

SEGA SAMMY GROUP

CSR REPORT 2014



Group Corporate Social Responsibility Promotion Office,
SEGA SAMMY HOLDINGS INC.
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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:

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.



Life is Entertainment

 Executive Messages We will pursue the infinite possibilities of entertainment and offer dreams and excitement that deliver vitality to tomorrow. Hajime Satomi President and Chief Executive Officer, SEGA SAMMY HOLDINGS INC. P.3	Executive Messages Hideki Okamura President, Representative Director (COO), SEGA Corporation Shigeru Aoki President, Representative Director (COO), Sammy Corporation P.5 Group Overview P.6 Group Overview P.7 Business Overview P.6
Special Feature This feature spotlights how we are combining our employees' desires and exacting standards with initiatives unique to the SEGA SAMMY Group to offer our customers dreams and excitement through our business activities. Special Feature 1 Sammy Moving to Maximize Customer Satisfaction —Strengthening Activities for Safety, Improvement, and Social Contribution, with a Focus on Human Development—  P.9 Special Feature 2 SEGA What We Want to Share with Children Through "HERO BANK" —SEGA's Game-Building Filled with Deeply Felt Commitment—  P.11 Special Feature 3 SEGA TOYS Inducing More Comfortable Sleep —Home Planetarium, "HOMESTAR"—  P.13 Special Feature 4 PHOENIX RESORT Aiming for a Resort that Exists in Harmony with the Natural Environment and the Local Community —PHOENIX RESORT's CSR Activities—  P.14	
SEGA SAMMY Group Earthquake Recovery Support Activities We are delivering "Smiles and Good Spirits" by means of entertainment to areas affected by the disaster.     P.15	CSR in the SEGA SAMMY Group P.17 CSR in the SEGA SAMMY Group P.19 Our Policy on CSR P.21 Fiscal 2014 Targets, Progress, and Results, and Fiscal 2015 Targets P.22 Promoting CSR P.17 Corporate Governance P.23 Compliance and Risk Management P.24

With Stakeholders We introduce our basic approach and specific activities to each of the five stakeholder groups in line with the "CSR Charter of the SEGA SAMMY Group." With Customers We will bear in mind the current needs and interests of our customers in our effort to provide entertainment filled with dreams and excitement. P.26 With Partners We will maintain fair and impartial relationships with our suppliers and work together as partners in providing entertainment filled with dreams and excitement. P.34 With Shareholders and Investors 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 returns of profits. P.38 With Employees Our employees bring to us creativity and a spirit of challenge. They are our most cherished assets and the fuel to 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. P.40 With Society 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. [Environment] P.47 [Serving Society] P.52	
SEGA SAMMY Group Overview of SEGA SAMMY Group Companies in Japan & Some CSR Initiatives We are expanding our business as a versatile entertainment company group engaged in the production of toys, mobile phone content, and animation among other products, centered on game manufacturer SEGA and Pachislot/Pachinko manufacturer Sammy. P.56	Third-party Comment Response to Third-party Comment In order to assure the objectivity of our CSR measures and information disclosure, as well as to continue fulfilling our responsibility to society, we receive useful opinions and evaluations from third parties and present them in these reports. P.58
Editorial Policy Since publishing the first of these reports in 2007, we have aimed to create content that is readily understandable and readable by our various stakeholders. In order to continue incorporating the spirit of CSR into SEGA SAMMY Group management, we intend to take every step toward improvement as it arises and at the same time keep exchanging views with our stakeholders so that we can make ourselves into better corporate citizens.	Reference Guidelines Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (Version 3.1) ISO 26000 Guidance on Social Responsibility [Report Scope] Period: April 1, 2013 to March 31, 2014 Publication: November 2014 (the next edition will be published in October 2015) *Some parts of the report may include matters from a time just before publication or from fiscal 2014 or earlier. Organizations covered: SEGA SAMMY HOLDINGS INC., SEGA Corporation, Sammy Corporation *Some sections refer to activities of other Group companies. [Use of Company Names in this Report] In this report, "Holdings" refers to SEGA SAMMY HOLDINGS. "SEGA" refers to SEGA Corporation. "Sammy" refers to Sammy Corporation.

We will pursue the infinite possibilities of entertainment and offer dreams and excitement that deliver vitality to tomorrow.

Our role as the SEGA SAMMY Group

The SEGA SAMMY Group strictly adheres to the Group 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.” Our role is not simply to provide society with entertainment. It is to use entertainment as a means of delivering fun, joy, dreams and excitement to people throughout the world. We also believe that our corporate worth lies in bringing enrichment, fulfillment, vitality for tomorrow, and other such values to people’s daily lives.

We will steadily fulfill our social responsibility as a member of society

Companies are founded on their relationships with stakeholders and society. They are therefore naturally

expected to fulfill their social responsibility as a member of society. At the SEGA SAMMY Group, we have taken steps to ensure that we consistently fulfill our social responsibility. Such steps include formulating a CSR Promotion Policy in fiscal 2014 based on a comprehensive review of our previous CSR principles and activities, providing CSR training particularly for management-class personnel, and deepening awareness of CSR. Furthermore, in April 2014, we assented to and signed the United Nations Global Compact (UNGC), the first company to do so in Japan’s game and Pachislot and Pachinko machine industry. As a participant of the compact, we will comply with and observe the UNGC’s ten principles in the four areas of human rights, labour, the environment and anti-corruption as we steadily fulfill our corporate social responsibility in all aspects of our Group’s corporate activities.

Ongoing support for reconstruction following the Great East Japan Earthquake

Even three years after the earthquake disaster, more than 200 million people in disaster-affected areas still live in temporary housing or are otherwise forced to live the life of evacuees. The SEGA SAMMY Group has sent employee volunteers to the affected areas since immediately after the earthquake, and has continued to participate in voluntary activities in the areas throughout fiscal 2015. Furthermore, based on the awareness that mental healthcare is particularly necessary during the reconstruction stage, we have implemented a variety of events designed to provide courage and power to people living in the affected areas.

Public concern is tending to shift away from the disaster and fading with time, but the affected areas are still greatly in need of assistance. Thus, we will act as one to deliver smiles and happiness through entertainment media, and provide support that can build energy for reconstruction.

Our growth depends on all our employees being aware of advancements and undertaking active and bold challenges

Fiscal 2015 marked the 10th anniversary of the founding of the SEGA SAMMY Group. In order for us to achieve further growth, it is necessary for all employees of our Group to strive toward the goal of becoming a global-scale, comprehensive entertainment company, while bearing in mind social trends and being consciously aware of the importance of technological capabilities plus a little something extra. Our business environment is undergoing a drastic global-scale transformation today, and we are seeing a diversification of social values. Amid such changes, the keys to growth for the SEGA SAMMY Group lie in always keeping our antenna up, exercising our imagination, and continually providing the best to satisfy our customers. In the entertainment industry, the past 10 years have also brought a rapid diversification in people’s concepts of entertainment and how they seek entertainment. Thus, we cannot expect to achieve growth by simply satisfying customer needs. While we have continued to deliver surprise and excitement in the spirit of “Always Proactive, Always Pioneering” and “Creation Is Our Life,” in the future we need to harness the strengths and advantages of each of our Group companies

and realize greater synergy within the Group. In order to do so, we will create an environment that encourages the acceptance of active and bold challenges by our employees, who constitute our Group’s most important management resource and the source of value creation, and develop a workplace environment in which they can perform to the best of their abilities. We will also take active steps to recruit and promote employees, with no constraints on age, experience, gender, or race, as we aim to become a company where creative people with a challenging spirit play an active role and where they take pride in working for the SEGA SAMMY Group.

Aiming for sustainable development of society and the SEGA SAMMY Group

We will continue to venture into new spheres of business and strive to achieve strong, continuous growth, not only for the sake of the Group’s further growth, but also for the sake of contributing to the revitalization of Japan, as well as to the sustainable development of the world. Toward this end, we must gain an accurate grasp of the needs of and changes in society, and establish shared values with our stakeholders. At the same time, we must also realize that any expansion of our Group’s services and business will strengthen our influence on stakeholders and society. By being conscious of such circumstances and of our responsibility and by fulfilling our CSR in a manner befitting the SEGA SAMMY Group, we will commit ourselves to corporate growth and social worth.



Hajime Satomi
President and Chief Executive Officer
SEGA SAMMY HOLDINGS INC.

Hajime Satomi

Overview of the United Nations Global Compact



Network Japan
WE SUPPORT

The UN Global Compact is an initiative that 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. It was proposed by then UN Secretary-General Kofi Annan at the 1999 World Economic Forum (Davos Forum) and officially launched as a UN initiative in 2000, calling on companies to embrace and enact the Compact’s 10 principles in the areas of human rights, labor, the environment and anti-corruption (the principle concerning anti-corruption was added as the 10th principle in 2004).

10 Principles of the United Nations Global Compact

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.
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.
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.
Anti-Corruption	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.

Harnessing our comprehensive strengths to provide the values that society demands

Companies are social institutions whose greatest social responsibility lies in consistently providing diverse values to society through profitable growth. Particularly given today's diversification and rapid changes in values, we are consciously aware of the vital importance of constantly asking ourselves whether our business is indeed providing values that respond to the real demands of society.

The motto "Creation Is Our Life" has underscored SEGA Corporation's genetic code of practice since its founding, and has provided the foundation for active and bold challenges to provide entertainment filled with dreams and excitement to people throughout the world. The technologies and know-how thus accumulated give us the fundamental strength to adapt to social changes and to create and offer new values in entertainment in response to social demand. Our role as a company is to therefore provide an environment in which each one of our employees can fully demonstrate this fundamental strength and continue to undertake new challenges with a sense of speed from a global perspective.

Based on our motto that "Creation Is Our Life," combined with our comprehensive strengths, we will produce the new, sustainable values that society demands and contribute to enriching our society and culture.



Hideki Okamura
President, Representative Director (COO)
SEGA Corporation

To further ensure steady growth

At Sammy Corporation, we make decisive reforms in our organizational framework and personnel system so that we may achieve continuous growth, with the capacity to respond flexibly to any changes in our environment. Moreover, to further ensure steady growth, we endeavor to build a strong corporate culture based on a high level of cooperation. By high-level cooperation, I mean that our employees cooperate with each other and proceed toward a common goal based on mutual respect and active exchanges of views, and take action not for their own benefit but for the benefit of the company, Group and industry, with a focus on social development. I firmly believe that we can become an even stronger group of companies if all employees think and act in the spirit of "For the Company."

Meanwhile, it is also important that we reflect on our principles and return to our starting point, particularly given the rapid changes in our environment. At Sammy Corporation, the corporate policy, "Always Proactive, Always Pioneering," has underlined the company's activities since its founding. It is an unbroken tradition that has given us strength, and the driving force that has supported our growth. In the spirit of this policy, we will stand firm in our commitment to provide entertainment filled with dreams and excitement so that the Pachislot and Pachinko industry will continue to be appreciated by many people as a familiar, accessible form of amusement. At the same time, we will fulfill our social responsibility by achieving business sustainability, and thereby contribute to revitalizing the industry and Japan as a whole.

Shigeru Aoki
President, Representative Director (COO)
Sammy Corporation

Group Overview

The SEGA SAMMY Group, centered on the SEGA Corporation and Sammy Corporation, is a comprehensive entertainment corporate group that encompasses business throughout the entertainment field, including home video game software, Pachislot and Pachinko machines, games for mobile PCs, toys, animation, and content for mobile phones.

SEGA was founded as a game manufacturer in 1951, and Sammy was established as a manufacturer of Pachislot and Pachinko machines in 1975. The two merged in 2004 to form the SEGA SAMMY Group, a world-level comprehensive entertainment corporation. We are continuing to provide highly creative entertainment to customers ranging in age from children to adults, and located in Japan as well as overseas.

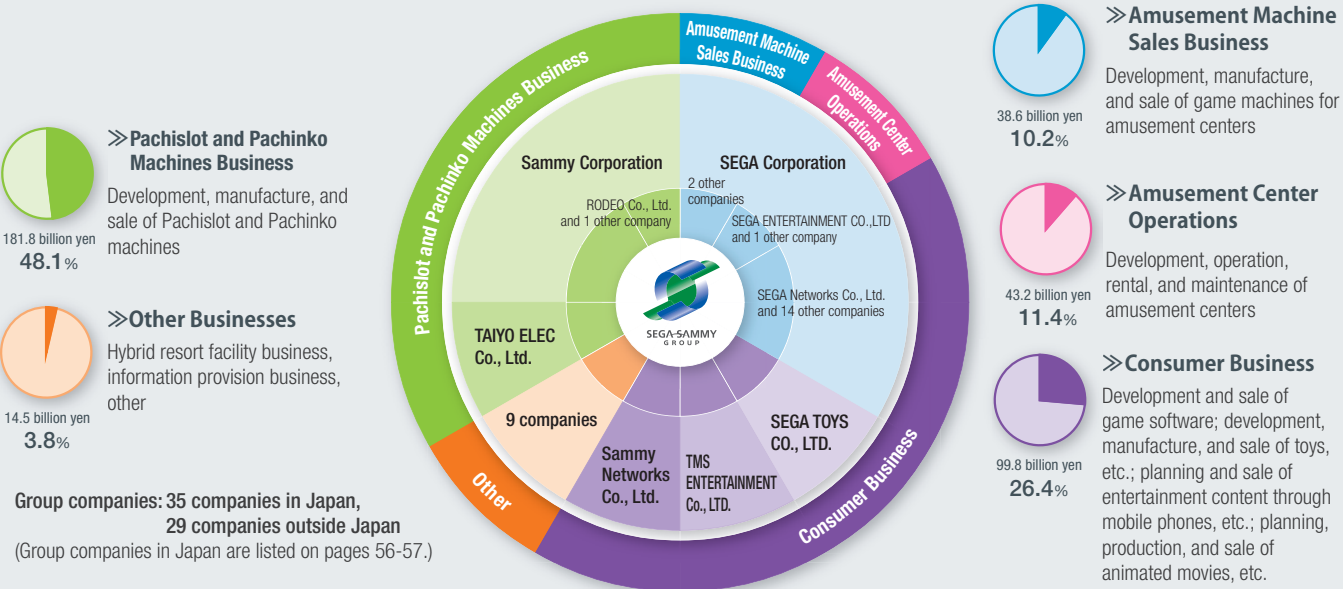
SEGA SAMMY HOLDINGS INC. Corporate Profiles

As of March 31, 2014

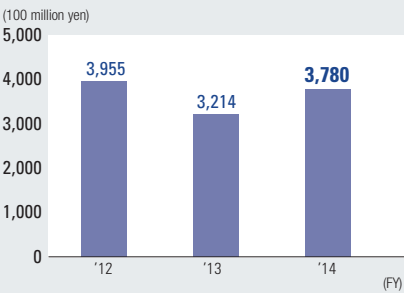


Company name	SEGA SAMMY HOLDINGS INC.
Head office location	Shiodome Sumitomo Building, 21F 9-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo 105-0021
Established	October 1, 2004
Capital	29.9 billion yen
President and Chief Executive Officer	Hajime Satomi
Business lines	Responsible for overseeing the Group business management and other related matters as the holding company of a versatile entertainment company group
Number of employees	119

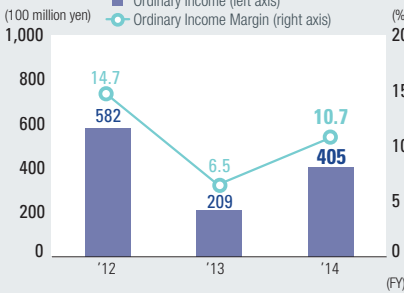
Business Information



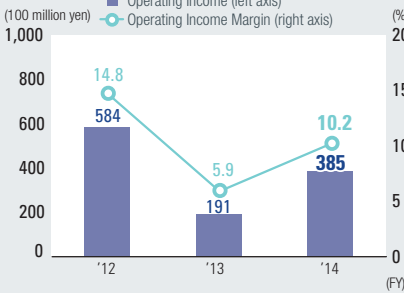
Net Sales



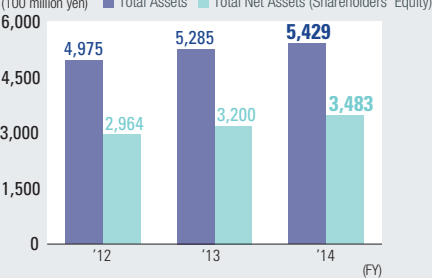
Ordinary Income/Ordinary Income Margin



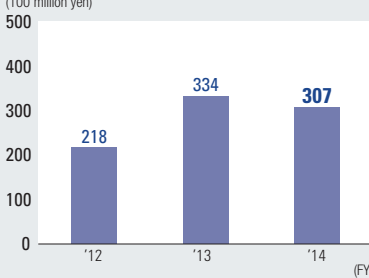
Operating Income/Operating Income Margin



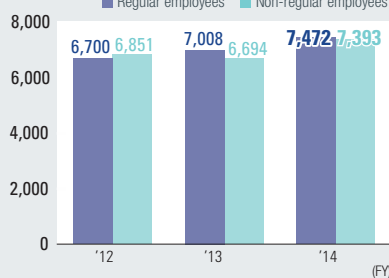
Total Assets/Total Net Assets (Shareholders' Equity)



Net Income



Number of Employees



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

Amusement Center Operations

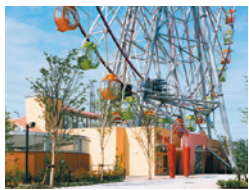
At our amusement centers, we configure our selection of game machines to enhance our service to meet customer needs and offer a more comfortable play environment. We are also developing shops and tailoring amusement center operations for specific sites and target customers. For example, we are expanding family-oriented centers that include edutainment elements. We are also expanding our range of facilities. Examples include "TOKYO JOYPOLIS," Japan's largest indoor theme park, and "Bee," where customers can enjoy darts along with complete food and beverage services. We are creating centers for communication through entertainment.



