz Festival</i> SS Participation in the <i>Picture Book Campaign</i> (353 books) (creating an environment for entertainment in underdeveloped countries) SS Toy donations via NPO Family House SS Community Flowerbed maintenance activities by employees of our special subsidiary 	P. 13	    

E Entertainment Contents Business **P** Pachislot and Pachinko **R** Resort Business **SS** Group

Key issues and priorities for action	Initiatives	Progress and results in FYE March 2021	Details	Related SDGs
 <h2>Governance</h2> <p>We will prioritize corporate governance, including compliance and risk management. We will also ensure a consistent approach to governance that strengthens regulatory compliance and internal control systems, ensures management soundness, and improves transparency and efficiency. In addition, we will foster a sense of social responsibility in individual employees through proactive awareness-raising activities. We aim to earn the trust and affection of society for many years to come by implementing sustainability initiatives that reflect the characteristics of the SEGA SAMMY Group.</p>	Enhancement of governance structure	<ul style="list-style-type: none"> SS Compliance with the corporate governance code, establishment of the Independent Advisory Committee and Management Strategy Committee SS Management of the Group Compliance and Risk Liaison Committee, promotion of training for SEGA SAMMY HOLDINGS Executives SS Reporting to the Board of Directors about the assimilation of the Group Missions and Code of Conduct 	<p>P. 14 P. 15</p> 	
	Strengthening compliance	<ul style="list-style-type: none"> SS Compliance seminars for Group executives (3 sessions, 131 participants), compliance seminars for executives (59 sessions, 849 participants), compliance seminars for general employees (34 sessions, 1,361 participants) SS Harassment prevention seminars for executives (16 sessions, 297 participants), harassment prevention seminars for general employees (4 sessions, 64 participants) SS Establishment of the Corporate Ethics Hotline as an easy-to-use reporting system SS Implementation of various training programs at 18 Group companies (e-learning already introduced) 	<p>P. 14</p> 	
	Promotion and Awareness of sustainability information	<ul style="list-style-type: none"> SS Messages from the group CEO to employees on the meaning and practice of the Group's management philosophy SS Posting of the Group Mission on the Group intranet to raise employee awareness SS CSR, SDGs basic seminars for Group employees (7 sessions, 182 participants) SS Publication of CSR BOOKLET 2020 SS Participation in the United Nations Global Compact (since 2014) 	<p>P. 19</p>	



Addiction

Mitigate Addiction

Implementing Countermeasures for User Safety and Enjoyment

P Addiction Countermeasures in the Pachislot and Pachinko Machine Industry

Support for the Helpline Services of the Recovery Support Network

The SEGA SAMMY Group began to implement initiatives against addiction following the establishment of the Society for Research on Pachinko Addiction in 2003. The Recovery Support Network (RSN), which was created in 2006 with the support of various groups within the industry, has also introduced a wide range of initiatives, including awareness-raising activities and telephone helpline services.

Activities during Pachinko and Pachislot Addiction Awareness Week

Pachinko and pachislot Addiction Awareness Week is held in Japan every year from May 14 to 20 with the aim of raising awareness about Pachinko and Pachislot addiction. Centered around Awareness Week, in addition to holding forums to broaden understanding of these issues, industry organizations are also engaged in Awareness Week poster campaigns and other activities.

Addiction countermeasures in the Pachinko and Pachislot machine industry

- 2003 • Establishment of the Society for Research on Pachinko Addiction
- 2006 • Establishment of the Recovery Support Network (RSN)
- 2017 • Release of a statement on Pachinko and Pachislot addiction
- 2018 • Replacement of amusement machines with new models that comply with the amended regulations
- Establishment of the Advisory Council on Addiction Countermeasures in the Pachinko and Pachislot Industry (a committee of independent experts)
- 2019 • Formulation of the Basic Guidelines for Addressing Pachinko Addiction
- Formulation of the Basic Guidelines for the Pachinko and Pachislot Industry for Addressing Addiction
- 2020 • National Police Agency expresses expectations and urges cooperation at a meeting of the Board of Directors of the Japan Federation of Gaming Business Associations to promote addiction measures



E Addressing Gaming Addiction in the Entertainment Contents Business

At the World Health Assembly in May 2019, the World Health Organization (WHO) recognized "gaming disorder" as a disease, defining it as a pattern of excessive online and video gaming.

In Japan, the Computer Entertainment Supplier's Association (CESA), the Japan Online Game Association (JOGA), the Mobile Content Forum (MCF), and the Japan eSports Union (JeSU) jointly established a study group to conduct surveys and research relating to phenomena

triggered by gaming, and to educate the public about appropriate ways to enjoy gaming.

The four organizations are currently carrying out collaborative surveys and research with an outside expert study group about gaming disorder and exploring effective countermeasures for the future. The Group will continue to address these issues appropriately in cooperation with the study group.

SS Developing and Operating Safe Integrated Resorts (Industry-academia joint research project on gambling addiction)

SEGA SAMMY HOLDINGS and Kyoto University are jointly conducting a process research project* on gambling addiction.

The purpose of this research, which involves the collection and analysis of data on progression in gambling behavior, is to discover advance warning signs of dangerous gambling behavior by collecting and analyzing playing data from casinos. The SEGA SAMMY Group plans to use the results of this research to establish systems for the early identification of players showing signs of addiction, so that steps can be taken to prevent the escalation. We will also establish facility operations that encourage users to exercise self-control and restraint when using the facility. In this way, we

aim to develop an integrated structure for gambling addiction countermeasures, from education and prevention through to treatment in collaboration with medical institutions and other organizations.

Results from the joint research have shown that repeated gambling behavior results in a tendency to increase the size of wagers, regardless of whether the gambler wins or loses, and that this pattern is especially conspicuous after a win. It was also found that the percentage of people who will engage in risky gambling tends to increase after repeated wins. These results were published in the research journal "International Gambling Studies."

* This research project will be carried out from December 2017 to March 2023 at the Kokoro Research Center Kyoto University.



People

Enhancing Motivation

Workstyle Reforms to Promote Inclusiveness

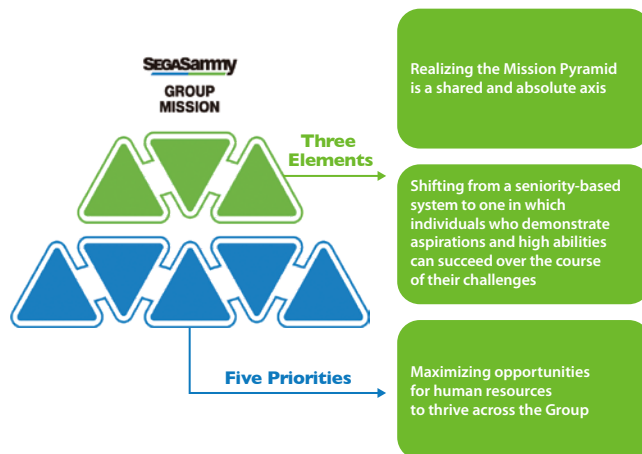
SS The SEGA SAMMY Group's Vision for HR Reforms

To realize our Mission of Constantly Creating, Forever Captivating, the Group is striving to Be a Game Changer. To be a game changer, the SEGA SAMMY Group will continue to offer "Constantly creating content that is forever captivating" to people around the world. This commitment is the basis of a management philosophy shared by the entire Group. We adopted the SEGA SAMMY Group's vision for HR reforms as our guiding principles in the area of human resource development, with the aim of maintaining our role as an innovator in a rapidly changing business environment. The Vision represents a departure from traditional human resource administration styles based on a seniority-based and rigid structures. Its goal is to provide a strategic direction for change that will allow us to leverage the full potential of the diversity

of each Group company and each individual, while also realizing our strengths as a Group. We have also identified three elements, five priorities with the aim of creating opportunities for personnel transfers across boundaries between companies and organizations to maximize the value of Group human resources.

In addition, each Group company will approach human resource development with the aim of instilling S.S. FIVE—Our Core Qualities—Drive, Empathy, Initiative, Control, Resolve as the basis for behavior that leverage diversity. We will also maximize the value of our human assets across Group divisions by basing job appointment and dismissal decisions on ambition and ability, and by reflecting results and contributions in remuneration.

The SEGA SAMMY Group's vision for HR reforms

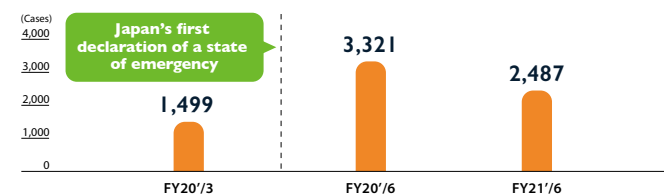


- 1 Fulfilling respective roles needed to realize our mission**
Employees working together to achieve shared missions, with each person taking on a challenging role
- 2 Behaviors leveraging diversity**
Employees driving innovation by leveraging each other's diverse approaches and behaviors patterns
- 3 Appointments and removals according to aspirations and abilities**
Creating a powerful sense of ownership and growth by appointing people to roles according to their ambitions and abilities as individuals, rather than a seniority-based system
- 4 Compensation based on results and contributions**
Ensuring well-balanced compensation based on each individual's results and contributions
- 5 Opportunities to thrive across the Group**
Maximizing the value of the Group's human assets by creating opportunities for organizational transfers between companies and organizations

SS Developing Remote Working Environments

To ensure the safety of its employees during the COVID-19 pandemic, the Group has adopted workstyles that combine remote and onsite work according to work and operational requirements. We will continue our efforts to prevent the spread of the disease while maintaining and improving productivity.

Number of remote access connections



Note: Combined total for SEGA SAMMY HOLDINGS, SEGA and Sammy. The figures represent the average number of connections on business days.

Electronic Contracts

In order to improve work efficiency amid the growing shift to remote working and the adoption of diverse workstyles for the "era of coexistence with COVID-19," the Group companies such as SEGA SAMMY HOLDINGS, SEGA, and SAMMY began introducing electronic contract systems in October 2020. These systems are progressively being introduced by other companies within the SEGA SAMMY Group.

An electronic contract is concluded by means of digital signatures on digital documents, in place of paper documents imprinted with seals. Contracts are stored on corporate servers as digital data. The introduction of electronic contracts represents another step toward the paperless office. It will also facilitate contract administration in a remote working environment by eliminating the need to use seals. We will continue our efforts to digitalize contract processes with the understanding and support of our customers and suppliers.



People

Increasing Diversity and Eliminating Inequality

Promoting Diversity and Respect for Human Rights

SS LGBT

“Gold” Rating in the PRIDE Index for the Second Consecutive Year

In November 2020, we submitted a joint entry for Sammy, the SEGA Group, SEGA, and SEGA SAMMY HOLDINGS in PRIDE Index 2020, an award program for sexual minority support initiatives in the workplace. We won a “Gold” rating for the second consecutive year.

Sponsorship of Tokyo Rainbow Pride 2021

Since 2019, the SEGA SAMMY Group has been sponsoring Tokyo Rainbow Pride, a yearly event held with the aim of creating a society in which LGBT people can lead positive lives without experiencing discrimination and prejudice. During the 2021 event, which was held in spring, corporate logos used by Group companies on websites and social media were changed to rainbow colors as a sign of encouragement for LGBT people and their supporters.



Endorsement of Business Support for LGBT Equality in Japan Declaration

In May 2021, SEGA SAMMY HOLDINGS endorsed the Business Support for LGBT Equality Declaration, a campaign aimed at the creation of an inclusive society and working environments in which everyone is treated equally, through the introduction of LGBT equality legislation that would prohibit discrimination on the grounds of sexual orientation and gender identity in Japan.

Partnership Certificates for Same-Sex Couples

One of the social issues faced by same-sex couples is the fact that they are not legally recognized as being married, with the result that they are unable to enjoy the rights and the services that are available to families as a matter of course. SEGA SAMMY HOLDINGS treats same-sex partners on an equal footing with spouses under its various internal systems. Currently, notarized declarations are required when making applications relating to a same-sex partner, but we also plan to accept partnership certificates issued by the Famiee Project.

SS Declarations Condemning Racial Discrimination

In June 2020, Sega of America, Inc. responded to growing support for the “Black Lives Matter” anti-racism movement by issuing a statement condemning discrimination against people of color. In addition, in March 2021, both Sega of America, Inc. and SEGA

SAMMY HOLDINGS expressed their support for efforts to eradicate all forms of racial discrimination and violence following a rapid increase in the number of hate crimes being committed against people of Asian descent.