Dining Darts Bar Bee



ikebukuro GIGO



OASIS PARK



TOKYO JOYPOLIS



Orbi Yokohama

Amusement Machine Sales Business

Seizing the advantage ensured by our outstanding development capabilities and taking the lead over others in producing innovative products, we have contributed to market expansion. We are building a full lineup of products that satisfy a wide range of user needs. Among them, we are leveraging the particular strengths of our network-enabled games and other high-value-added products. We are also aiming to invigorate the amusement-related market with the introduction of new business models.



DARTSLIVE2
©DARTSLIVE



CODE OF JOKER
©SEGA



WORLD CLUB Champion Football Series
©SEGA
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The game is made by Sega in association with Panini.

Other Businesses

The Group is expanding our entertainment business to meet the needs of society and changing times, by developing and managing hybrid resort facilities, operating golf courses and call centers, and creating and running stage productions.



The North Country Golf Club



Phoenix Seagaia Resort

Consumer Business

With the "Sonic" series firmly established as one of our many heavyweight titles in the home video game software business, the SEGA brand has earned a powerful worldwide brand identity. Through the integration of marketing and development divisions and the strengthening of cooperative initiatives among Japan, the United States, and Europe, we endeavor to further build our earning power. In addition, our Group businesses are actively expanding such businesses as content for mobile phones and PCs, toys, and video products.



Yume Neko Celebrity
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Heart Energy Poochi
Won Outstanding Performance Award
in Communicate Toy Category of 2014
Japan Toy Association Awards
©SEGA TOYS



Pachislot and Pachinko Machines Business

The game machine business is made up of the Pachinko machine business and the Pachislot machine business. We are pursuing a multi-brand strategy that is focused on the Sammy Corporation and in supplying products that meet the needs of a wide range of enthusiasts. By further strengthening Pachinko machine development, we aim to increase our presence in the market. We are also working to develop and offer Pachislot machines with novel gameplay to revitalize the market.



Pachinko CR
Hokuto No Ken 5 Hyakuretsu
©Buronson&Tetsuo Hara/NSP1983,
Approved No.YHB-107
©Sammy



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©YamamuraMisa Office All Rights Reserved.
©TAYO ELEC



Pachislot Hokuto No Ken
Chapter of Resurrection
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©NSP2007, Approved No.YGL-126
©Sammy



Pachislot Kaiji 3
©Nobuyuki Fukumoto / Kodansha, VAP Inc.,
Nippon Television Network Corporation
©Nobuyuki Fukumoto / Kodansha, VAP Inc.,
MADHOUSE INC.,
Nippon Television Network Corporation, DNDP
©SAMMY
©RODEO



"Anpanman" Feature Film
©Takashi Yanase /
ANPANMAN PROJECT
©Takashi Yanase /
Freel-kan, TMS, NTV



Detective Conan:
Dimensional Sniper
©2014 GOSHO Aoyama /
DETECTIVE CONAN COMMITTEE



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Ramen Damashii



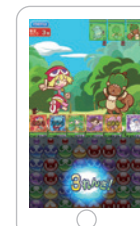
HERO BANK
©SEGA



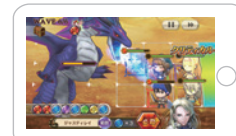
777TOWN for Android
Pachislot Souten No Ken 2
©Buronson&Tetsuo Hara/NSP2001,
Approved No.PEL-211
©Sammy



Smiletouch Dental
©2014 Gullane (Thomas) Limited, ©SANRIO CO.,LTD.,
©Fujioka-Pro, Shogakukan, TV-Asahi, Shin-ri, and ADK
©ABC, TOEI ANIMATION ©baby to
©1997 Nintendo, Creatures, GAME FREAK, TV Tokyo, Shogakukan, JR Kikaku.
©Pokémon ©1998-2011 NINTENDO PROJECT.
©TAKASHI YANASE / Freel-kan, TMS, NTV
©Gosho Aoyama / Shogakukan / TVT / TMS1996
©Gosho Aoyama / Shogakukan • TMS



Puyopuyo!! Quest
©SEGA
©SEGA Networks



CHAIN CHRONICLE
©SEGA / ©SEGA Networks

Moving to Maximize Customer Satisfaction

—Strengthening Activities for Safety, Improvement, and Social Contribution,
with a Focus on Human Development—

Sammy Kawagoe Factory entered operation in September 2012 as a new factory with production capacity at the highest level in the industry. We are now mobilizing all our personnel at the factory together to maximize the value of this “hard” aspect of the business, while also taking measures to maximize customer satisfaction by strengthening the “soft” interpersonal aspect.

The Role and Mission of the Factory

Aiming to Achieve a Factory that is Agile and Competitive

In our industry, sales of Pachislot and Pachinko machines tend to be concentrated in the initial sale period, and responding accurately to that demand is connected with the move to maximize customer satisfaction. At our factory, therefore, we have declared optimization of quality, cost, and delivery (QCD) as an objective. We are aiming to achieve a factory that is agile and competitive, and all the employees are engaging in this effort together.

This factory entered operation in September 2012, and we proudly claim leading-edge equipment and production capacity at the highest level in the industry. This leading position in terms of hardware, however, cannot maximize our value if we don't have the capabilities of people who operate the hardware. Right now we are acting to build up our strength in so-called software terms of safety, improvement, social contribution, and other such activities that are a foundation for QCD, with a focus on human development, in order to take maximum advantage of the value of our hardware.

Going forward, we intend to continue uniting all our employees in the “Always Proactive, Always Pioneering” spirit for the effort to maximize customer satisfaction.



Kazuo Nishimura
Executive Officer
Deputy Group Division Manager of
Production Group Div.
Division Manager of Manufacturing Div.
Sammy Corporation

Building a Culture of Safety Through “6S Patrols”

Safety

Even when the manufacturing shop floor has been automated, products cannot be manufactured skillfully and with certainty without work performed by many people. This is precisely why the health and safety of employees is the most important theme for the manufacturing workplace. At our Kawagoe Factory, employees carry out “6S Patrols” to check for potential danger factors in their surroundings and make improvements as needed. This is done under the Health and Safety Committee, which meets monthly. The root factors in occupational accidents are relaxation of vigilance and disorder in details. Employees therefore go beyond checking just the dangerous workplace locations, rather looking at every point of work procedure, attire, and other such areas, and take steps to make improvements. In fiscal 2012, we also began deploying safety patrols in every department because we decided it was necessary to carry out these measures in every department and workplace in accordance with their unique working characteristics.

* 6S: Safety plus five other terms (all starting with “S” in Japanese) relating to orderliness, cleanliness, and discipline.



Feedback from Health and Safety Committee Promotion Officer

Safety as the Workplace Climate and Culture

Ultimately, I think that the most important element of 6S is related to discipline, meaning that discipline is established as a consistent pattern of behavior. The ideal is that everyone is able to put safety and improvement into practice as a matter of course without necessarily having to think about it. I want to proceed with measures to establish safety as the climate and culture of the workplace by raising the level of our 6S activities, of course, and also by devising ways to evoke the desired behavior by notices and other such means.



It goes without saying that we will carry on with checks to assure the workers' safety, of course, and also examine matters carefully from a variety of other perspectives, including work efficiency, factory beautification, securing evacuation routes, etc.

Feedback from Manufacturing Department
“6S” Activity Promotion Officer

Safety Happens when Everyone Takes Measures

In the Manufacturing Department, we have added two items to the company-wide “6S” activities, saving electricity and security, and have been deploying our own “8S Patrols” here. When something catches our attention, we take photographs of it on the spot, then we have a thoroughgoing discussion with everyone about how to make an improvement, and we make the improvement. We never say, “This is good enough for safety.” We are all working together to continue making further improvements for a workplace environment that is safe and work-friendly.



People from outside are praising our line for looking so good more and more often since “6S” activities have become an established routine.



Tatsuya Mizuno
Manufacturing Dept.
Manufacturing Div.
Sammy Corporation

Improvement

Sammy's Growth is in Constant Workplace Improvement

Improvement holds the place of greatest importance in our company in terms of contributing to increasing corporate value. We put improvement into practice on an everyday basis from all perspectives, including production efficiency, quality maintenance and improvement, securing a safe workplace environment, cost improvements, and so on, in our efforts to realize a factory that is both agile and competitive. To announce the results and outcomes of these improvement activities, we hold Workplace Improvement Presentations twice a year. Since we started holding these Improvement Presentations, improvement results and outcomes have been converted into indexes so that the next measures or steps to take become clearer to us. This has raised the level of our improvement activities dramatically, and has also contributed to increased employee motivation.



Feedback from Site Improvement Presentations
Winning Team Representative

Improvement Activities are the Driving Force for Growth

I think that the important thing in terms of doing our work is to keep sustaining our critical awareness. Always maintaining this kind of critical awareness is itself an improvement activity, and the outcomes we gain from that improvement make us feel our work is worth doing and even add enjoyment to it, which is the true thrill of improvement activity. I think that improvement activity really is the driving force for growth, both of ourselves and of the company.



Tomohiro Konno
Manufacturing Dept.
Manufacturing Div.
Sammy Corporation



Each team gives presentations on the results and outcomes of their improvement activity over the half-year, and they vote to determine the winning team.

Human Development

Building Things in Manufacturing is Building People in Human Development

In addition to education and training driven by the Personnel Department, we are also taking measures in our various departments to conduct personnel training to enhance the kinds of capabilities demanded on the production line, such as holding study groups and leader training. In the Manufacturing Department, we have our people learn leadership, teamwork, and other such behaviors by action learning and other such methods. We are creating opportunities for people to experience anew the importance of cooperation and coordination in the production workplace. In the context of increasingly serious environmental problems we face on a global scale, we are also carrying on environmental education and related activities so that our employees can lead their lives with awareness of the environment, not only in the production workplace but at home, as well.



We conduct training for raising productivity by overall optimization, making use of blocks to go through virtual experiences of the sequence of planning, production, marketing, and delivery processes, and learning what kinds of issues are faced in the various departments involved.

Feedback from Instructor in Charge of Education and Training

Making People Notice Things Advances Their Learning

Due to the particular characteristics of operations in the Manufacturing Department, people spend more time in contact with material objects. Importance is placed on their accurately completing the work in their own assigned areas according to schedule, so the reality is that they immerse themselves in their work. Seven years ago, therefore, the Manufacturing Department started planning and proposing its own study groups and other such activities. We plan the content to cover matters that would be useful in making work improvements in people's ordinary duties, such as the importance of preparation, the necessity of improving communications for each section and each person, and so on. I would like to keep on contributing in whatever small way I can to raising the level of our valuable human resources by devising and implementing plans that will stimulate our employees to notice things.



Kazuyoshi Shoji
Manufacturing Dept.
Manufacturing Div.
Sammy Corporation

Social Contributions

Continuing Our Uninterrupted Contribution to Society as Corporate Citizens

We are working to contribute to society by our own activities in the course of doing business, of course, but we are also aware that we are members of society and we are vigorously promoting activities for social contribution, as well. We have been continuously carrying on various programs with the participation of all our employees to date, including blood drives, the Ecocap movement, seeing-eye dog fund-raising programs, and so on. Since 2012, for example, we have been special sponsors of the Koedo Kawagoe Marathon held locally near our Kawagoe Factory, among other such activities we are putting our efforts into in collaboration with and contribution to local communities.



In fiscal 2014, our many years of contributions to blood drives was recognized and we received a letter of thanks from the Japanese Red Cross Saitama Blood Center.

Feedback from Social Contribution Activity Promotion Officer

With Social Contribution, Steady Continuation is Important

At our Kawagoe Factory, we have considered it important to carry on activities with the participation of all our employees in a steady, continuing manner, and we have been pursuing activities in this way. There have been plans that were thought up by employees, and cooperation with activities that all of Sammy engaged in, and these activities we have been carrying on have not by any means tapered off, but have penetrated the company. In the future, I would like to advance to activities that involve deliberate engagement with local communities, such as cooperation and coordination with local industry associations in communities that are home to our factories.



Katsunori Miyamoto
Administration Dept.
Production Group Div.
Sammy Corporation

What We Want to Share with Children Through “HERO BANK”

—SEGA’s Game-Building Filled with Deeply Felt Commitment—

SEGA has released games and entertainment of a wide variety of genres throughout the world to date. These convey the essential appeal of games, including feelings of excitement, thrill, exhilaration, and accomplishment, as well as important values that are even more essential, such as connections with friends and bonds with families.

Furthermore, we are pursuing safety from a variety of perspectives in our products and services so that our customers can enjoy SEGA’s content with a sense of security. We stringently implement labeling of industry ratings and we adjust expressions and other content to the age of the intended users, carrying out development with careful consideration of what customers will have contact with that content and what influence it could have on them. On the hardware side, as well, we have established systems to assure the quality of our products, and we have accumulated knowhow for the development of safe products.

This feature will introduce the deeply-felt commitment that we put into game-building at SEGA, using our efforts with the new children’s title “HERO BANK,” which SEGA launched in 2014.

What I Want to Communicate to the Children

When I took on this challenge of a new title for children, my aim was to create new value in the kids’ market. What I came up with was the story called “HERO BANK” with money as a main motif. One reason for choosing money this way was that children today have increasing opportunities to interact with money, even if indirectly, due to the popularization of mobile terminals and other such devices. In this era, it is my hope and desire to give children a feeling for how important money is.

The main character in “HERO BANK” is an elementary school student, and he isn’t able to resolve all the things that happen to him by his own strength alone. He takes “Payment with smiles, not money” as his article of faith, however, and takes on a variety of problems in Hero Battles out of the desire to help his friends and other people who are in trouble. There are scenes showing how the main character’s warm heart touches the feelings of the spectators and sometimes moves them to help, and scenes showing how the main character tries as hard as he can to save the money needed to fight in the Hero Battles. Our purpose in these scenes, which arise in connection with money, is to make children aware of how important it is to have friends, to help one another, and to have ties with other people. That is the message. We will be happy if children naturally pick up this message by playing the game and have fun doing it.



Yoichi Shimosato
CS R&D Dept., #3, R&D Div. #3
SEGA Corporation

STORY

“HERO BANK” is new content for boys that is undergoing cross-media implementation with the full resources of the SEGA Group, starting from NINTENDO3DS™ software and extending to television anime, arcade games, manga, toys, and UFO CATCHER prizes. It is a “money battle” RPG that is totally new in having money as the main theme, but the story develops on the typical pattern of battle scenes in which justice triumphs. The main character is an elementary-school fifth-grader named Kaito Goshu. Putting on hero costumes that are “data suits” patterned after actual occupations, such as race car drivers and baseball players, this character takes part in bouts of new era cyber-sports called Hero Battles, aiming to achieve his dream of becoming a billionaire. Money appears as a crucial keyword in a variety of different situations, and players can learn about the importance of earning and protecting money through their role as the main character Kaito.



©SEGA
©SEGA/HERO BANK PROJECT, TV TOKYO

Manufacturing Products You Can Enjoy with a Sense of Security

Sometimes a game will involve close-ups just of certain particular aspects, and it may then be subject to criticism from society. As entertainment professionals, however, we need to address those concerns thoroughly and make it possible for customers to enjoy themselves. For that purpose, SEGA carries out stringent measures to manage product safety according to our own voluntary standards as well as industry guidelines. The money that is a central motif of “HERO BANK” may appear on first sight to have some negative aspects. However, we have carried out careful research to determine what children’s parents and guardians feel concerned about in terms of influence on children, and we pursue development with full care for not giving any cause for anxiety in this regard.

We also take care regarding violent expressions and the acceptability of language usage by characters, while on the other hand, we deliberately use terms that would be difficult for children, such as “contract” or “joint and several guarantor” in order to make the children wonder in their simple way what this or the other word means, so as to encourage discussion and communication between parents and children. Beyond that, we have also included names that (in Japanese) are homonyms or allusions to terms used in finance, and we will be very happy if mothers and fathers can play “HERO BANK” with their children, teaching their children as they enjoy it together.



A scene from the television anime version

What Earns Children's Long-Lasting Interest and Loyalty



We hope that “HERO BANK” will provide a way for children to feel many things of importance, such as how precious friends are, and about making a great effort for another person. This is precisely why we are marshaling all of the SEGA SAMMY Group resources and strengths to deploy “HERO BANK” in a variety of media. It is not just a game, but a television anime, manga, trading cards, toys, and so on. By coordinating these one with the other, we are positioning “HERO BANK” so that it can be enjoyed from many different perspectives. We are slated to launch the sequel product “HERO BANK 2” as NINTENDO3DS™ software in November 2014. We are hoping to cultivate “HERO BANK” as a work that will go on learning children’s interest and loyalty for a long time.

—What We Do so that Children Can Play Safely— Designing Arcade Games for Safety and Security

We select the materials for cards so that there will be no ill effect even if children put cards in their mouths or lick them, and we give the cards rounded corners. These are some of the thoroughgoing steps we take for safe design.



The process of rounding the card corners also contributes to the durability of the cards. We take measures like these for our customers who want to be able to play with their favorite cards for a long time.

Taking the effects on players into consideration, we have carried out rigorous checks for photosensitivity to the light from LEDs and game screens. We have also used eye tracking systems to analyze players’ points of attention during play, and by designing images and effects accordingly, we limit the strain on players’ eyes.



We design the shape of card retrieval slots so that players will not get their hands caught in them.



Cabinet Design

We give thought to the height, center of gravity, and balance of cabinets in order to reduce the likelihood that they could tip over, and we also provide anti-tipping clamps as standard equipment in the unlikely event that they are needed. The design also allows the point of purchase (POP) promotional attachments over the cabinet to be removed so that the machines can be operated in a way that allows parents to recognize their children more easily.

Inventive Design Elements in the “HERO BANK Arcade”

We developed the “HERO BANK Arcade” using the essential knowhow SEGA has acquired in kids’ games and card games, and put it into operation throughout Japan in July 2014. Decks are made up from three hero cards, and a set of three dice is thrown to play a battle. A player makes progress in the battle by the number of dots on the dice, and there have been some parents who said the game helps their children’s arithmetic studies.

The game machine has a printer with the latest technology built in, and after a battle it can print out a player’s favorite hero in card form. A high-quality card emerges in just 20 seconds. Not only that, but the card is imprinted with the player’s name and record score. The children who have obtained these cards were very happy with them. This technology is also very popular with the shop operators. With the previous kid’s card machines, users would purchase cards printed out for each version, and when a version was upgraded, the previous-version cards had to be discarded. That issue has been eliminated by the adoption of this new internal printer, which contributes both in terms of cost and in limiting the amount of waste.

We certainly hope you will try out the “HERO BANK Arcade” game, whether parent and child together or friends together.



Kazuya Takahashi
AM R&E Dept., R&D Div. #1
SEGA Corporation

Inducing More Comfortable Sleep

—Home Planetarium, “HOMESTAR”—

In the stressful society of today, sleep is considered to have a significant impact on health and beauty. Now it has been verified that the “HOMESTAR” is effective in improving the quality of sleep.

The “HOMESTAR” is a planetarium for home use that was jointly developed by SEGA TOYS and Mr. Takayuki Ohira, a planetarium creator, and launched in 2005. In a time of increasingly diversified lifestyles, the product idea originated in customer needs and has been expanding into a fuller line-up of products that are not only for fans of astronomy, but that are being well received across a wide customer demographic.



Total Worldwide Series Sales
850,000 units!

* As of April 2014

★ ★ “HOMESTAR” and the Pleasant Sleep Effect

It is said that due to their diversifying lifestyles, one out of five Japanese people suffer from sleep problems. In that context, when many happy “HOMESTAR” users claimed that they were sleeping much better since they started using the product when they lie down to sleep, it was decided to verify this pleasant sleep effect from use of the “HOMESTAR.” Professor Emeritus Norinaga Shimizu of Osaka Prefecture University, a leading lifestyle health specialist, was asked to carry out the verification. The results of this investigation showed that there are three main effects that emerge when comparing sleep as usual by test subjects with sleep experienced when they fall asleep while watching the “HOMESTAR.”

Results from Verification of the Pleasant Sleep Effect

① Sleeping becomes easier

Time taken to fall asleep is reduced an average of 30% compared to previous sleep

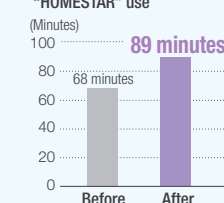
★ Changes in time taken to fall asleep before and after continued “HOMESTAR” use



② Sleep becomes deeper

Time of good-quality, non-REM stage 3 and 4 sleep increased an average of 30%

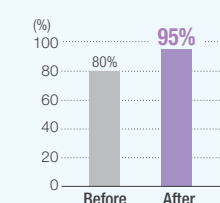
★ Comparison of periods of slow-wave sleep (stages 3 and 4) before and after continued “HOMESTAR” use



③ Waking up becomes easier

Degree of comfort when waking up improved an average of 20%

★ Evaluation of comfort when waking from sleep before and after continued “HOMESTAR” use



* Graphs show results of verification with the “HOMESTAR AURORA.”

* There are individual variations in the pleasant sleep effect, and not everyone is guaranteed to experience these same verification results.

Staff Comment

The Planetarium We Will be Suggesting for Use in Everyday Living Spaces

For a long time now, it has not been possible to enjoy easily watching the stars in urban areas because of the light pollution. Under these circumstances, the desire to use the power of entertainment to allow people to enjoy a sky filled with stars at any time, with anybody, and to give them the excitement and the wonder of that experience, was what led to the development of the “HOMESTAR” a decade ago. Lately there has been a growing need for this item by people who want to use it in the bath, too, and to soothe them

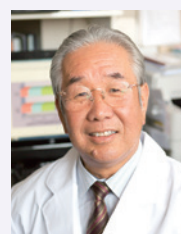
before going to sleep, and other such uses. People want to use it not just for enjoying a starry sky, but also for producing a space for inducing sleepiness and relaxation. For the future, we would like to broaden our line-up of these products as tools for delivering a period of tranquility in everyday life, not just for the obvious purpose of stimulating interest in the stars up in the sky.

Tetsuya Hayakawa (left)

Hiroki Goto (right)

Lifestyle Dept., New Product Business Div.
SEGA TOYS CO., LTD.

Stakeholder Comment



Norinaga Shimizu

Honorary Professor,
University of Osaka
Prefecture
Manager, Life Health Study
Research Institute

In order to enhance the quality of sleep, it is important to improve the living environment. In that regard, it is known that just changing the light environment in particular can enhance the quality of sleep. Given the results of these tests, I can say that making the “HOMESTAR” a part of daily life could contribute to having pleasant sleep.

Aiming for a Resort that Exists in Harmony with the Natural Environment and the Local Community

—PHOENIX RESORT's CSR Activities—

One of the premier resort facilities in Japan, “Phoenix Seagaia Resort” is operated by PHOENIX RESORT, which is carrying out a variety of measures not only to increase customer satisfaction, but also to ensure the resort exists in harmony with the natural environment and the people of the local community.

A Commitment to Our Customers

We consider it our greatest mission to have our customers experience relaxation in mind and body so that they will go home feeling energetic and healthy. Therefore we have formulated this Commitment to Our Customers accordingly, that all our staff members are united in seeking the satisfaction of our customers, and that we are aiming to provide our customers the ultimate resort stay.

Aiming for Service that Exceeds Customer Expectations

In order to provide excitement to all the customers who come to our resort, we are implementing the Sheraton Customer Experience Program (SCE). The point of this program is to provide customers with an experience so exciting that they exclaim, “Wow!” at the moment it happens. Our own pleasure and our satisfaction in working as staff members here is in the smiles and words of thanks we receive from our customers. Going forward, all our staff members together will think up special ways of extending hospitality that exceeds our customers' expectations, and we will put them into practice.



Toru Kuroki

Concierge, Sheraton Grande
Ocean Resort
PHOENIX RESORT CO.,LTD.

Supreme Service Maximizes the Advantages of Seagaia's Location

There is one element of the “SCE Program” that we always like to introduce to our customers as one of the attractions of Seagaia. There is something we call the “Moon Road,” which is seen on a night when the full moon starts to rise above the ocean horizon. The moonlight reflects on the surface of the ocean, forming a beautiful, narrow road of light. This is a natural phenomenon that can only be seen on a few nights. On the east side one can see the magnificent coastline, over which the 154-meter-tall hotel stands, and the “Moon Road” can be seen here as an even more fantastically beautiful vision because this is the Seagaia location. The staff members are coming up with ideas for various services we can provide to make the “Moon Road” more enjoyable, such as opening the top floor to everyone, creating an original cocktail for the occasion, and so on.



Yasuro Ueda

Corporate Communication
PHOENIX RESORT CO.,LTD.

In Order for the Resort to Exist in Harmony with the Japanese Black Pine Forest

Phoenix Seagaia Resort is situated in the midst of nature, surrounded by an expansive forest of Japanese black pine that extends about 11 kilometers north to south and covers approximately 700 hectares. This forest of Japanese black pine is said to have been planted some two centuries ago by local residents to protect them and their livelihoods from blown sand, salt, and tidal damage.

The loss of pine forests throughout Japan today due to the impact of environmental change, disease, and pests is becoming increasingly serious. Under these circumstances we have formulated a “Black Pine Forest Declaration” at Seagaia and are taking measures to maintain our pine forest.



Akihiro Kamitomo

Landscape Exterior Dept.
PHOENIX RESORT CO.,LTD.

We Will Go on Protecting and Nurturing the Japanese Black Pines that are the Treasure of this Area

The Japanese black pines that grow in this area have been protected in their beautiful green state over many long years. They stand as the proof of the careful individual care given to these trees by the people involved with the forest over its long history. The black pine forest did more than just protect local residents and their livelihoods from salt and tidal damage. It has also brought us tranquility and a soothing presence. We consider these Japanese black pines to be the precious, irreplaceable treasure of Japan, of Miyazaki, and of Seagaia, and they must be passed on as an inheritance to the next generation. We will go on working with the people of the community to protect and nurture these trees.

Standing by the Side of the Disabled

The laundry plant that handles cleaning of linens for the various Phoenix Seagaia Resort facilities is promoting employment of the disabled. Of the 40 staff members, we presently have 12 who are disabled. Ranging from veterans with some 20 years on the job to newer employees who have been with us for a few years, they all do their very best in their various jobs as essential presences in the plant.



Workers of the Phoenix Seagaia Resort laundry plant

SEGA SAMMY Group Earthquake Recovery Support Activities

Starting immediately after the Great East Japan Earthquake of March 2011, SEGA SAMMY Group has been engaged in a variety of different support activities geared to the requests and needs of the affected areas. We hear that there are still as many as 200,000 or more people being forced to live as evacuees even today. We are committed as a Group to continuing our efforts, with programs such as “We Will Not Let It Fade” and “Improving Communication in Temporary Housing,” until true recovery is achieved.

A Look Back at Our Activities to Date

• From March 2011 on

Fund raising, donation of goods, donation of a portion of sales, etc. started immediately after the Great East Japan Earthquake

• From September 2011 on

Coordinated with NPOs and other organizations to implement support for disaster-affected areas



Continuing in fiscal 2015

• From June 2011 on

Volunteer activities by employees started

(Total of 35 programs implemented by total of 401 participants up to July 2014)



Continuing in fiscal 2015

• From June 2011 on

People who evacuated to Tokyo and nearby areas were invited to TOKYO JOYPOLIS (Carried out a total of 24 times up to March 2013, with 643 people invited)



• From December 2011 on

Started special events in support of affected areas (Total of 16 held up to August 2014)



Continuing in fiscal 2015

Special Events in Support of Areas Affected by Disaster

We started holding special events to support areas affected by the disaster by means of entertainment on the theme of “Delivering Smiles and Good Spirits” from 2011. From April 2013 to August 2014, we held a total of 11 such events, providing Group resources such as “UFO CATCHER,” “HERO BANK,” “THE ADVENTURE OF PANDA AND FRIENDS,” “Kid’s Medal Game,” and “DARTS” in cooperation with local festivals and other special events. We did this for the enjoyment of town and village residents at Morioka City in Iwate Prefecture, at Natori City, Shichigahama Town, Higashimatsushima City, and Minamisanriku Town in Miyagi Prefecture, and in front of Fukushima Station and Iidatemura Village in Fukushima Prefecture. Going forward, we would like to continue bringing smiles to these communities and people through the power of entertainment.



Large numbers of people came to every event venue

We have received many messages from the children who came to these events



Feedback from Participating Employees

“This was a very enjoyable event that made me feel anew that I want to keep on supplying energy to people’s play in the local community so that it will contribute to the revitalization of the area and give people there some cheerful energy.”

“Everything was very impressive. Having fun can give richness to a person’s life. This made me realize all over again the true nature of the work we are doing day after day together.”

“Seeing the people enjoying the games right in front of me gave me the precious opportunity to rethink what my own work is ultimately about. It was also a day that made me feel this event was possible because it was done by SEGA SAMMY Group, which provides entertainment.”

“Nothing could make me happier than to know I was able to provide some support, no matter how little, to the people there at the actual location by means of this special event. When the children’s message came saying they wanted us to come again, I realized all over again how much they look forward to this event, in particular.”

“The carefree smiling faces of the children and their vigorous high spirits made a great going-away gift that I would not exchange for anything. I was also moved to see the Group members working so hard, and it makes me feel proud to be an employee of the same Group company as these wonderful people.”

“To have this contact with the children directly, through their play, and to be able to see their cheerful, smiling faces, makes me happier than I can say. It was really wonderful that I was able, with my poor abilities, to participate in the special event program with the Group as a whole.”

“What we at SEGA SAMMY Group are helping with is not just the material things, food, shelter, and clothing. I felt very keenly that the service we offer of play and entertainment is also something significant to the places affected by the disaster.”

Stakeholder Comment

It has been three years since the earthquake disaster. Here, one-third of our town was hit by the tsunami, and only now are we starting to hear the sounds of reconstruction work going on. We received assistance from many people all over Japan immediately after the earthquake, but the people of SEGA SAMMY Group have been giving us their generous support every year in holding the “Shichigahama Town Lifelong Learning Festival,” and helping to make the event a popular success. Those of us who are going forward on the path toward reconstruction will be very happy for their ongoing presence.

Naoki Iino

Management Instruction of Central Community Center
Shichigahama-machi, Miyagi Prefecture



Group Employee Volunteerism

Since fiscal 2014, our employees have been helping with a wide variety of activities intended to help bring smiles to people’s faces in areas affected by the disaster. These include planning tea parties in temporary housing meeting rooms, preparing the ground and planting flower beds, and other such activities.

(At total of 11 times from June 2013 (25th event) to July 2014 (35th event) in Higashimatsushima City and Minamisanriku Town in Miyagi Prefecture)

Feedback from Participating Employees

Jun Senoue

CS R&D Dept., #2, R&D Div.#3
SEGA Corporation
(Participated in the 27th event, July 2013)

It was very meaningful for me to have shared time working for the same purpose with people from Group companies that I ordinarily have little contact with. At the same time, I also feel that I came up against the fact that there is very little that can be accomplished in the period of several days. However, I have taken to heart what the people involved were saying, that having little power to accomplish things is not the same as having no power, and I would like to gradually build up the things that I can do, even if they are small things.