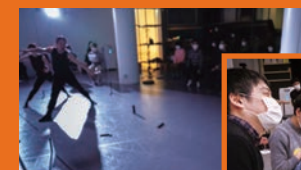
SS Support for People with Disabilities

- Signed “The Valuable 500.”
- We staged an exhibition and auction of art created by people with disabilities.
- We joined a joint Japan-US research project on social inclusion in employment for people with disabilities. (The project started in February 2021 and will continue for 1.5 years.)
- At an international conference on the employment of people with disabilities held in March 2021, SEGA SAMMY BUSINESS SUPPORT INC. our special subsidiary gave a presentation on the current state of employment for people with disabilities in Japan, as well as the company’s own capacity building activities and other initiatives.



Discovering new ways to enjoy dancing with the visually impaired

In December 2020, Dance Base Yokohama, which is operated by the SEGA SAMMY Culture and Art Foundation, launched the “Dance Accessibility Lab—The Experience of Dancing with the Visually Impaired,” a project designed to explore new ways for people to enjoy dancing with those who are visually impaired.



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People

Increasing Diversity and Eliminating Inequality

Promoting Diversity and Respect for Human Rights

SS Human Resource Data (As of the End of Fiscal 2021)

Scope

As of March 2021: 12 Companies in Japan (SEGA SAMMY HOLDINGS, SEGA Group, SEGA, Sammy, SEGA TOYS, TMS ENTERTAINMENT, SEGA SAMMY CREATION, SEGA Logistics Service, Sammy Networks, PHOENIX RESORT, DARTSLIVE, Butterfly)

Note: 15 companies (FYE2019), 13 companies (FYE2020) in Japan

Employees with disabilities

	June 2019	June 2020	June 2021
Number of employees (Number)	104	98	129
Rate of employment*1 (%)	2.16	2.26	2.32

*1 Employment rate of persons with disabilities applicable to corporate groups

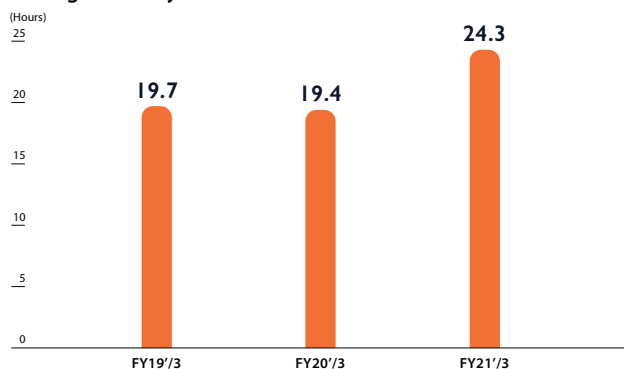
Occupational health and safety (at Sammy Kawagoe factory)

	2019	2020	2021
Number of industrial accidents*2 (Number)	1	0	1
Frequency rate of work-related accidents*2 (%)	0.00	0.00	0.00

*2 There is no paid leave of absence due to work-related injuries.

(As of March / Year)

Average monthly overtime hours

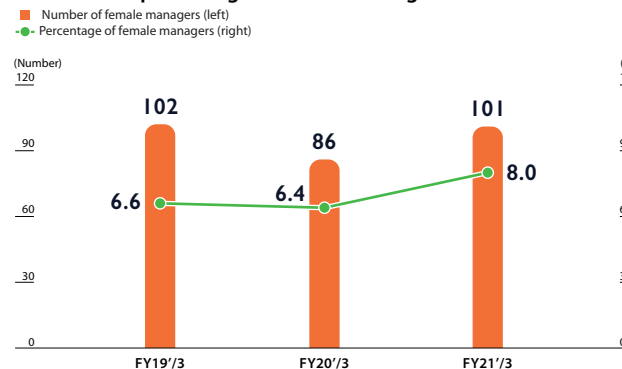


Work-life balance

	2019	2020	2021
Average overtime hours per month (Hour)	19.7	19.4	24.3
Number of paid leaves taken (Day)	12.5	14.0	11.0
General employees	13.1	14.6	11.0
Management-level staff	10.5	12.0	9.0
Percentage of paid leaves taken (%)	69.5	75.6	48.1
General employees	75.1	80.9	50.7
Management-level staff	54.5	61.0	40.2
Number of annual holidays (Day)	125.8	128.0	125
Total number of employees who took volunteer leave (Number)	42	16	0
Total number of days for volunteer leave taken (Day)	101	18	0

(As of March / Year)

Number and percentage of female managers

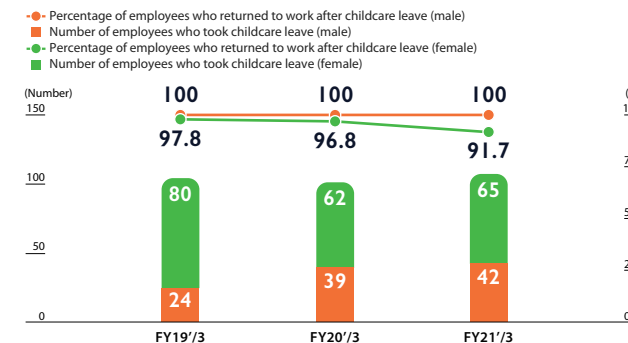


Examples of the system supporting both professional and private lives*3

Childcare	Childcare leave	In cases where a child is still not admitted to a nursery school, even after having reached two years of age, until the day the child is admitted to such a school in the following April
	Shorter working hours for childcare	Up to 2 hours per day until the child enters elementary school Up to 1 hour clock-out time earlier per day until the child reaches the third grade
Nursing	Nursing leave	93 business days per person (including shorter working hours for nursing)
	Shorter work hours for nursing	Up to 2 hours per day within 93 business days
	Nursing paid leave	Allowed to take a long-term nursing leave up to the number of unused annual paid leave days

*3 SEGA SAMMY HOLDINGS, SEGA, SAMMY

Number of employees who took childcare leave and who returned to work after childcare leave





Products
and Services

Improving Product and Service Quality / Providing Safe and Reliable Products

Enhancing Customer Support

P Digital Transformation (DX) Initiatives in the Amusement Machine Business

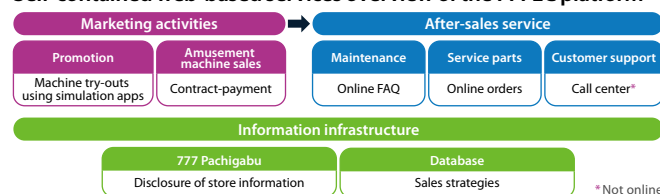
The SAMMY Group uses the “Sammy Plus” website to disseminate information about new machine models and customer support. This service is already being used by over 8,000 Pachinko and Pachislot halls representing more than 90% of all such facilities in Japan. Since August 2020, the Sammy Plus service has also introduced a product ordering function via the “777EC” system in which the customers now have 24/365 online access to one-stop services, including product and parts ordering and repairs. We aim to build Sammy Plus into a comprehensive industry platform for the online era through various strategies, including the invitation of other amusement machine manufacturers to use the system.