Miho Nakamura

Art & Design Dept.
SEGA Networks Co., Ltd.
(Participated in the 28th event, July 2013)

The experience of going beyond your job and position to do something is very precious, and I expect that if we have more and more opportunities like this, then it will become even easier to pull the Group together and to have exchanges among Group personnel. I felt that it will be necessary to continue these activities as the substance of our volunteer work changes according to the stage of recovery.



Ikko Nagasue

Nagano Sales Office, Kita-Kanto Branch, Sales Div.
Sammy Corporation
(Participated in the 29th event, October 2013)

According to what I hear, the area population has increased because of the recovery work going on, the place is supposed to be bustling, and things of that sort. There are also many places where it is as though time has stopped since the day of the earthquake, however, and what I felt is that it is crucial to spread the word about this experience to as many people as possible, and let them know that continuing support is necessary so that these efforts will not just fade out. We may not have any more than very little power to accomplish things, but I’m certain that we are not absolutely powerless.



Akihito Kobayashi

Compliance Administration Dept.
PHOENIX RESORT CO., LTD.
(Participated in the 33rd event, June 2014)

Three years or more have passed since the earthquake disaster, and volunteer needs are changing day by day. According to what local residents there say, what makes them happier than anything is to be provided occasions for exchange with other people, as well as the creation of occasions for smiling and having fun. Under these circumstances, I felt very proud of being able to make a contribution through the work we have done in the SEGA SAMMY Group to date.



Stakeholder Comment

It has been three years since the Great East Japan Earthquake hit, and we have reached the stage now where it will be necessary to switch help from “hardware” over to our “software” activities of psychological and spiritual care. In that context, I want to express my profound gratitude for having received timely assistance such as dispatch of personnel, participation in special events, provision of equipment and materials to welfare facilities, and so on. We residents here want to reciprocate the generous support we have been given from within Japan and from other countries starting immediately after the earthquake, and in order to be able to do that, among other things, we intend to persevere with the aim of recovering as quickly as we can through the deep bonds we have formed. Please continue supporting our recovery at Minamisanriku Town. “We smile again today and set our sights on tomorrow with powerful human ties and gratitude in our hearts.”



Takahiro Inomata
Council of Social Welfare,
Minamisanriku-cho,
Miyagi Prefecture

New Employee Training for Fiscal 2015

As part of the training for new employees, in fiscal 2015 we again provided an occasion for developing human resources who aim to contribute to society as businesspeople. This was a continuation from fiscal 2014, and this year 109 people participated in an observation tour of Onagawa Town in Miyagi Prefecture, followed by work clearing away rubble in Higashimatsushima City, creation of flower beds, and other such activities.

Feedback from Participating Employees

Kinue Ishikawa

Sammy Corporation

I was amazed to see how the rubble had become so covered over by earth after all this time. Mixed in with the rubble were photo albums and other mementos buried there, too. I think that what we can do, as visitors to the scene, is to help keep the reality of what happened on March 11 from fading away from people’s memories.



Ryo Oishi

Sammy Corporation

I was living in Miyagi Prefecture when it happened. Compared with the time before the earthquake, the streets and houses seem quiet and empty, somehow lacking in vital activity. I think it would be good if the SEGA SAMMY Group, which makes fun things and interesting things, could cooperate with local businesses to plan something that would make local people and people from other prefectures want to come visit.



Kohei Muta

TAIYO ELEC Co., Ltd.

The best recovery assistance, I think, is to actually go to the affected area. This gets exchanges with local residents started, and if you visit regularly, the communication will grow more meaningful. Then, in that context, you can ask what there is that you could help with right now, and with that question, I think you will be able to feel a step forward taken in recovery assistance.



Staff Accompanying New Trainees

Yuki Suzuki

Personnel Dept., Corporate Div.
Sammy Corporation

These three days were an extremely valuable opportunity for new members of the company to take their first steps as adult members of society. We were able to show them many things to learn, including what a corporation can do for society, and how much can be accomplished by 100 people if they combine their strengths.



A thank-you card

CSR in the SEGA SAMMY Group

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.” On that basis, we will work from the four perspectives of (1) contributing through our business, (2) serving society, (3) addressing environmental issues, and (4) engaging in corporate governance and economic responsibility. By fulfilling our responsibilities in this way, we will respond with sincerity to the demands and expectations of society and we will build better relationships with our stakeholders, thereby furthering our CSR initiative in a way that becomes SEGA SAMMY.

>>> Management Philosophy of the SEGA SAMMY Group

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

>>> CSR Charter of the SEGA SAMMY Group

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

Guidelines regarding specific actions by employees based on the “Group CSR Charter”

Timeline of Major CSR Activities

2004

SEGA and Sammy integrated to form SEGA SAMMY Group

2005

Established “Group Management Philosophy,” “Group CSR Charter,” and “Group Code of Conduct”

2006

- Published CSR Handbook
- Determined CSR promotion items, formulated CSR Promotion Plan

2007

- Published first CSR Report
- Published Environmental Handbook
- Published Compliance Handbook

2009

- Published first CSR Report for employees
- Published CSR Guidance (employee handbook pamphlet)
- Conducted materiality analyses

2010

- Held dialogue with NPOs
- Adopted compliance training for newly appointed Group executives

2011

- Started employee volunteer activities in disaster areas
- Held dialogue with CSR experts

Our Aim

Achieve a society that the corporate Group and society sustain together



Put into practice in everyday relations with stakeholders



Put into practice as a theme of initiatives declared by the Group (see pages 19 to 21)

Contributing through Our Business

Serving Society

Addressing Environmental Issues

Corporate Governance

Economic Responsibility

2012

Set whole-Group CSR initiative issues

2012

- Introduced joint CSR training for new employees
- Introduced recovery support events
- Invited evacuees in the Tokyo metropolitan area to TOKYO JOYPOLIS

2013

- Formulated CSR policy
- Introduced disaster area volunteer activities (training) for new Group employees
- Introduced compliance training for Group executives
- Introduced training on individual topics

2014

- Signed United Nations Global Compact
- Formulated “Group Management Policy” and “Group Guidelines”
- Introduced CSR training for members of Group company management

Initiatives So Far and Going Forward

Following the merger in 2004, we aimed to pursue CSR activities that would be consistent and unified among employees and across the Group. The following year, therefore, we formulated the “Group Management Philosophy,” the “Group CSR Charter,” and the “Group Code of Conduct,” and we have been taking steps to instill them and ensure their understanding among all Group employees.

In 2009, we conducted materiality analyses to select and organize the issues that the Group should address, and based on the results, we set targets and have been conducting progress management on key issues.

We conducted a materiality review in 2012, and decided on four key issues that the Group as a whole can act on. We defined objectives for each business company along the lines of these key issues and are conducting progress management.

In 2014, we responded to the increasingly rigorous demands by society regarding corporate compliance and internal governance by formulating a “Group Management Policy” for each area of business operation. We also reviewed the content of the “Group Code of Conduct” to adapt it to changes in society.

In order to become even more socially adaptable in the future, we will review the current status of supply chain initiatives related to Group companies, taking ISO 26000 and other such international standards as points of reference. We will identify issues, activities, and other such areas that we will need to take into consideration in the future, and we will act to deepen the SEGA SAMMY Group’s CSR initiatives.

Our Policy on CSR

—Committed to corporate growth, social worth, and continuing to earn respect—

Any growth of the SEGA SAMMY Group must happen within the context of society’s development and in close relationship to our stakeholders. Practicing corporate social responsibility, or CSR, is something we do as a member of society. CSR in itself is not an extraordinary or difficult endeavor. It simply involves establishing a Group Management Philosophy and practicing it day to day.

We support the sustainable development of society by following the law and social norms, generating a stable and appropriate profit, and paying taxes and dividends. These, however, are not enough. As a good corporate citizen, the SEGA SAMMY Group tackles global environmental problems and social problems (such as human rights) by taking a global point of view, and at the same time we create many benefits for our local communities.

I’m proud of our many Group employees who actively volunteered after the Great East Japan Earthquake of 2011. During the reconstruction efforts, they put on a variety of events in the affected areas to give people courage and strength. Thanks to them, I rediscovered the significance of the entertainment business and was particularly impressed with how much these employees grew. Going forward, we will not only take social initiatives, but also contribute to society in a range of forms through our business and our response to the environment.

1 Contributing through Our Business

Humans need more than just food, clothing, and shelter to live. A dynamic life requires play and fun, which is what entertainment is all about. Our goal and the role society expects of us is to bring 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 are conscientious at all times in offering safe, high-quality products and services and to develop and offer products and services that help to solve society’s problems through entertainment. We will moreover work with our Group companies, related industry groups, and others to encourage the sound development of young people and create appropriate environments for play and pastimes.

2 Social Initiatives

As good corporate citizens, the Group as a whole and its individual companies and workplaces maintain an active dialogue with members of the community and take initiatives to benefit society. Such initiatives also encourage each employee to grow and unify us in our aspiration for a stronger Group.

3 Environmental Response

Climate change, resource depletion, and poverty are among the many problems we face on the global scale. The business activities of an enterprise inevitably have some impact on the environment. There is so much more we can do, as a Group and as individuals, than just comply with laws on pollution prevention, waste processing and the like. Our Group employees therefore will think about and act on what they can do to benefit the environment, by saving energy, recycling, or reducing consumables use.

4 Corporate Governance

Corporate governance, including compliance and risk management, is utterly crucial. The SEGA SAMMY Group is ensuring corporate management soundness, transparency, and efficiency by instilling our Management Philosophy, developing compliance awareness, and strengthening our legal compliance and internal control systems.

We moreover create healthy workplace environments, respect human rights, and show no tolerance for discrimination. Our purpose is to build a corporate culture where each employee can engage his or her creativity and challenge-taking spirit. Along with this, we maintain fair and impartial relationships with our suppliers and work together with them as partners.

5 Economic Responsibility

The SEGA SAMMY Group views our business with a global perspective in our efforts to ensure sustained growth and to maximize enterprise value. Additionally, we enhance management transparency and meet the expectations of our shareholders and society through fair and timely disclosure and appropriate returns on profits.

The SEGA SAMMY Group can do more than grow for its own sake. We will strive to achieve strong, continuous growth by actively exploring new fields in a way that contributes to the invigoration of the overall Japanese economy and to the sustainable development of the world.

At the same time, we need to realize that any expansion of our Group’s services and business will necessarily affect our stakeholders and society in a significant way. We must therefore renew our awareness of such circumstances and our responsibility, and fulfill our CSR in a manner as befits the SEGA SAMMY Group, to ultimately become a corporate group that is committed to corporate growth, social worth, and continuing to earn respect.

Hajime Satomi
President and Chief Executive Officer
SEGA SAMMY HOLDINGS INC.

CEO and Group Employees Meet for Exchange of Views

Meetings are held to exchange views between President Satomi and employees in the SEGA SAMMY Group in order to share results of activities, issues, and other matters relating to individual workplaces, as well as to discuss future directions for CSR activities. Up to now, CSR officers of Group companies and employees who participated in support activities for areas affected by the Great East Japan Earthquake have sat down together in this way. This time, representative of major projects from Group companies, personnel managers, and other such members met and took part in active exchanges of views.

Participants:

(Back row, from left)

Yukitada Azuma
Planning & Operating Dept.
777 Town Service Div.
Sammy Networks Co., Ltd.

Takehiro Nagase
Production #2, Publishing & Marketing Dept.
SEGA Networks Co., Ltd.

Yoichi Shimosato
CS R&D Dept., #3, R&D Div. #3
SEGA Corporation

Satoshi Sawada
PS Sec. 2, R& D Div.
Sammy Corporation

(Front row, from left)

Chikako Arai
Personnel Dept., Corporate Div.
TMS ENTERTAINMENT Co., LTD.

Hajime Satomi
President and Chief Executive Officer
SEGA SAMMY HOLDINGS INC.

Harumi Hojo
Group Corporate Social Responsibility
Promotion Office
SEGA SAMMY HOLDINGS INC.



Meetings for exchange of views are taken as valuable occasions for renewed sharing of CSR policies



Fiscal 2014 Targets, Progress, and Results, and Fiscal 2015 Targets

SEGA SAMMY Group Initiatives

Items	Fiscal 2014 Issues	Progress and Results	Main Page References	Fiscal 2015 Issues
Contributing through Our Business	Provide safe, confidence-inspiring, and enjoyable products and services	<ul style="list-style-type: none">Set voluntary standards exceeding laws, ordinances, industry standards in target countries, quality assurance that includes information disclosure by product labeling, etc. [SEGA, Sammy, SEGA TOYS, SE]Improve customer support system [SEGA, Sammy, SEGA TOYS]Accurate, appropriate product labeling [SEGA, Sammy, SEGA TOYS]Safety standards conforming to industry association standards [SEGA, Sammy, SEGA TOYS, SE]Take measures to run patrols and protect youth in partnership with local police, commercial districts, etc. [SE (Amusement Center)]Prohibit serving of alcohol to minors [SE (Bee)]Promote gaming in moderation through industry group [Sammy]Measures against illegal customer behavior [Sammy]	P.11-12, 26-33	<ul style="list-style-type: none">Ensure safety and confidence in products and services and continue appropriate information disclosuresFurther improve support systemPromote accurate, appropriate product labelingContinue compliance with safety standards conforming to industry group standards, etc.Continue measures against illegal customer behavior
	Contribute to resolution of social issues using SEGA SAMMY Group content	<ul style="list-style-type: none">Develop, popularize "Smiletouch Dental" support terminal contributing to advance of pediatric dental care [TMS]Open showrooms periodically to senior citizens (18 times, 111 participants) [Sammy]Cooperate with NPO to donate toys [HD, SEGA TOYS]Hold events to support recovery in disaster-affected area using content (eight times) [HD, SEGA, Sammy, SEGA TOYS, TMS, SE, SLS, DARTSLIVE]Improve quality of sleep using "HOMESTAR" [SEGA TOYS]Contribute to education for prevention of traffic accidents using our "DRIVING SIMULATOR" [SLS]	P.13,15, 32, 33, 53, 55	<ul style="list-style-type: none">Promote expanding scope
Serving Society	Engage in activities serving the local community, industry initiatives, etc.	<ul style="list-style-type: none">Have Baseball Club hold baseball workshops [HD]Accept internship recipients from inside and outside the prefecture [PSR]Donate to Pink Ribbon Campaign [Sammy, SEGA SAMMY GOLF]Sponsor local sports activities [HD, Sammy]	P.53-55, 57	<ul style="list-style-type: none">Engaging in action to serve society as an extension of business
	Engage in whole-Group activities serving society (support Great East Japan Earthquake recovery, etc.)	<ul style="list-style-type: none">Dispatch volunteer Group employees to disaster-affected areas (11 times, total 105 participants) [Group]Hold events to support recovery in disaster-affected area using content (11 times) [HD, SEGA, Sammy, SEGA TOYS, TMS, SE, SLS, DARTSLIVE]Donate for Great East Japan Earthquake relief, etc. through charity golf competition [Sammy, SEGA SAMMY GOLF]Support the arts, including the 13th Tokyo Jazz Festival [HD]Picture-book campaign (220 volumes) (prepare an environment for entertainment in underdeveloped countries) [Group]	P.15,16 53-54, 56-57	<ul style="list-style-type: none">Continue support for recovery and support new stageUse Group synergy to serve society
Addressing Environmental Issues	Promote 3Rs and address environmental issues related to our business, such as environmentally friendly products	<ul style="list-style-type: none">Develop low-power-consumption products, increase number of items provided [SEGA]Develop and commercialize Eco-Pachinko [Sammy]Recycle trade-in machines (achieve 96.58% rate) [Sammy]Marketable waste recycling (waste separation program by Kawagoe Factory workers) [Sammy]100% recycling of amusement machines by manual dismantling [SLS]Distribute information (e.g., environmental regulations) at annual Supplier Meeting [SEGA]	P.47-51	<ul style="list-style-type: none">Promote 3Rs (especially Recycling)Promote development and marketing of environmentally friendly productsPromote other environmental protection activities
	Engage in initiatives concerned with the earth's resources, etc.	<ul style="list-style-type: none">Purchase Green Power Certificates (1000M Wh actual/year) [SEGA]Establish system for tracking figures at seven direct subsidiaries [HD]Win praise from Nagano Prefecture for amount of CO₂ absorbed through forest sponsorship agreement ("SEGA Forest") [SEGA]Reduce use of paper resources by replacing multi-function printers, etc. [HD, SEGA, Sammy]Manage, protect, cultivate black pine on Seagaia property (2.5 million m²) [PSR]Reduce environmental burden by switching from fossil fuels to natural gas [PSR]Selected for certified carbon offset project [OASIS PARK]	P.14, 47-51, 56	<ul style="list-style-type: none">Address environmental issues
Corporate Governance	Instill widespread awareness of "Group Management Philosophy" through sustained top-down communication	<ul style="list-style-type: none">Hold CSR training for members of Group management (10 times, 9 companies, 300 participants) [HD]Formulate "Group Management Policy" and "Group Guidelines" [HD]Place "Group Management Philosophy" on Group intranet, make constantly accessible for reading by Group employees, include "Group Management Philosophy," etc. as CSR heading in employee handbook, make it possible for employees to carry it with them always, promote employee awareness [Group]Distribute messages from top management about the meaning and practice of our "Group Management Philosophy" in an easily understandable, real-world way together with messages about the state of society and business announcements (three times per year) [Group]	P.22	<ul style="list-style-type: none">Instill widespread awareness of "Group Management Philosophy" through sustained top-down communication
	Conduct compliance training, etc.	<ul style="list-style-type: none">Hold compliance training for newly appointed Group executives (1 time, 28 participants)Compliance training sessions for Group executives (5 times, 20 companies, 116 participants)Hold seminars on individual topics for Group executives (1 time, 29 companies, 138 participants)Hold compliance training for new employees [HD, SEGA, Sammy]Hold various types of rank-specific training [Group]Build easy-to-use reporting system by establishing Corporate Ethics Hotline [Group]	P.24	<ul style="list-style-type: none">Conduct training to instill CSR activitiesStrengthen corporate governance
	Sharing CSR Information	<ul style="list-style-type: none">Collect CSR information by means of information media (newspapers, magazines, etc.) and provide it to Group companies via Group company CSR managers for the purpose of detecting social trends and heightening risk sensitivity (twice a month) [HD]	—	<ul style="list-style-type: none">Promote CSR information sharing

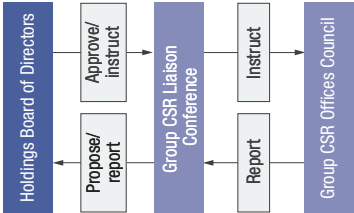
* Main companies implementing activities are shown in square brackets. Company names for the below companies are abbreviated as follows.
HD: SEGA SAMMY HOLDINGS, INC.; TMS: TMS ENTERTAINMENT Co., LTD.; SE: SEGA ENTERTAINMENT CO.,LTD; SEGA SAMMY GOLF: SEGA SAMMY GOLF ENTERTAINMENT INC.; SLS: SEGA LOGISTICS SERVICE CO., LTD.; PSR: PHOENIX RESORT CO.,LTD.

Group CSR Framework

The SEGA SAMMY Group considers CSR activities an important way to create value continuously for the Group and achieve sustainable development for our stakeholders. For that reason, the Holdings established the Group CSR Liaison Conference as the organization to facilitate communication and coordination relevant to Group CSR activities.

The Holdings also established a Group CSR Office to supervise and manage CSR activities and make sure they proceed steadily. Finally, the Group CSR Offices Council, attended by members of CSR Offices of Group companies, uses the PDCA (Plan-Do-Check-Act) cycle to examine, implement, and evaluate specific CSR activities.

Group CSR Structure



Raising Awareness, Making CSR Pervasive

At the SEGA SAMMY Group, we believe that putting the Group Management Philosophy into practice depends on all employees understanding 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 Office of the Holdings conveys the significance and importance of CSR activities to all Group employees and plans and implements ways to instill these ideas, for example offering training tailored to various levels of understanding.



CSR posters are displayed at all workplaces



CSR Guidance and the CSR Report in digest form are distributed to all employees

Topics | CSR Training Held for Members of Group Company Management

The SEGA SAMMY Group held CSR training for members of Group company management starting in October 2013 (9 companies, 10 times, 300 participants). Outside instructors were invited to speak about perceiving changes in the business environment of the entertainment industry similarly to how social changes are perceived, and the measures needed for society and corporations to exist in harmony as well as for corporations to sustain growth and development. The participants learned by lectures and group work, and they deepened their understanding and communication.

At the end of training, the participants all presented a CSR declaration for their own departments, and they were given the opportunity to rethink their raison d’etre as individual members of the SEGA SAMMY Group. We will continue this training in the future so that every individual member will be aware 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. It will enable them to think about this question, and to act accordingly.



Feedback from Participants

- “I would like to go from internal company training to internal Group training, and have discussions that also include people from other companies.”
- “CSR tends to strongly suggest social contributions, and we were able to change that notion.”
- “It turned out that CSR is none other than company business.”
- “The perspective of resolving social issues through the company's core business was very instructive.”
- “I think it is extremely important for this company to think about resolving social issues and about CSR in terms of our core business.”
- “It was a great opportunity to establish communication going beyond our own divisions at the same time we gained an understanding of CSR.”

Stakeholder Comment



I was privileged to act as an instructor for your Group CSR training. A distinctive feature of the training was that it asked the members of Group company management to think deeply about the fundamental question of what CSR is for the “SEGA SAMMY Group.” Through this essential question, the participants were able to align the “vectors” of their conceptual approaches to CSR, and at the same time they were able to talk to each other about their diverse values. This yielded the major effect of diffusing the Group Management Philosophy throughout the attendees. I expect that in the future, good use will be made of this training content to create a symbolic example, even if it is small in scope, of how social issues are resolved through the company's core business.

Mitsuo Ogawa
President
Craig Consulting Co.,Ltd.

Corporate Governance

Corporate governance is central to our operations, and we continue to improve our capabilities to optimize enterprise value.

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.

■ Enhancing Efficiency

The Group will maximize corporate value by establishing speedy and proper decision-making processes and by making management more efficient. Shareholders and other stakeholders will benefit from these efforts.

■ Ensuring Organizational Soundness

We will maximize corporate value under volatile business conditions by properly identifying and managing the variety of risks the Company faces. We will also work to ensure the soundness of management by establishing compliance systems to accurately grasp ethical and social norms, to include laws and regulations, as well as the social values underlying those norms and the changes they undergo.

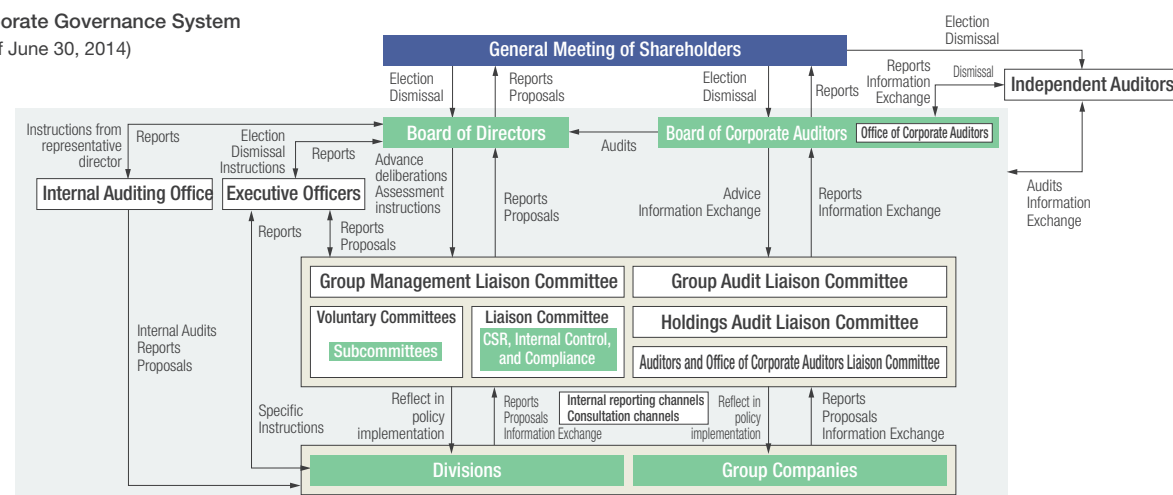
■ Enhancing Transparency

Corporate disclosure is becoming increasingly important. To further expand disclosure efforts and ensure greater transparency of management, we will fulfill our duty of accountability to shareholders and other stakeholders and we will actively engage in investor relations activities.

Framework for Corporate Governance

To enable prompt, optimal decisions in a rapidly changing business environment, the SEGA SAMMY Group has adopted a corporate auditor system. The directors involved leverage expertise and experience regarding the industry, market trends, products, merchandise, and services. 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.

Corporate Governance System
(As of June 30, 2014)



The Board of Directors, comprising nine directors (two of whom are outside directors), convenes monthly and as needed for agile management. The Board of Corporate Auditors presently comprises four members (three of whom are outside auditors), and it convenes for regular monthly sessions and special sessions as needed to discuss and thoroughly analyze specific issues.

Other key bodies, including the Group Management Liaison Committee and Group Audit Liaison Committee, implement measures according to the system shown in the schematic diagram below.

Strengthening Group Governance and Developing Systems for Internal Control

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.

Additionally, the Group established an assessment and monitoring framework for financial reporting under Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting of the Japan's Financial Instruments and Exchange Act, and deficiencies that were uncovered were rectified. As we continue to ensure the reliability of financial reports, we will maintain and expand this internal control system so that it remains viable and efficient.

The Group has further responded to society's increasingly stringent demands regarding corporate compliance and internal control by developing a "Group Management Policy" for each area of business operation. At the same time, we also reviewed the content of the "Group Code of Conduct" to adapt it to changes in society.

Web • Corporate Governance Report
<http://www.segasammy.co.jp/english/pr/corp/governance/>

Compliance and Risk Management

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. We also work to identify latent risks of serious loss within and beyond our management, clarify issues to be addressed and work to reduce loss and prevent its recurrence in the execution of company business and management resources.

Compliance Framework

The SEGA SAMMY Group is working to further reinforce Group-wide initiatives by building in-house systems to develop and deploy sound corporate management in accordance with laws, regulations, and social norms. This work is proceeding under the Group Compliance Liaison Committee.

In fiscal 2014, we continued the Compliance Reinforcement effort launched in fiscal 2012. We pursued and expanded Group-wide initiatives including a campaign to publicize the overhaul of our internal reporting system for ensuring work is done properly.

Awareness of Compliance Issues

To foster compliance awareness and make this awareness pervasive, the SEGA SAMMY Group holds training sessions for Group companies as needed. The compliance handbook gives specific examples of issues employees may encounter routinely. All employees can review the information on the intranet whenever necessary. We also aimed to instill these ideals in our employees by running articles in manga form to make them more approachable.

Going forward, we intend to generate a synergistic effect by continuing to widely spread knowledge about cases of advanced practices at Group companies horizontally among other Group companies. As we take steps to make Group Management Policy permeate throughout, we will make every effort to maintain and improve our level of compliance.

Results of Fiscal 2014 Compliance Training (Group Companies)

Nature of Activity	Group	Company Name	Frequency	Total No. People
Hold compliance seminar for Group executives	Domestic Group company executives, auditors, officers	HD, SEGA, Sammy, etc.	6	140
New Employee Training	New employees	HD, SEGA, Sammy, etc.	7	150
Subcontract Act Training	All employees, Group subsidiary employees, Production Division employees, Sales Division employees	SEGA, SNW, SEGA TOYS, TMS	28	500
Various compliance training	Members of management (managers who are division heads or higher but excluding directors and auditors), employees by rank	SEGA, Sammy, etc.	25	1,500
Training on individual issues (legal, contracts, intellectual property, information security, Act on the Protection of Personal Information, etc.)	Group company executives, all employees	SEGA, Sammy, etc.	31	690
Food safety training	All employees	PSR	4	780

* Company names for the below companies are abbreviated as follows.
HD: SEGA SAMMY HOLDINGS, INC.; SNW: Sammy Networks Co., Ltd.;
TMS: TMS ENTERTAINMENT Co., LTD.; PSR: PHOENIX RESORT CO.,LTD.

Internal Reporting System

To help ensure fair and lawful business practices, an internal reporting system consistent with the “Group CSR Charter” was created to enable anonymous reporting by employees about potential regulatory violations or lapses in judgment, which protects the identity of tipsters. Whether reported internally or to specified law firms, these matters are investigated and rectified, and steps are taken to prevent recurrence.

Internal reporting is an increasingly important first step in detecting misconduct. Therefore, we are overhauling this system to make it more trusted, effective, and easier for employees to use.

Strengthening the Framework for the Subcontract Act Compliance

The SEGA SAMMY Group conducts regular internal audits and provides education and training to all departments through legal affairs units to reinforce our compliance system, particularly with regard to the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors (“the Subcontract Act”). We strengthen our framework for compliance by having internal auditing units require departments to assess their operations and report their findings to departments involved with internal audits, legal affairs, and internal management on an ongoing basis.

Preventing Insider Trading

The Holding has established SEGA SAMMY Group internal regulations, based on the “SEGA SAMMY Group IR/Public Relations Policy” and the “SEGA SAMMY Group Insider Trade Preventing Policy” to prevent insider trading by officers and employees. These rules describe legal restrictions on stock trading, and require all officers or employees to report planned purchases or sales of the Company’s shares. We are implementing measures of all kinds, including use of our intranet for a campaign of education on insider trading regulations, to heighten awareness among officers and employees.

We began registering company officer information with the J-IRISS system of the Japan Securities Dealers Association in fiscal 2012 to prevent legal violations resulting from unexpected incidents or the trade of financial instruments such as unintended unfair transactions.

Prevention of Corruption, Appropriate Processing of Donations

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. We have also established a “Group Overseas Bribery Prohibition Policy” that responds to the recent international movement toward increasingly stringent anti-bribery regulations outside Japan.

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.

The game software, game machines, Internet distribution, and other such technology provided by SEGA is for general purposes. However, it also includes some advanced technology and so is subject to export controls in some cases.

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.

We have also responded to the Compliance Requirements for Exporters that are applied to all exporting companies. Every company in the SEGA Group with a record of exports is creating and maintaining export control systems in accordance with actual conditions.

Stance Against Racketeering, Basic Approaches

The SEGA SAMMY Group takes a firm stance against those who threaten law, order, and public safety. Any approach from these elements is met with a systematic response, and outside organizations including police and legal advisors are contacted.

Moreover, the Group Code of Conduct stipulates the following: “We will resolutely handle any undue demands arising from anti-social forces, organizations or individuals; and not only will we not offer any payoffs but we will also eliminate any relationships with such anti-social groups or individuals.”

Basic Stance on Intellectual Property

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.

SEGA has Intellectual Property Committee members in each business department to promote judicious use of IP, and we conduct activities to educate and raise awareness about IP. To safeguard and expand business, the company strives to avoid infringing on intellectual property rights of third parties, and SEGA's own rights are managed appropriately. We are also implementing countermeasures against counterfeit goods in order to maintain and enhance the SEGA brand.

Sammy studies 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 a dedicated intranet site.

Emergency Preparedness

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 major crisis.

In January 2013 we 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 like the storing of reserve supplies, building and facility safety, performing safety checks, and rules on returning home. Rules are distributed and actions undertaken at each Group company, and all employees learn about these through media like the company intranet.

Stronger 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. Proper management and storage of confidential corporate information and other information are accordingly prescribed in our “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.

Personal Information Protection

The SEGA SAMMY Group has established a “Privacy Policy” based on the “Group Personal Information Protection Policy” in every Group company. In addition to developing systems for appropriate management of information entrusted to us by our customers, we have also devised appropriate measures to prevent unauthorized access to customer private information as well as loss, falsification, and leakage of such information. We will make every effort to handle private information appropriately and safely by conducting training and education of company employees and making improvements by means of internal audits.