In June 2021, we further expanded the 777EC system to include a digital data storage service for the guarantees that hall operators need to submit to their local police stations when installing new amusement machines. This service was developed following changes to the regulations concerning requirements for seals or signatures on documents, which were announced by Japan’s National Police Agency in December 2020 in a notice concerning the standards for the interpretation and enforcement of the Law Regulating Adult Entertainment Businesses. Digitization of application documents now allows for easier storage and management. Other benefits for both halls and equipment manufacturers include efficiency improvements and the reduction of person-hours spent

on official procedures. We anticipate further digitalization of applications to the police authorities, and we will continue our efforts to ensure that the amusement machine industry can benefit from document digitization and other aspects of digital transformation.

Starting in the spring of 2022, we plan to introduce a system to allow business negotiations through the Sammy Plus platform, in addition to the existing product ordering and repair services. This will facilitate communication with Pachinko and Pachislot halls that do not desire salespeople to visit physically under COVID-19 concerns, or that are distant from sales offices. In addition, we are developing systems based on video, apps, and other technologies that will enable customers to try out machines virtually on their smartphones, tablets, or PCs at any time without the need to travel to a sales office.

Self-contained web-based services overview of the 777EC platform



P Support for COVID-19 Countermeasures at Pachinko and Pachislot Halls

Following regulatory changes in 2018, the Group has been working to replace machines configured for the old system with versions that comply with the updated regulations. In response to a request from Zennichiuren (a union for pachinko and pachislot halls), Nikkoso, the

pachinko machine manufacturers’ association of Japan, and Nichidenkyo, the pachislot machine manufacturers’ industry association, we have introduced a deferred payment system to assist customers affected by reduced operating hours during the COVID-19 pandemic.

E Addition of Color Vision Function to *Puyo Puyo* eSports to Support People with Color Vision Deficiencies

The *Puyo Puyo* eSports system has been updated to provide a color adjustment function for people with color vision deficiency, who have previously been hesitant to try *Puyo Puyo* games due to difficulty distinguishing the colors used in these titles. With guidance from the Color Universal Design Organization (CUDO), a non-profit organization, we added support for three types of color vision deficiency—protanopia, deuteranopia, and tritanopia—as well as color intensity adjustment. In addition, we removed the flickering effect used on falling *Puyo* and increased the number of *Puyo* shapes to 16 to make it easier to distinguish them by their outlines. We also updated the online matchmaking system so that players using one of the three color vision modes can chose, through their personal screen settings, whether to play only against people who are also using those modes, or to play against people using the default settings. As a result of these changes, it is now possible for large numbers of people to play together.

Puyo Puyo experience event for people with color vision deficiency

On February 20, 2021, we staged an online *Puyo Puyo* experience event for people with color vision deficiency at the 47th CUD Supporter Association Conference hosted by the CUDO. The CUD Supporter Association is a group of people with a shared interest in the issues faced by people with color vision deficiency and color universal design (CUD).





Products
and Services

Improving Product and Service Quality / Providing Safe and Reliable Products

Providing Safe Products

E Product and Service Labeling

In the Consumer area of the Entertainment Contents Business, we label product packaging, user manuals and other tools for home video game software in accordance with the 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 also clearly specify the range of users for each product and actively address any ethical concerns. Our products are labeled according to assessments conducted in countries around the world. In Japan, we indicate the target age group for each game based on the CERO* ratings system and label products in accordance with our own voluntary standards. By drawing on expertise accumulated through the CERO rating system and case studies, we have formulated guidelines that cover nine categories and 26 items. We are also working to improve employee awareness by circulating information about recent ethical issues relating to expressions used in products in Japan and overseas through our email newsletter.

*The Computer Entertainment Rating Organization (NPO)

CERO Age Rating System age classification marks

The inclusion of age classification marks and other information based on the content and expressions in computer and video games allows consumers to purchase and enjoy products with confidence. These marks are displayed on game software and other products sold in Japan for home use, with the exception of game software for commercial use.



For all ages



For those aged
12 and older



For those aged
15 and older



For those aged
17 and older



For those aged
18 and older

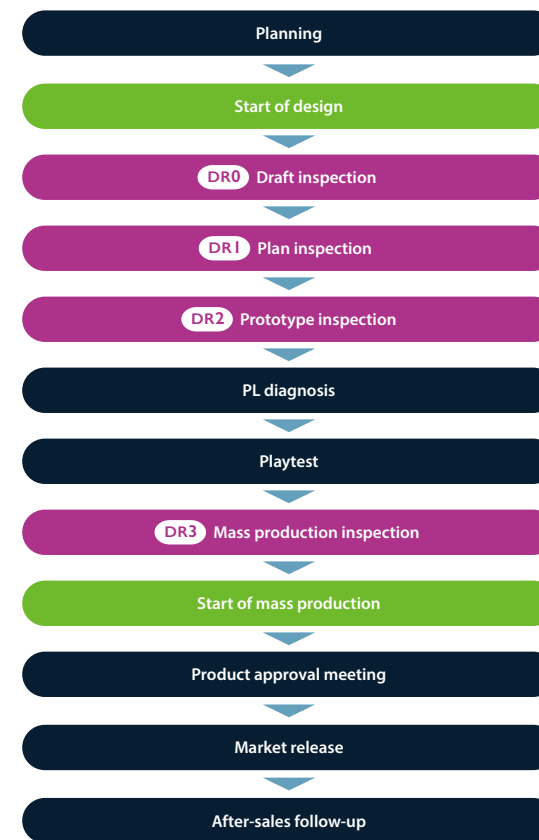
E P Quality Assurance System

In the Gaming Machine segment of the Entertainment Contents Business, our quality assurance staff work 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 the relevant rules. Product safety management is a particular priority, and in addition to our own voluntary standards, we also apply guidelines established by industry organizations. In addition, we conduct design reviews involving staff from relevant areas, such as development, production, sales, and quality management. Products are assessed from four perspectives: product specifications, design specifications, mass production specifications, and mass production readiness. We also conduct a product liability diagnosis using various safety management methods to assess product risk. This is followed by a final decision based on discussions at a shipment approval meeting. Only products that meet our stringent standards are released onto the market.