Topics | A More Robust Framework for Information Management

We are making our information management framework at Sammy more robust in order to implement appropriate management of company information assets. In fiscal 2014, we established a new Information Management Committee chaired by the president, and we redefined the information assets that should be protected, formulated guidelines, and decided on its method of implementation. We took specific measures to prevent information leaks, including more rigorous application of our clear desk policy, lock-up management, and encryption of files attached to e-mail. These measures are enforced by having the Internal Control Office conduct audits of the status of implementation in every division, and we are promoting compliance by means of the PDCA cycle. We intend to expand employee education by means of e-learning and other such measures in the future.

With Customers

Extract From 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

Humans need more than just food, clothing, and shelter to live. A dynamic life requires play and fun, which is what entertainment is all about. 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 to society's issues by means of entertainment. We will moreover work with our Group companies, related industry groups, and others to encourage the sound development of young people and create appropriate environments for play and pastimes.

1 Providing Products and Services That Are Safe, Secure, and of High Quality

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 service. 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, we also engage in thoroughgoing safety management based on the voluntary standards established by each Group company.

In the unlikely event that a quality problem is caused by products or services, we will respond with certainty and speed and in accordance with the scale and type of problem. We will also disclose information about it as appropriate, and will take steps to reinforce systems so as to prevent any recurrence of the problem ever.

2 Pursuing Customer Satisfaction

The most important thing for us to do in order to heighten customer satisfaction is to gain a prompt and accurate grasp of our customer's needs and market changes, and to make good use of that information to improve product development and service. The SEGA SAMMY Group is 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 information we obtain through marketing surveys and other such methods can be put to good use in manufacturing our products and providing our services.



Staff Comment

Delivering a Truly Enjoyable RPG for Smartphones to Our Customers

We want our customers to get full enjoyment of the fun of role-playing games (RPG) even on versions made for smartphones, where game sessions are shorter. This was what started the “CHAIN CHRONICLE” development project. There were three main points that we did not want to compromise on. The first point was how we took the essence of the fun of an RPG, which is doing battle in ways that follow the story line, so that the setting for adventure grows broader and broader, and we condensed it into about five minutes. In this we made advantageous use of our know-how in arcade games, which have similarly short playing times. The second point was the unique feeling of exhilaration that people get from playing on a smartphone, where they use the touch panel. The third point was the way players develop feelings of attachment to game characters that are friends rather than just cards, and this happens when the game relates a story about characters that develop bonds with each other. These three elements combined in a classic RPG, in a way never before seen in smartphone games, and we succeeded in pleasing large numbers of customers with it. We are planning on further heightening the fun of the story line and refining the game system. We hope you will enjoy it.



Jun Matsunaga

MOBILE WORKS Team, R&D Div. #1
SEGA Corporation

Pursuing Customer Satisfaction

SEGA Creates Unique Ways of Playing

SEGA Corporation believes that delivering our unique brand of innovative “play,” in the spirit of our motto “Creation is Our Life,” is the way to enhance customer satisfaction. This is what guides our product development day after day.

Fiscal 2014 was notable for our launch of “Puyopuyo!! Quest Arcade” as the first such game in the amusement machine industry to offer basic play free of charge (some units may charge). Another world first came in the amusement center business when we opened “Orbi Yokohama” as a supercharged nature experience museum. These are some of the ways in which we actively took on the challenge of moving into new

areas of entertainment. In the area of consumer games, we have produced new intellectual property with “HERO BANK,” “CHAIN CHRONICLE,” and other games that have received very favorable reviews from customers.



“Orbi Yokohama” further supercharged in July 2014

Gauging and Applying Customer Needs

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. SEGA’s development, marketing, and sales teams work closely together to perform stronger marketing research. At exhibitions, in-store events, or other times we meet our customers face to face, we convey the appeal of our products by tailoring our promotions to the level and interests of the customer. We actively conduct questionnaire surveys and the like to get customer feedback we can use in product development.

Making SEGA Service More Enjoyable and Convenient

We are providing a service called “SEGA ID,” for which people can register for no charge and that allows them to use an exclusive ID in a simple manner to enjoyably and conveniently receive the variety of services provided by SEGA. Not only can registered customers use PC online games, they can use the Aime service site and various services linked

to arcade titles, and they will also be able to participate in and apply for special events and campaigns that are only for “SEGA ID” users. In December 2013, we started a new community service called “it-tells” that uses the “SEGA ID.” This is for customers to tell each other about their tastes and interests, and for SEGA and customers to engage in two-way communication, with the aim of creating an arena where they can engage in

various kinds of shared creation. We will continue to make good use of feedback from our customers as we deploy a variety of different services.



SEGA community site “it-tells”

Safety and Quality Assurance of Products and Services

A Stronger Quality Assurance System

Led by the independent Quality Assurance Department, SEGA is strengthening our system for centrally managing product and service safety and quality in keeping with our relevant rules. To manage product safety in particular, SEGA follows our 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.

*JAMMA: Japan Amusement Machinery Manufacturers Association

Disclosure and Response After Quality Incidents

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 or users.

A Stronger Customer Support System

SEGA responds comprehensively to the many types of customer input we receive by working through our User Support Desk. A specialized Voice of Customer (VOC) group is in place at SEGA to forward customer inquiries and

feedback to various departments, where it is used to improve product and service quality. 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 paths to improvement, and report to development, production, and sales staff to help make improvements.

Product and Service Labeling

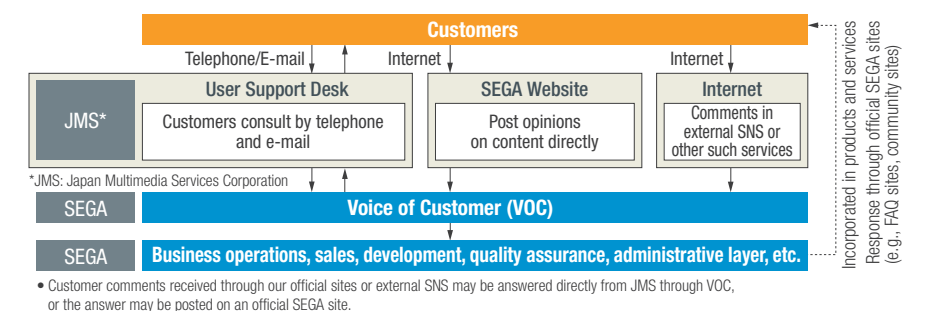
SEGA labels our product packaging, user’s manuals, and other tools in keeping with relevant laws and regulations (e.g., product liability laws), industry group guidelines, and internal rules. By applying clear and appropriate labels we ensure that customers can use our products and services with confidence. 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

Mechanisms and Framework to Act on Customer Feedback



PSO2 Update Bug Occurrence and Prevention of Recurrence

On September 4, 2013, a bug in the Windows PC version of “Phantasy Star Online 2” caused partial deletion of data from the hard drives of customers who updated during a certain time period. We immediately disclosed the information and corrected the bug. We also addressed the problem by setting up a dedicated help desk for customers who were affected.

Measures we took to prevent recurrence of the problem included upgrading our development and checking systems as well as conducting operations with a safety-first policy. We are exerting our best efforts so that our customers can continue to enjoy SEGA products with peace of mind.

Staff Comment

Together with Our Customers, We are Nurturing the Game

The “WORLD CLUB Champion Football (WCCF),” series which we launched in 2002, is a sports card game that many famous soccer players from clubs in European countries appear in.

In the case of WCCF, promotion and development were carried out in close coordination. By analyzing data clusters such as customer tastes and questionnaire survey results obtained using the SEGA ID as a starting point, the customer’s latent needs are identified and provided as feedback to the game. In this way we have nurtured the game together with our customers, and that is why WCCF is still continuing as a popular series even today. We want to continue making good use of feedback from our customers to pursue the kind of fun that can only be found in WCCF.

Jun Koshimizu (left)

Amusement Business Headquarters, AM Strategy Planning Div., AM Promotion Dept.
SEGA Corporation

Tomohiro Kashiwada (right)

AM R&E Dept., R&D Div. #1
SEGA Corporation

Pursuing Greater Customer Satisfaction

Setting Up a Framework for Providing Attractive Products

Our greatest mission is to provide users with attractive products. In the belief that this contributes also to the satisfaction of Pachislot and Pachinko Hall Operators, we are reinforcing the collaboration between our development, sales, and production departments. At the development stage, in particular, we apply rigorous standards to each checkpoint of development, and we carry out round after uncompromising round of refinement to pursue the development of products that incorporate market perspectives to ensure that they will be hits.

On the production and distribution side, we built a new factory in 2012 to increase our production capacity and enable us to respond more precisely to game machine demand, which tends to be more concentrated in the initial stage of sales. We have also placed a new distribution center next to the new factory to expand our storage capacity and centralize our inventory management, making our system for production and logistics more efficient.



The new factory went operational in September 2012.

Expert Manufacturing Powered by Market Needs and Customer Input

Everything we do is about our desire to give our customers dreams and excitement through their game play. This is what our development team, 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 placement with a positive grasp of diversifying market environments and needs from the early stages of planning and development. With regard to users, 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 Hall Operator Surveys. Using methods like these, we promptly grasp their needs.

Developing New Services

We are also developing new services that more people can enjoy. One example of this is “Myslot,” a service that connects players to Pachislot through a mobile website. We have been continuously expanding and improving the content since the service started, and have earned the support of large numbers of users. Now, as the service enters its fifth year, we have 1,890,000 registered members (as of March 31, 2014).



Topics | Received MVP Prize in Pachinko/Pachislot Award 2013

The Pachinko/Pachislot Awards 2013* decided which of the Pachislot and Pachinko machines sold during the period from November 2012 to October 2013 were the most popular or playable. “Pachinko CR Hokuto No Ken 5 Hasha” was selected MVP in the Pachinko category and “Pachislot Hokuto No Ken Chapter of Resurrection” was selected MVP in the Pachislot category. Both these machines were also awarded Special Manufacturer's Prizes, which are given to machines evaluated from the perspective of people connected with manufacturers. These are some indicators of the acclaim our games have earned from large numbers of fans and from the industry.



* Pachinko/Pachislot Awards 2013: These are jointly organized by the four web media companies that specialize in Pachislot and Pachinko games (777@nifty, Pachinko Village, Pachinko Vista, and Pachinko Club), and the MVP (most valuable Pachislot/Pachinko) recipients are selected comprehensively by reader votes, editorial department votes from the different web media, and other such sources.

Pachinko CR Hokuto No Ken 5 Hasha
©Buronson&Tetsuo Hara/NSP1983,
Approved No.YKA-105
©Sammy

Staff Comment

It is Important for Manufacturing to Stay in Clear Focus so You Can Confidently Say the Product is Fun

What we do is keep our thinking focused on what kind of play would be fun to have, and what kind of machine would really be enjoyable. Then we go into development to figure out how to express that in the Pachislot framework without compromising anything. During planning, my head is always filled with ideas about various play scenarios, and I simulate things to figure out what is enjoyable about some certain aspect, and what is fun about some element. When I have it pinned down to some particular point, then we add sounds and other production values that will dramatically heighten enjoyment of the excitement factor, which you could express as what feels good to the brain. Sometimes we strip away everything superfluous and arrange it to be simple, or take other such steps to maintain a balance and variety of pacing. At the same time, however, we place importance on manufacturing a product with a focus that never diverges from the basic thrust of what we planned. I hope that I can keep on meeting our customers' expectations by creating new ways to play that will astonish everyone, and beyond that, I hope to contribute to stimulation of the market and growth of the industry, as well.

Satoshi Sawada

PS Sec. 2, R&D Div.
Sammy Corporation



Pachislot Hokuto No Ken Chapter of Resurrection ©Buronson&Tetsuo Hara/NSP1983, ©NSP2007 Approved No.YGL-126 ©Sammy

Exclusive Customer Website “Sammy Plus” Opens

We opened the new “Sammy Plus” website exclusively for customers in order to deliver useful information to Pachislot and Pachinko Hall Operators in a timely manner (starting from April 1, 2014). We provide comprehensive on-line service at this site ranging from new model information and customer support information on our products to consultation on machine failure and other such matters. We have added new functions, such as supporting smartphone access and allowing customers to change their own registration information, as they have requested we do, among other steps we have taken to further heighten convenience. We plan to continue adding new services from time to time and expanding the site's functionality.

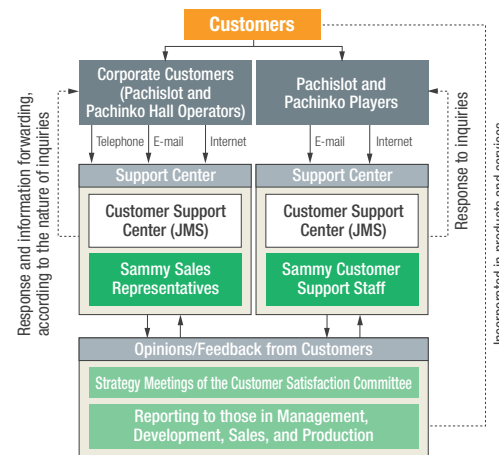


Exclusive customer website “Sammy Plus”

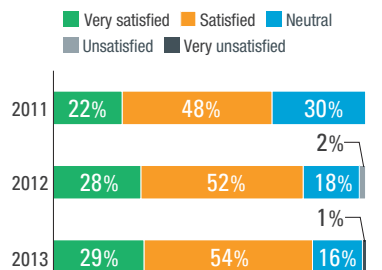
Stepping Up Customer Response

Sammy has set up a Customer Support Center to respond to the many types of customer input we receive. The center has partnered with Group company Japan Multimedia Services Corporation (JMS) to respond quickly and conscientiously. We added weekend and national holiday support service for Hall Operators in December 2005, on top of our established weekday service. We were the first in the industry to offer weekend service. In April 2012, four Sammy Group companies (Sammy, TAIYO ELEC, RODEO, and GINZA) combined their support service into one offering Hall Operators even greater convenience.

Mechanisms and Framework to Act on Customer Feedback



Results of Customer Support Center User Satisfaction Survey



Safety and Quality Assurance of Products and Services

Product Safety and Quality Assurance and Response to Problems

We are engaged in our thoroughgoing commitment to offer safe, high-quality products and services in accordance with the approach of earning customer satisfaction by means of quality assurance initiatives for proactive creativity and effective improvement. At the development and design stages, we repeatedly perform evaluation testing of component and unit operation and durability from many perspectives to improve

product reliability. At the production stage, we have established our own test criteria based on JIS standards, and we are making every effort not to release defective or inferior products onto the market.

Additionally, in the event that a quality problem occurs, we report it to the departments concerned as well as to top management in accordance with established rules. We respond promptly, putting the customer first, and disclose information appropriately.



Anticipating vibration during product shipping, we use vibration testing machines to check durability and other such aspects.

Pachinko CR Bakemonogatari
©Nisioin/Kodansha, Aniplex Inc., SHAFT INC.
©Sammy

Practicing Craftsmanship Complying with the Law

When putting 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 that such elements as materials, performance, gameplay, and other such qualities are in conformance with standards defined in the Amusement Businesses Law Enforcement Ordinance. Verification of the machine is then acquired from the Public Safety Commission in each prefecture concerned, after which we go on to the sales and production stages.

* Application to the Security Communications Association: The manufacture and sale of Pachislot and Pachinko machines involves verification by prefectural Public Safety Commissions. The Security Communications Association, acting on behalf of the prefectural Public Safety Commissions, conducts type tests to determine by comparison whether the performance of the machine model conforms with technical standards.

* Verification application: Pachislot and Pachinko game machines are subject to technical standards set by the National Public Safety Commission, and machines that do not conform to these standards cannot be installed in Pachislot and Pachinko Halls. “Verification” is the process whereby a manufacturer applies to a prefectural Public Safety Commission for judgment as to whether the machine type developed by that manufacturer conforms to standards. This procedure is absolutely essential when mass producing and marketing a Pachislot and Pachinko machine nationwide.

Worry-Free Play Initiatives Through Various Organizations



Contributing to Sound Industry Development

Sammy will only grow sustainably if our industry develops soundly. Sadly, gaming addiction and illicit behavior are problems faced by the Pachislot and Pachinko industry. Because these are not just Sammy's problems, we feel it important for the entire industry to align its efforts to solve them. Sammy will provide support and cooperation to the Organization for the Sound Development of the Pachinko and Pachislot Industry, which was founded in 2008 to function as a third party promoting the maintenance and health of the environment in Pachislot and Pachinko Halls so that more customers could enjoy them with confidence. We will also actively support and participate in activities being promoted by other industry bodies in order to resolve issues that arise as well as to contribute to the healthy development of the industry.



Pachinko addiction prevention poster

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, Sammy has established an office 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,



Pachislot SOUTEN-NO-KEN 2
©Tetsuo Hara&Burtonson/NSP2001, Approved No.YKU-127
©Sammy

pamphlets, and other such media to urge caution.

Initiatives pursued by means of organizations of various kinds include our active participation in joint campaigns by the Nichidenkyo*¹ and KAIDOU-YUSHO Cooperative*² to eradicate illegal slot games. We are also working with the Nichidenkyo to maintain machine histories as a measure against illegal dumping and other abuses.

*1 Nichidenkyo: Japan Electrically-Operated Game Machine Industry Cooperative, an organization with the primary purpose of stimulating and promoting the health of the Pachislot (rotating drum-type game machine) market.

*2 KAIDOU-YUSHO Cooperative: The Rotating Drum-Type Game Machine Business Cooperative, an organization for the healthy operation and education of the game industry, is made up of over 500 companies engaged primarily in Pachislot sales.

Initiatives Against Gaming Addiction

Sammy supports various activities in the Pachinko industry to address dependency on gaming. These include an active campaign to survey the actual extent of addictive gaming and to raise awareness in order to prevent dependency and excessive game play; a campaign to eliminate the problem of adults leaving their children in parked cars, as occurs with addictive gaming; and the work of the Recovery Support Network, the counseling service of a specified non-profit corporation that helps people recover from dependency on gaming.

SEGA Networks Co., Ltd.



Giving the World's People an Exciting Experience Over Networks

SEGA Networks is deploying content and services for smartphones and tablet mobile terminals. Our aim is to deliver exciting experiences to people by providing them with a diversity of high-quality digital entertainment content.

"Puyopuyo!! Quest" and the "CHAIN CHRONICLE" (now at "CHAIN CHRONICLE—Kizuna no Shintairiku"), released in fiscal 2013, have been highly acclaimed by our customers, and the number of users is still growing. By providing the "Noah Pass" marketing support tool, we are also creating opportunities for customers to encounter high-quality game content intended for play on smart devices.

We intend to continue sharpening our sensitivity to the changing times and undertaking bold new challenges. By doing so, we aim to be a "game changer" with the ability to change the games we play, as well as our industry and world, through the games themselves.



"CHAIN CHRONICLE—Kizuna no Shintairiku"
©SEGA / ©SEGA Networks

"Puyopuyo!! Quest"
©SEGA
©SEGA Networks

Topics | Moving Toward More Appropriate Use of Services

SEGA, SEGA Networks, 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 are also making every effort to keep players from having excessive expectations due to ambiguous statements, as well as from consequently 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 healthy environment for game playing where users can enjoy themselves with a sense of security.

SEGA TOYS CO., LTD.



Accessible and Educational Toys

At SEGA TOYS, which is a developer, manufacturer, and seller of toys, the vision of "Creating new value for the next smile" inspires us to offer people new ways to play, unconstrained by any previous limitations of toys. In addition to unique products that apply electronics technology, such as our pet robot and home planetarium, we are also actively promoting initiatives for accessible toys* and educational toys.

* Accessible toys: Toys specially designed so that children with visual or hearing impairments can enjoy playing with them together with children who do not have such impairments.

Product Safety and Quality Assurance

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 and prevent the occurrence of problems on the market. In addition, we are using prototypes prior to production to apply thoroughgoing quality testing of various kinds, including durability tests, overload tests, and drop tests, to make sure of the 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.

Product Labeling Initiatives

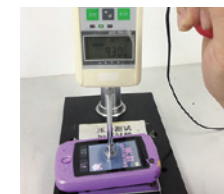
SEGA TOYS attaches warning labels and messages to our products and user's manuals to avoid accidents resulting from carelessness or misuse and make sure products are used safely. Our user's manuals and other documents are checked for items determined by each department. Meanwhile, the Quality Assurance Department makes sure that all warning labels comply with the Japan Toy Association's toy safety standards (ST Standards), and labels them accordingly.



"Yume Neko Celebrity"
©2014 Hasbro, All Rights Reserved.



"Heart Energy Poochi"
—The Communication Toy Award at the
2014 Japan Toy Association Awards—
©SEGA TOYS



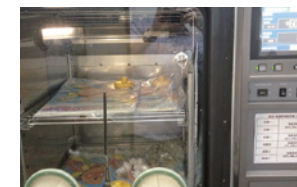
Durability tests, load tests, drop tests

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, this chamber makes 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 like cadmium, lead, or mercury.

SEGA LOGISTICS SERVICE CO., LTD.



Making Good Use of Game Technology to Contribute to Education for Preventing Traffic Accidents

At SEGA LOGISTICS SERVICE, we have made good use of the content and technological capabilities we have built up in development of amusement arcade machines to develop the "SLDS-3G" driving simulator for use at driving schools. With this product, we are contributing to education for the prevention of traffic accidents.

In order to enable greater training effectiveness in these products, which are installed at driving schools, they employ realistic imaging. By allowing users to safely experience danger, they can learn the importance of safe driving in a sensory manner, and retain what they learn in their memory. These are also the first simulators in the industry to adopt tablet computers to achieve readily understandable operation through the use of touch panel systems. They also enable guidance finely tuned to the learner through the use of handheld control terminals.



"SLDS-3G"
©Sega Logistics Service

SEGA ENTERTAINMENT CO.,LTD



Pursuing Customer Satisfaction

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 from the customer’s point of view.

Initiatives for Safety and Peace of Mind

In our amusement center business, we are careful to protect customer safety by inspecting our amusement machines and center facilities concerning customer safety once a year. We are also actively installing separate smoking areas among other measures so more customers can enjoy themselves comfortably. SEGA ENTERTAINMENT will continue to perform voluntary inspections of operations and management based on a list (“100 Check”) created by the company. In this way, we endeavor to provide a safe and reassuring environment for our customers to enjoy.

Voice of Shops that Won Annual Excitement Awards



Left: Sega World Kamitai
(amusement facilities division)
Right: Bee Shinjuku
(food and drink shops division)

Customer Smiles Drive Growth

What we place the most importance on is making sure the staff works together as a team. Cooperation among staff members and unified service are vital for customers to enjoy themselves comfortably no matter where they play in the center. Customer smiles, after all, are the source of our job satisfaction and the driver of growth. From here on we will keep working together to bring smiles to customers’ faces so that they enjoy themselves heartily.

Initiatives for the Sound Development of Young People

In the amusement center 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 to prohibit minors from entering any of our food and drink shops and to be thorough in checking the age of customers who do enter. Minors are allowed in on occasions such as reserved parties, but in those cases we provide wristbands to distinguish minors from non-minors so that minors are not served alcohol. In addition, we use a service manual to provide thorough education to employees about appropriate drinking.



Age wristband

TMS ENTERTAINMENT Co., LTD.



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. The product has made it easier for pediatric clinics by helping to care for their young patients.

In 2013, it released “Smiletouch Dental” to meet the desire expressed by many dentists for a similar tool for their clinics. Sales of the product

topped 300 units in the first 12 months. It has received high ratings, with many dentists providing feedback such as, “It has had a powerful effect, even on young patients who had previously been uncooperative, which has made it enormously well-received by their parents and guardians.” Looking ahead, we will periodically update the selection of animations and enhance the products based on customer feedback, in order to help create medical environments and services that are more respectful of children’s points of view.



“Smiletouch Dental”

The dental animation explains the flow of and the tools used in a visit to the dentist. Watching popular animated programs helps children feel less nervous and afraid in the waiting room and during treatment.

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* 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.

With Partners

Extract From 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 achieve mutual advancement. We have established groupwide 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.

1 Ensuring Fair and Impartial Business Practices

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. 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 Subcontractor Act and strengthen control in respect to the law. We also provide ongoing education to relevant departments and individuals.

2 Building Ties with Business Partners

To provide entertainment filled with dreams and excitement to people throughout the world, SEGA must build partnerships with our business partners in all aspects, including development, manufacturing and sales. The SEGA-SAMMY Group actively seeks opportunities to exchange information and views with business partners in an effort to strengthen partnerships in ways that lead to better quality and work improvements.

3 Promoting CSR-based Transactions

As the economy and society become more globalized and diversified, business operations are having a broader scope of impact on society. Given this context, companies are being required to consciously fulfill their social responsibility throughout the entire supply chain. The SEGA-SAMMY Group promotes CSR-based transactions throughout the supply chain by notifying leading business partners of its commitment to following and putting into practice the UN Global Compact’s 10 principles in the areas of human rights, labor, the environment, and anti-corruption, and by requesting their cooperation.



“Jewelpet”
©’08-’14 SANRIO/SEGA TOYS S - S/W-TX-JLPC

Ensuring Fairness in All Respects

Fair and Impartial Business Practices

SEGA 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.

Strengthening the Framework for the Subcontract Act Compliance

A committee established in April 2009 at SEGA to promote compliance with the Subcontract Act works to prevent violations of the law, raise awareness of it, and strengthen control

in respect to the law. In fiscal 2014, we held 11 briefings 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.

Establishment of Procurement Policy

The Amusement Machine Sales Business established a “Procurement Policy” in fiscal 2012. Our basic stance in this policy is to aim for mutual success with our business partners as a result of fair and impartial business practices. Under this policy, our standards for evaluating and choosing business partners incorporate ideas from the Group Code of Conduct and state that we shall strive to conduct trade with due consideration for such factors as compliance, quality, safety, reliability,

environmental protection, information security and occupational health and safety.

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.

Ensuring Fair and Impartial Partnerships

Building Partnerships Based on Mutual Trust

SEGA has a global development and sales structure. In every situation, ranging from development and production to marketing, we coordinate closely with business partners to provide game content in diverse genres worldwide. Looking ahead, we will strive to build lasting relationships of trust with business partners in the quest for mutual prosperity by working together in the pursuit of improved technology and quality as well as economy and efficiency.

Initiatives with Partners Running Amusement Centers

In the Amusement Machine Sales Business, we have 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 recent years, we have adopted a system for updating content through downloadable distribution and introduced a new revenue-sharing business model whereby we sell machines at a lower initial cost and then share proceeds from the machines’ operations with partners that run amusement centers.

In fiscal 2014, we attracted families and women with “Puyopuyo!! Quest Arcade,” the first in the industry to offer basic play free of charge (some units charge), which helped expand the customer base. In fiscal 2015, we also operated the latest version of “CODE OF JOKER Ver.1.2 Re:BIRTH,” with basic play free of charge. This allowed even first-time players to enjoy a trading card game without reserve. Going forward, we will continue working with partners that run amusement centers on the unique measures that will enable centers to attract customers and increase customer satisfaction.

Initiatives with Retailers and Partner Manufacturers

Because we consider retail stores to be a prime point of contact with customers, SEGA plans and holds in-store sales promotions, events, and campaigns nationwide for our home 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. We will continue to build cooperative relationships with partner manufacturers and retailers, particularly with in-store events.



“HERO BANK” in-store event

Working with Partners Overseas

To do business outside Japan, it is important not only to comply with the local law but also pay attention to the culture and its customs. For that reason, we try to build good partnerships with local enterprises knowledgeable of circumstances in their regions.

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 have used such an arrangement to sell non-Japanese manufacturers’ machines, alongside our own products, as their distributor. This gives the public a bigger selection of high-quality amusement machines.

Topics | Proper Management of Chemicals

In fiscal 2014, we formulated the “SEGA Standards for Management of Chemicals in Machines and Products,” in order to properly manage the chemicals contained in the products SEGA sells. We then asked all our suppliers to cooperate in the establishment and operation of a system for the management of chemicals contained in products and shared once again our commitment to ensuring legal compliance and to reducing impact on the global environment.

From here on, we will require suppliers to report the results of a self-audit of the system for the management of chemicals contained in products once a year. The content of the check sheet used in the self-audits was designed to enable self-assessment of the status of achievement by answering questions. We will continue to periodically visit suppliers’ manufacturing sites to confirm their status of establishment and operation of the system for the management of chemicals contained in products. By underlining the idea of not allowing nonconforming products to be put into the production line, not made, and not shipped out, we are striving to ensure the proper management of chemicals.



Cooperation with Production Partners

SEGA is a fabless manufacturer, meaning that we do not have our own production plants, so cooperation with our production partners is of extreme importance. Aside from working closely with our business partners as suppliers, 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 business partner, we require them to undergo a new plant audit, and ongoing clients receive plant audits once a year to ensure stable quality. We inform our business partners of the results of the audit, and if a production partner falls short of our quality targets, we ask them to make improvements by, for example, issuing a countermeasures plan and holding quality meetings. Such a scheme has now been in effect for many years, helping to raise production partner awareness and maintain stable quality.

Coordinating with Suppliers

To ensure product safety and quality throughout the supply chain, we strengthen our relationships with suppliers by holding supplier meetings and using the BATON communication system, which enables smooth information sharing.



A supplier meeting

Staff Comment

Aiming to be Trusted and Depended On

Every day we work with businesses that operate amusement centers, focusing on initiatives to increase customer satisfaction. When making proposals that will help customers have more fun with crane game machines, for example, we actually make an on-site investigation of the amusement center concerned, analyze points for improvement, and suggest methods for displaying prizes and ways of operating the machines. We also installed models with basic play free of charge in the front of centers in an effort to get people who usually do not play amusement games to give them a try unreservedly and discover the unique fun of amusement centers. The thing that is important when proposing measures is to have a firm grasp of the situation in each center and to put our accumulated knowhow into practice in the most suitable way. Going forward, we will keep amassing proposals and experience, aiming to be trusted and depended on by businesses that operate amusement centers, which are our important partners.

Masaki Tsuchiya

Domestic Sales Dept., Amusement Business Headquarters
SEGA Corporation



Ensuring Fairness in All Respects

Fair and Impartial Business Practices and Establishment of Business Partner Consultation Desk

Sammy purchasing policies specify ongoing fairness and impartiality in all purchasing activities in addition to building relationships of mutual cooperation and trust with business partners. Also, an Internal Control Office not directly involved with transactions monitors purchases as a third party to ensure fairness.

We also have internal and external “Sammy Corporate Ethics Hotlines” as contact points to ensure that transactions are sound and based on integrity and mutual trust with our business partners, whom we ask to make the system well known within their organizations and to use it if need be. If we are notified of such lapses in judgment, an officer at corporate headquarters (positioned as a neutral party) will take steps to ensure that partners are not subjected to this kind of treatment.

Business Partner Selection Standards and CSR-based Transactions

Sammy upholds internal rules including Internal Regulations on Managing Outside Orders for Purchasing and 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.”

Also, following the “Group CSR Charter” and “Group Code of Conduct,” we practice purchasing that is mindful of integrity, economy, safety, quality, maintenance needs, technology, the environment and more, and we also work to ensure that trade throughout the supply chain reflects CSR.

Strengthening the Framework for the Subcontract Act Compliance

For Sammy, 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 2014, we gave three training sessions to employees being promoted to positions that would give them a central role in personnel system operations. Thirty-seven individuals took part. Sammy regularly publishes information about the Subcontract Act on “Subcontract Act Web,” a company intranet page dedicated to maintaining awareness of the law. Work processes from ordering to making payments are systematized to prevent human error from causing violations and to continuously comply with and raise awareness of the law.



Staff Comment

Continually Making Improvements and Pursuing Mutual Growth

In fiscal 2014, we held a briefing for about 120 business partners regarding a new estimation system that we will adopt in fiscal 2015. The new system will lead to work improvements for us and our suppliers, including reduction in data entry mistakes and man-hours, paperless processes, and shorter procurement lead times. From here on we will continue to emphasize dialogue with suppliers as we strengthen partnerships in pursuit of mutual growth.

Mitsuteru Yaita

Procurement Dept., Production Control Div.
Sammy Corporation

Stronger Partnerships with Business Partners

Strengthening Ties to Raise Quality and Improve Work Processes

Sammy conducts periodic audits of business partners and also actively creates opportunities to exchange information with them in an effort to strengthen ties, in order to improve quality and work processes based on actual conditions. As a measure to eliminate nonconforming products, we track the defect rates of business partners (parts suppliers) on a weekly, semiannual, and annual basis, and

instruct those with especially low scores to make improvements to fulfill our standards.