In the Pachislot and Pachinko Machine Business, we provide safe, high-quality products and services through proactive ingenuity and effective quality improvement. We have also set a zero target for significant defects with the potential to affect safety.

At the product development stage, reliability tests are carried out by the Quality Assurance Department of the Sammy Manufacturing Division to ensure that every product meets the expectations of Pachinko and Pachislot hall operators and users in terms of reliability. In addition to checks relating to the appropriateness of product designs, products are also subjected to vibration, dropping, static electricity, and temperature/humidity tests. Products selected for production undergo further quality audits at the mass-production stage under an integrated system based on acceptance and management.

Flow of the AM equipment quality assurance system



DR: design review (Design examination)

Products
and Services

Contributing to Local Communities

Social Contribution through Business Activities

SS Partnership with Shinagawa City

As a member of the local committee in Shinagawa City, Tokyo, where the Group's head office building is located, the SEGA SAMMY Group is actively involved in social contribution activities, including support for community revitalization and education, in partnership with the local government.

Examples of activity theme	Details
Provision of educational programs	<ul style="list-style-type: none"> Provision of educational materials (<i>Puyo Puyo</i> Programming) and hosting of workshops for local elementary and junior high schools Online career learning sessions with professional esports athletes for local junior high school students
Provision of entertainment at local events, etc.	<ul style="list-style-type: none"> <i>Puyo Puyo</i> eSports Experience at events sponsored by commercial districts
Social contribution activities	<ul style="list-style-type: none"> Support for children's cafeterias Voluntary cleaning and flowerbed maintenance Donation of used stamps

Special Programming Classes

We held special programming classes for elementary school students in Shinagawa City. Participants learned how to program using the *Puyo Puyo* action puzzle game. We also arranged for professional *Puyo Puyo* eSports players to speak about their careers at seminars for junior high school students.



Children participate in a special programming class.



Employees tend flowerbeds.

Voluntary Flowerbed Maintenance Activities

Employees with disabilities working for our special subsidiary, SEGA SAMMY BUSINESS SUPPORT INC., have continuously worked on a voluntary basis to maintain flower beds around Shinagawa Hanakaido Waterside Square and Osaki Station. This activity helps Shinagawa City to maintain an attractive environment in where the Group's headquarters are located.

SS Comprehensive Partnership Agreement with Shichigahama-machi

SEGA SAMMY Group employees have been involved in a variety of voluntary support activities since the immediate aftermath of the Great East Japan Earthquake in March 2011, including debris removal work and mental health recovery initiatives. In 2019, these activities led to the signing of a comprehensive partnership agreement with the town of Shichigahama-machi in Miyagi Prefecture regarding regional revitalization. Since then, we have been working to solve local issues and revitalize the town's economy by assigning Group employees to the area, and by utilizing the resources of Group companies. In fiscal 2022, we started the "Shichigahama Arrow Program" based on sports darts.

Examples of activities

Theme	Contents
<ul style="list-style-type: none"> Extending the driving life expectancy of the elderly Promoting involvement in social activities for elderly men 	Activities using driving simulators <ul style="list-style-type: none"> Participatory activities at public facilities Local lectures provided in collaboration with relevant departments Establishment of activity booths in collaboration with neighborhood associations and local event organizers
<ul style="list-style-type: none"> Long-term care and dementia prevention activities Multi-generational exchanges Promotion of community Promotion of sports, etc. 	Darts as a sport activity <ul style="list-style-type: none"> Regular sessions as part of long-term care and preventive activity courses and after-school children's club activities Introduction of <i>DARTSLIVE2</i> in Shichigahama International Village, equipment rentals to neighborhood groups Establishment of activity booths in collaboration with neighborhood associations and local event organizers
<ul style="list-style-type: none"> PR and regional revitalization activities at Shichigahama-machi Renovation of Shichigahama International Village 	Activities using <i>Puyo Puyo</i> eSports <ul style="list-style-type: none"> <i>Puyo Puyo</i> eSports tournament and introduction to esports at Shichigahama International Village Provision of opportunities to learn and experience esports through <i>Puyo Puyo</i>

[Click here for information about other initiatives](#)



Governance

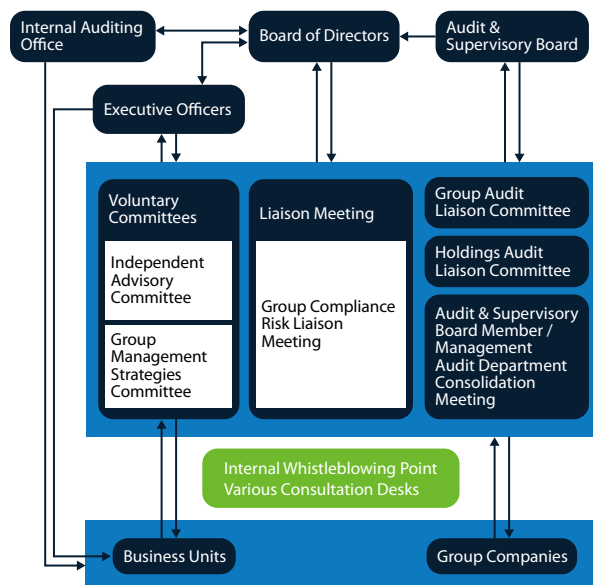
Strengthening Corporate Governance System / Compliance

Strengthening Compliance

SS Corporate Governance System

The Group regards corporate governance as the most important foundation for facilitating sustainable corporate behavior. The Group's basic policy is to improve efficiency, ensure sound management, and enhance the transparency of corporate management. Decisions on important management matters are based on this policy. Compliance programs based on our Group Code of Conduct and Group Management Policy foster consistent employee compliance with business ethics and regulatory requirements.

Schematic diagram of corporate governance system



[Click here for an overview of the corporate governance structure](#)

SS Raising Compliance Awareness

We conduct educational activities designed to raise employee awareness of and understanding about compliance. Compliance seminars, which are presented by instructors from within and outside of the Group, were quickly switched to a full remote basis in anticipation of the spread of COVID-19. Other educational activities geared toward the "new normal" environment include e-learning programs, the email newsletter, and "Compliance Improvement Month" activities. In particular, we have been working to eradicate harassment in the workplace by holding seminars on this issue, especially for executives. We have also drawn attention to the problem by including quarterly special features about harassment in our email newsletter, and by distributing case studies about harassment cases within the Group in cartoon format.

Compliance seminars

	Sessions	Participants	Companies
New executive officers	1	13	Group companies, including SEGA SAMMY HOLDINGS, SEGA Group, SEGA TOYS, TMS ENTERTAINMENT
Current executive officers	2	118	
Total		131	
General employees	34	1,361	18 Group companies
Executive officers	59	849	
Total		2,210	

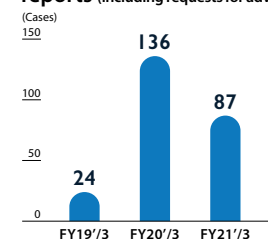
Harassment seminars

	Sessions	Participants	Companies
General employees	4	64	18 Group companies
Executive officers	16	297	
Total		361	

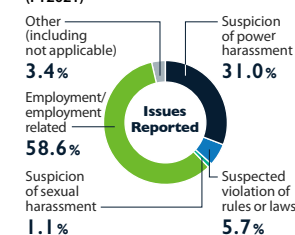
SS Whistleblowing System

We are making Group-wide efforts to raise awareness about the whistleblowing system and lower barriers to reporting matters that affect the general good. We have also taken steps to create an environment in which employees can more easily seek advice about issues, including a decision in 2019 to establish an advice desk in an independent organization in order to ensure a high level of anonymity.

Number of whistleblowing reports (including requests for advice)



Types of issues reported (FY2021)



SS Exclusion of Antisocial Forces

The SEGA SAMMY Group Code of Conduct clearly mandates the exclusion of any relationship whatsoever with antisocial forces. We also include clauses in contracts with suppliers excluding the involvement of antisocial forces. In addition, we have introduced a screening system to check whether suppliers are associated with antisocial forces. We work as an organization to counter approaches from antisocial forces in cooperation with law firms, the police, and other external organizations.

[Click here for other initiatives, including anti-corruption efforts](#)



Governance

Strengthening Corporate Governance Structures

Status of Risk Management

SS Risk Management

We are continually considering countermeasures against potential risks that could prevent us from maintaining our business operations or improving corporate value. As a business group determined to earn the trust of society, we make the greatest possible efforts to minimize impacts on our stakeholders by limiting losses resulting from risk factors.

As part of our preparedness for crisis situations, we have formulated the SEGA SAMMY Group Crisis Management Rules. We also develop and maintain rapid response capabilities to ensure timely action when major crises occur.

Our response to the prolonged COVID-19 pandemic that began in 2020 has included the adoption of a common policy for the entire Group. Under that policy, all Group companies have worked together to ensure the health and safety of employees by preventing infections, while also fulfilling our social responsibilities as an entertainment company by maintaining our business activities. During the summer of 2021, we have operated a workplace vaccination program for Group employees and their families, and also for our business partners and others. Approximately 9,000 people have been fully vaccinated under this program.



People receive COVID-19 vaccinations in the workplace.

SS Intellectual Property Management

We regard intellectual property as a vital management resource that plays a key role in enhancing business competitiveness, and we have established related policies for each business area. We are working to raise awareness of intellectual property in various ways, including the dissemination of the latest information about competitors and other factors through seminars and briefings tailored to seniority levels and work categories.

In the Entertainment Contents Business, the Intellectual Property Department formulates and implements intellectual property strategies in collaboration with the relevant units, allowing the entire Group to acquire and utilize intellectual property actively and strategically. In particular, we have strategically and economically enhanced protection of brand elements, including house marks, game titles, and characters, by building a global trademark portfolio through the use of trademark rights and the active use of international registration systems. Our approach has been showcased by the World Intellectual Property Organization (WIPO) as a positive example (more details here). [For details](#) We are also maintaining and enhancing our brands through an active program of global countermeasures against counterfeiting and infringement.

In the Amusement Machine Business, we carry out intellectual property searches as part of a comprehensive risk assessment process at each stage of research and development. We are also building strategic intellectual property portfolios for each technical field and working to ensure effective use of those assets, including the filing of over 500 patent applications every year.

In new business areas, we prepare for secure business development by first carrying out comprehensive technology searches and intellectual property due diligence. We also actively protect our own technological strengths, while working to enhance our corporate competitiveness.

SS Information Security

The SEGA SAMMY Group regards all information, including customer data, as well as management and marketing information, as valuable assets. We have established a range of policies concerning information, such as the Group Information Management Policy, Group IT Security Policy, Group Personal Information Protection Policy and Rules on Information Management. We have also taken steps to strengthen our information management structures, including the creation of forums for staff from different Group companies to share information and discuss measures to strengthen Group-wide initiatives.

In fiscal 2021, the Group implemented various measures to mitigate the risks associated with the growing shift to remote working.

- Formulation and publication of "Remote Work Security Guidelines" (July 2020)
- Provision of remote working security education program on the intranet, etc. (August 2020)
- Creation and distribution of a *manga* book to raise awareness about remote working (November 2020)
- Implementation of a training program targeted email attacks (February 2021)

A *manga* book focusing on remote working





Environment

Reducing Environmental Impacts from Business Activities

Waste Reduction through Reuse and Recycling

E Recycling of Used Amusement Machines

SEGA Logistics Service Co., Ltd. is working to reduce disposal costs and prevent illegal dumping through the development of a nationwide recycling system. It stores and manages used amusement machines, prepares units that are in good condition for sale and reuse, and extracts reusable parts from unwanted machines for use in repairs, before arranging their disposal as industrial waste.

Intermediate industrial waste processing companies have been recruited to operate at SEGA Logistics Service's Yako Plant in Chiba Prefecture, where they manually disassemble machines and sort the materials used under a system that ensures 100% recycling, with zero landfill disposal and zero direct incineration. Unwanted cards and papers from amusement machines and some types of plastic waste are processed into the alternative fuel RPF^{*1}, which is used to recover heat through thermal recycling.

^{*1} Refuse paper and plastic fuel (RPF) is a high-grade solid fuel made from industrial waste, especially waste plastic and used paper that are unsuitable for recycling as materials.



Disassembling of the Amusement Machine and sorting them by parts

P Reuse and Recovery of Parts from Pachislot and Pachinko Machines

In 2016 Sammy set targets for the number of reusable parts and has been working to improve the reusability of Pachislot and Pachinko machine parts by working from the design and development stages to standardize parts, circuit boards, and units. In the fiscal year ended March 2021, the recovery rate reached 89.7%. Sammy will continue its efforts to maximize the benefits of reuse.

Sammy is also working with other manufacturers to develop platforms for parts and units as part of industry-wide efforts to reduce environmental impacts.

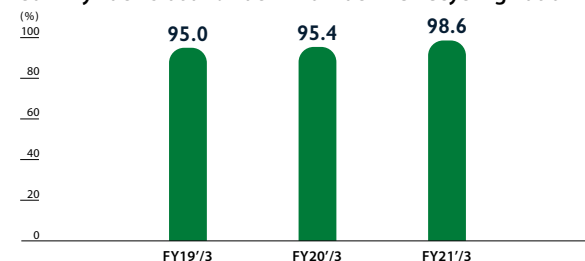
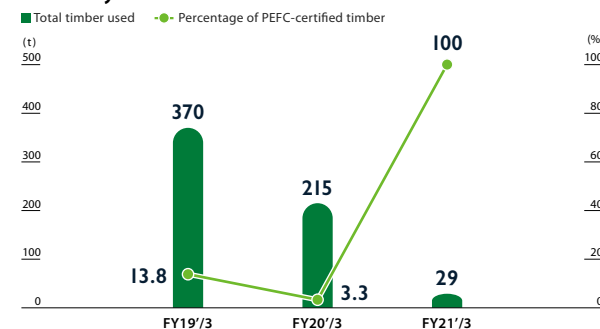
E Partial Elimination of Plastic Packaging by Sega Europe

Sega Europe Ltd. has begun transitioning to fully recyclable packaging materials for all of its PC packages. This change is being driven by the shared commitment of Sports Interactive and Sega Europe to contribute to the prevention of global warming by finding alternatives to plastic packaging, including the use of 100% recycled paper for both packaging and manuals. Because these materials do not require specialized processing, they can be disposed of by ordinary households as paper resources for recycling. Additionally, all printed matter is produced using water- and vegetable-based inks, while disks are suitable for recycling by specialized processors.

P 100% Use of Environment-Friendly Timber

We are transitioning to the use of environmentally responsible PEFC-certified^{*2} timber at the SAMMY Kawagoe Factory. In the fiscal year ended March 2021, all of the wood used (29t) was switched to PEFC certified wood.

^{*2} Programme for the Endorsement of Forest Certification, an international forest certification system established to encourage sustainable forest management

Sammy Pachislot and Pachinko Machine Recycling Ratio**Use of environment-friendly materials in Sammy Pachislot and Pachinko machines**



Environment

Caring for the Global Environment and Resources

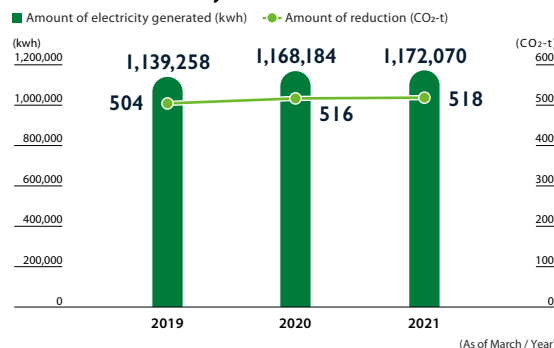
Global Warming Countermeasure, Reduction of Water Use

E Introduction of Green Electric Power Certification System

Since April 2005, SEGA has annually been purchasing one million kWh of green-certified electric power produced using micro-hydro and biomass technologies under a contract with Japan Natural Energy Company Limited. SEGA also supported Yokohama City's wind power project as a Y (Yokohama)-Green Partner. In the year ended March 2021 the scheme generated approximately 170,000 kWh, which is expected to reduce CO₂ emissions by a total of approximately 518 tons.

Note: Ended in September 2021

Amount of electricity generated and CO₂ emissions reduced by Green Power Certificates



E Environmentally Responsible Designs

We are continually working to reduce the power consumed by our products. For example, the power consumption of SEGA medal game machines *The Medal Tower of Babel W!* and *Gattsuri Go!* have been reduced by 44-62% compared with the earlier *Arabian Jewel* version. These amusement machines are designed so that parts of current products can be reused in new products, and *StarHorse4* uses the main monitor from *StarHorse3* and remodels the satellites to enable the continuation of the game, in an effort to reduce waste.

Installation of LED lighting at the SAMMY Kawagoe Factory

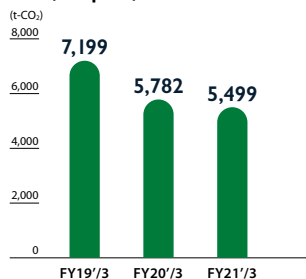


We are saving electric power at the SAMMY Kawagoe Factory by using timers and motion detectors to turn lights on and off. We will further improve environmental performance by replacing 5,493 lights with LED lights between July and October of 2021. The transition to LED lighting will cut electric power costs of over 50% while also reducing CO₂ emissions.

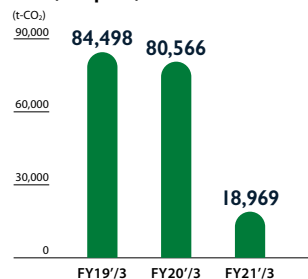
SS Environmental Data

Coverage: 11 Group companies (SEGA SAMMY HOLDINGS, Sammy, Sammy Networks, SEGA, SEGA TOYS, SEGA Logistics Service, DARTSLIVE, TMS ENTERTAINMENT, PHOENIX RESORT, Sega of America, Inc., Sega Europe Ltd.)

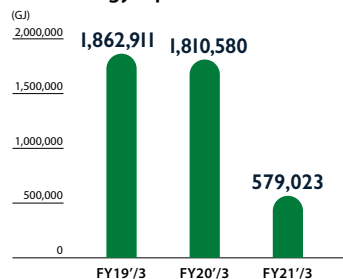
CO₂ (Scope 1) t-CO₂



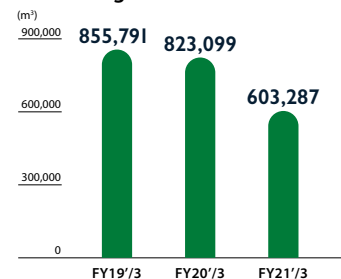
CO₂ (Scope 2) t-CO₂



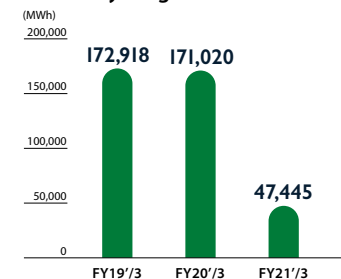
Total energy input



Water usage



Electricity usage



- Scope 3 figures for the year ended March 2020 are currently being estimated.
- Some of the aggregated data are estimates based on total floor space.
- The reduction in CO₂ emissions is due to the reduction in fuel consumption.
- CO₂ emission factor for purchased electricity: Adjusted emission factor by electric utility for the previous year of each reporting year is used.



Environment

Caring for the Global Environment and Resources

Contributions to the Protection and Improvement of the Natural Environment

R Environmental Protection at the Phoenix Seagaia Resort

Black Pine Conservation Activities

At the Phoenix Seagaia Resort in Miyazaki Prefecture, we are engaged in ongoing conservation efforts to protect the black pine forest that surrounds the facility. Throughout Japan, pines are dying at an average of over 15 trees per hectare per year. The unique ecology-based pine management method developed at the Phoenix Seagaia Resort has been amazingly successful, reducing this rate to just approximately 0.4 trees per hectare in some years.

The approximately 2,417,000m² of green areas in the resort absorb and fix CO₂ equivalent to the yearly emissions of 2,168 households. By helping to prevent global warming and cleaning the atmosphere, these areas also contribute to the maintenance of biodiversity.



Black pines on the Hitotsuba Coast

Beach Cleanup Activities

The Hitotsuba Coast on the eastern side of the Phoenix Seagaia Resort is a nesting ground for loggerhead sea turtles and has been designated as a natural treasure of Miyazaki Prefecture. Every year since 2015, the Phoenix Seagaia Resort has organized the *Seagaia Beach Cleanup Campaign in Hitotsuba* with the aim of protecting the nesting areas. A group of staff, including people who joined the company this year, participated in this year's campaign in May 2021.

Every year loggerhead sea turtles visit the Hitotsuba Coast to lay their eggs between May and early August. Starting in early May, the Phoenix Seagaia Resort conserves the local environment by removing litter and driftwood to ensure that the turtles can lay their eggs in peace, and that the hatchlings can reach the sea safely.



Staff participate in the 2021 Seagaia Beach Cleanup Campaign in Hitotsuba

E Environmental Conservation in Partnership with Nagano Prefecture through the SEGA-no-Mori Program

SEGA supports the aims of the Adopt-A-Forest Promotion Program administered by Nagano Prefecture. In April 2008 we signed a "adopt-a-forest" agreement with Minamiaiki Village in Minami Saku County, Nagano Prefecture. The agreement covers an area of approximately 3,633 hectares (roughly 773 times the area of the Tokyo Dome stadium) of privately owned forest, which we named "SEGA-no-Mori." By providing part of the funding needed to maintain the forest as an absorber of carbon dioxide, we are helping to protect the global environment. As a result, in fiscal 2020, the forest absorbed 149.0 t-CO₂.

The employee cafeteria (top) at the SEGA SAMMY headquarters, which uses larch wood from "SEGA-no-Mori" for the interior, and the "Soramori" nursery school (middle) at the head office, "SEGA-no-Mori" (below) with a "adopt-a-forest agreement."



Information Disclosure in the Media

Please use this booklet in conjunction with information provided in other media.

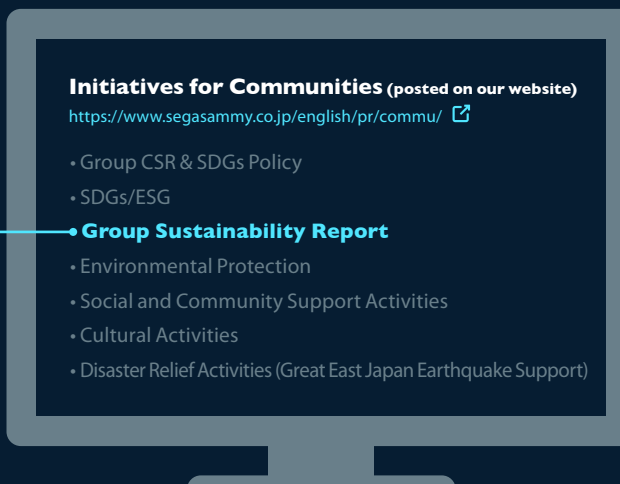
Sustainability Action Report 2021



Main Content

- Examples of initiatives relating to five key issues (the materiality)
- Initiatives in the last fiscal year

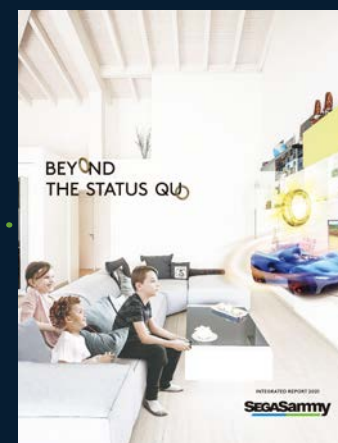
Web Site



Main Content

- CSR philosophy
- Comprehensive and detailed information about initiatives
- Reports for previous fiscal years

Integrated Report 2021



Main Content

- Financial and Non-Financial Information
- Medium- to Long-Term Vision and Management Strategy
- Medium-term plan (strategies, targets, and outline of initiatives)
- Issues and Risks in Management

[Click here for an index of the content of the GRI Sustainability Reporting Standards](#)

[Click here for Integrated Report 2021](#)