Prompted by the Great East Japan Earthquake, we revised the content of our audits to reflect a focus on business continuity and product supply stability. We continued taking surveys to learn the state of quality control and other matters at our business partners, including secondary suppliers, in an effort to strengthen our supply chain and business continuity plan (BCP).

Topics | Joint Quality Conferences

We hold 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.



A joint quality conference, held twice a year with partner companies

With Shareholders and Investors

Extract From 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.

Main Investor Relations in Fiscal 2014

	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Times per year
Financial Results Briefing			○					○					2
Quarterly Financial Results Briefing (teleconference)					○						○		2
Small Meeting					○								1
Individual Meeting (domestic investors)		46 times			60 times			51 times			61 times		218
Individual Meeting (overseas investors)		20 times			26 times			30 times			45 times		121
Facility Tour					○ Orbi Yokohama								1
Overseas Roadshow		○ Asia, Europe					○ North America				○ Asia		4
Conference						○ 2 times					○	○	4
Event for Individual Investors					○								1
Periodic Publications													
Business Report		○						○					2
Annual Report						○							1
CSR Report					○								1
Timely Disclosure													
TDnet (Tokyo Stock Exchange)													Provide information throughout the year based on timely disclosure rules
Website													Provide a wide variety of information throughout the year, including information based on timely disclosure rules as well as management policies, business activities, and more



“Sonic The Hedgehog”
©SEGA

Disclosing Information and Properly Distributing Profits to Shareholders and Investors

Basic Policy on Information Disclosure

The SEGA SAMMY Group 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.

Accessible General Meetings of Shareholders

The 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 2014 meeting was attended by 1,600 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.

Generating Shareholder Returns

Distributing profits to shareholders is a key management priority, and it is our policy to ensure proper returns based on earnings.

Better Communication with Shareholders and Investors

Communication Policy

Through two-way communication with our shareholders and investors, the SEGA SAMMY Group offers accurate information about Group management while receiving valuable opinions on management from our investors, which we then use as management feedback.

Investor Relations

The 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.



At the Nikkei IR Fair



Staff Comment

Valuing Opportunities for Dialogue

In fiscal 2014, we exhibited at the Nikkei IR Fair 2013 STOCKWORLD. We gave mini-presentations in our booth to provide a summary of the Group and explain its growth strategies. This helped individual investors gain a deeper understanding of the SEGA SAMMY Group. Around 17,000 people came to the two-day event and many individual investors stopped by our booth, which was a value opportunity to exchange views. In the future we will enhance our investor relations based on the valuable opinions and questions from investors.

Masahiro Kurosaki

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

Topics | Evaluation of Our Investor Relations

The SEGA SAMMY HOLDINGS Annual Report won an award at Nikkei Inc.'s "Nikkei Award 2013." It received praise for including management challenges pointed out by an outside director and a medium- to long-term strategy story that concisely summed up each business's opportunities and risk as well as how the company is responding to them. Award officials also praised the report's "A to Z" section containing basic information on the business lines of the Group and the business conditions it faces.

Our Group website, moreover, received an excellence award at the 2013 Internet IR Awards of Daiwa Investor Relations Co., Ltd. of the Daiwa Securities Group. This is the longest-running IR site evaluation and commendation program in Japan.



Nikkei Award plaque



Annual Report 2014

With Employees

Extract From 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

Our employees are our most cherished assets. Their creativity and spirit of challenge are the fuel to our growth. It is important to provide comfortable working environments so employees can realize their potential. Motivation comes from ensuring that employees respect each other and communicate as needed. We are bolstering internal communications so our people are mindful of the needs of others during work, thereby improving personal and corporate performance. We are striving to create a workplace environment that will maximize their unlimited potential and cultivate a corporate culture that allows them to perceive their own growth as well as that of the Group.

1 Basic Concept Regarding Human Resources

We, the SEGA SAMMY Group, consider that the creativity and adventurous spirit of each of our respective employees are the source of our development and that "employees are our most important assets (human resources)." We aim to realize the creation of an environment in which employees can enhance their own value and work energetically with a sense of pride and satisfaction.

2 Basic Concept Regarding Occupational Health and Safety

Based on the concept that "the protection of health and safety is our utmost priority," we, the SEGA SAMMY Group, act in compliance with relevant laws and regulations as well as with the voluntary management standards of each company and make efforts, as a group, to create a secure, healthy and safe work environment that is prepared to deal with potential accidents/disasters.

3 Realization of a Harmonious Working Environment

The SEGA SAMMY Group respects individuality and will promote the realization of a culture in which each employee thinks for himself and demonstrates their ability and creativity, thereby enabling each employee to reach their full potential. We also offer a flexible working style that provides an appropriate work-life balance, taking into consideration the balance between each individual's life and work, and, at the same time, promote the realization of a vibrant corporate culture such as through our promotion of diversity.



"Puyopuyo"
©SEGA

Cultivating Social Commitment Among Employees

Personnel System and Treatment

We provide a dual-track career system to support the career development and professional attitude of employees, who can choose between a management path if they wish to be organizational leaders, or a specialist path if they wish to use their own knowledge and technical skills.

Since fair assessments are essential to the proper operation of this personnel system, all 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.

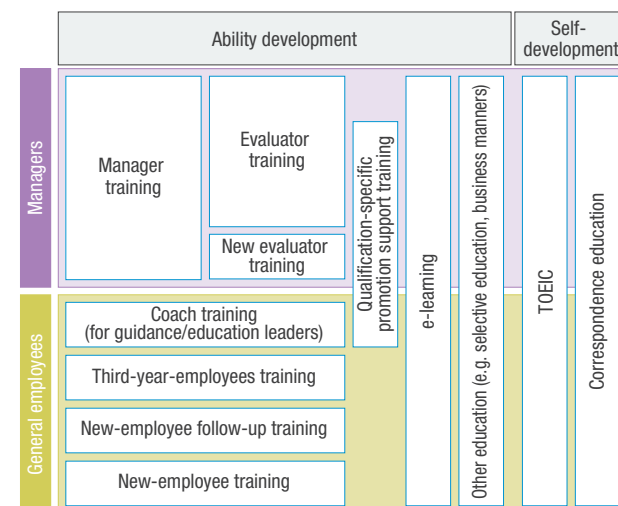
Use and Employment of Diverse People

We hire people without regard to labels like gender and nationality. We provide introductory training for new employees and help them settle smoothly into their assignments. Three months after their joining, 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.

Basic Educational Policy

1. We will develop an educational environment open to all employees.
2. We will support the achievement of performance according to qualifications and roles.
3. We will provide further educational support to persons who have made proactive efforts and have achieved results.

Company-wide Educational System



Better Educational Systems

With the market environment changing rapidly nowadays, individuals need to acquire abilities and skills that are capable of meeting various environmental changes. Accordingly, in fiscal 2014, we developed an environment in which all employees can receive education, in order to maximize the strength of our personnel through the ratcheting-up of company-wide power. We promote the development of employees' abilities and careers through a combination of educational measures common to all employees and those who reflect the characteristics of different ranks, vocations, and departments. These efforts are taken based on our Basic Educational Policy, with the aim of encouraging employees to participate actively and in pursuit of the company's long-term growth and development.

We have adopted an e-learning library system that can be used to learn basic business and management skills, in order to provide all employees with opportunities to learn knowledge and skills appropriate to their individual roles. We provide managers with evaluator training that underlines the importance of and enhances the application of evaluations as well as other training to reinforce management skills. In a month-long company-wide training program, new employees develop the change in mindset needed of working adults and SEGA employees, acquire knowledge and skills, and enhance their ability to get things done. We give questionnaires to participants after each training program, which we use to follow up the training and to increase the level of subsequent measures.

In fiscal 2015, we adopted a coaching system that assigns a coach to each and every new employee in an effort to support their development throughout the workplace and to strengthen the development of young employees through coaching experience. By providing further educational support to employees who demonstrate initiative through this training and who put what they learned into practice in the workplace, we hope they will grow as human resources who will forge the future.

Going forward, we will continue to provide environments in which individuals and organizations can grow, based on each employee's potential and career aspirations.



New-employee training

Staff Comment

Expectations for the Growth and Active Participation of New Employees

Being involved in the month-long training for new employees has been highly stimulating. The training was divided into three major phases: mindset change (going from a student to a working adult), acquisition of abilities and skills, and enhancement of the ability to get things done. What impressed me in particular was the shop training in amusement centers. The aim of this training is to go beyond the mere acquisition of knowledge and to enhance one's ability to get things done by putting what one has learned thus far into practice in a shop. On the final day, there were people who were so glad to have had the training that they were overcome with emotion. It seems that all kinds of feelings welled up in them when, face to face with customers they realized their own immaturity and felt the importance of gaining real experience. Personally, I felt the achievement that what I had been teaching got across. Going forward, I want to continue increasing the level of our educational measures and create environments in which individuals and organizations can grow together.

Shuheji Fujiki

Personnel Dept.
SEGA Corporation



New employees who participated in the shop training



Finding Work-life Balance and Private Lives

More Support for Both Professional and Private Lives

We help employees balance their professional and private lives through childcare and family care leave systems. Personnel department staff members explain our programs and procedures to employees and their supervisors before maternity or childcare leave. We maintain a childcare consultation desk and childcare information bulletin board for exchanging parenting information as ways of disseminating and enhancing our policies. Up-to-date company information is posted on the intranet for employees to read while on leave, which helps smooth their subsequent return to the workplace.

One way that SEGA helps employees participate actively in social initiatives is our volunteer leave program. We additionally are endeavoring to reduce lengthy periods of work and increase the paid vacation usage rate.

Employing the Disabled and Seniors

We have staff in each department to advise disabled employees about their working lives, and regularly interview these employees as part of creating a workplace that facilitates their jobs.

We also rehire retirees according to the standards of their employment status up until mandatory retirement age.

Enhancing Employee Welfare

We have a variety of services to refresh employees' minds and bodies and help them recharge their batteries. These include the SEGA Mileage System that gives employees points each year to spend on various services, and SEGA SAMMY Group resorts. We also offer programs to support employees' livelihoods, such as an asset-building plan to help them build their wealth.

Strengthening Health Maintenance Programs and Promoting Occupational Safety Initiatives

We provide regular health checkups, assistance with complete physicals and offer an employee assistance program (EAP), which is also available to employees' family members, to answer health questions. We employ a full-time industrial health staff and maintain a health management center through which

Childcare and Nursing Leave Programs

Childcare	Childcare leave	Can be used until child reaches age one. If both parents take childcare leave, can be used until child is 14 months old. If it is difficult to get into a childcare facility, parents can use the system until the child begins attending a facility the first April after turning 18 months old.
	Shorter working hours for childcare	Work time can be reduced up to two hours daily until the child enters elementary school. After the child enters elementary school, work time can be reduced up to one hour daily (at the end of the day) until the child finishes third grade. There are no salary reductions until the child reaches age three.
	Child healthcare leave	Up to five days annually for one child (10 days for two or more children) until the child enters elementary school. If an employee has unused paid holidays, they may be allocated for this purpose.
Nursing	Nursing leave	Up to 93 business days per family member requiring care. (Including period of shorter working hours for family care)
	Shorter working hours for nursing	Work time can be reduced up to two hours daily for up to 93 business days per family member requiring care.
	Nursing leave	Up to five days annually for one person in need of care (10 days for two or more). If an employee has unused paid holidays, they may be allocated for this purpose.

employees can consult with internal medicine practitioners, psychiatrists and public health nurses. In these ways we help employees maintain and improve their health.

Our Health and Safety Committee meets monthly. Minutes of committee meetings, along with all types of health and safety information, are made available to employees on an internal website in an effort to encourage employees to be careful and stay informed.

Our Basic Personnel Philosophy and Motivating Our Employees

A Personnel System That Gives All Employees a Professional Attitude

To promote a sense of professionalism and the will to take on challenges among our employees, one program offers them different career paths and lets them choose independently. With both management and specialist paths, we are fostering greater expertise and more clearly defining job roles. We aim to clarify the role expected of each employee, treat employees properly in accordance with their contribution to success in that role and draw out each employee's best performance by recompensing their motivation and results.

We conduct employee satisfaction surveys in order to realize a better working environment. In addition, a self-declaring system for employees to state their preference for career challenges (e.g., job transfers) has been established to elicit the ambition to accept challenges.

Internal Commendation Program

To motivate employees, Sammy runs an internal commendation program to honor those who have made exceptional accomplishments. The President's Awards are given to employees who have done an excellent job of improving work processes, developing something new, making sales and so on. In fiscal 2014, a total of 118 individuals involved in 16 projects received the President's award.

Enhancement of Systematic Educational Systems

Following our personnel management policy that "the organization will take responsibility for fostering members until they develop their full talents," Sammy provides training programs for each rank of employee after they join the company and offers opportunities for talent development.

Rank-Specific Training System

Rank	For	Contents	Period
New managers	New managers	New managers training (management skills, labor management, mental health, evaluation)	4 days
Manager candidates	Manager candidates	Next-generation leaders development training (enhance business performance capacity and problem-solving skills)	2 days
Leaders	Leaders, from their first year	Career training (take stock of oneself and reaffirm one's strengths)	1 day
		Leadership awareness training (strengthen inter-personal influence)	2 days
Mid-level employees	Mid-level employees, from their third year	Career training (take stock of oneself and reaffirm one's strengths)	1 day
		Logical thinking training (strengthen problem-solving and inter-personal negotiation skills)	2 days
New employees	Mid-level employees, in their first year	Training to increase the ability to lead one's juniors (enhance listing skills and learn guidance methods)	3 days
	New employees, in their third year	Presentation training (strengthen presentation technique and persuasive power)	3 days
	New employees, after their first year	New-employee follow-up training	3 days
New employees	New employees, when they join the company	New-employee training and value chain training	5 months

Topics | Enhancing Training Content for New Employees

In fiscal 2015, we extended the training for new employees from one month to five months. 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.



Staff Comment

Fiscal 2015: First Year for New Career Development Measures

In fiscal 2014, we reconsidered our past personnel measures and system, focusing on increasing the capacity of each and every employee and revitalizing organizations. We pulled in many department heads, whose opinions we incorporated as we prepared to implement new career development measures. In fiscal 2015, we will implement specific measures based on four key concepts: job rotation, optimal placement, diverse career formation support, and our self-declaring system. The power of each and every employee is what underpins Sammy's growth. If their capacity can be increased, organizations and the company will grow, and their power will rise manyfold. We are determined to build a firm foundation for employee growth, with a view toward achieving Sammy's goal of acquiring the top share of the market for both Pachislot and Pachinko machines.

Yoshii Asano

Personnel Dept., Corporate Div.
Sammy Corporation



Creating a More Attractive Workplace

Finding Work-life Balance

Sammy's program for childcare and family care goes beyond legal requirements prescribed in the Act on Advancement of Measures to Support Raising Next-generation Children. After an employee has a child, for example, he or she can take special leave and additionally take advantage of our Hello Baby leave system (providing paid leave for up to four days) and our system of shorter working hours for childcare (which has been expanded to cover parents of children through the third grade of elementary school). Through such programs we help employees balance work and parenting and offer a more attractive working environment.

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.

Starting in fiscal 2015, we made it possible for employees whose jobs are confined to certain geographical areas to take healthcare and family care leave in half-day units instead of full-day units. Going forward, we will continue to revise our benefit programs, taking into consideration the diversification of working styles and changes in the age distribution of employees.



Promoting Employment of Persons with Disabilities and Rehiring of Retirees

Sammy takes part in joint interviews at job fairs held for people with disabilities by public and private employment agencies and actively hires from this population. 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.

An Environment for Working with Confidence

Sammy introduced a group long-term disability insurance program

Childcare and Nursing Leave Programs

Childcare	Childcare leave	Can be used until child reaches age one. If both parents take childcare leave, can be used until child is 14 months old. (Can be extended to up to 30 months old if certain conditions met.)
	Shorter working hours for childcare	Work time can be reduced up to two hours daily until child enters elementary school. After the child enters elementary school, work time can be reduced up to one hour daily (at the end of the day) until the child finishes third grade.
	Child healthcare leave	Up to five days annually for one child (10 days for two or more children) until child enters elementary school. If employee has unused paid holidays, they may be used.
Nursing	Nursing leave	Up to 93 business days per family member requiring care. (Including period of shorter working hours for family care)
	Shorter working hours for nursing	Up to 93 business days per family member requiring care.
	Nursing leave	Short-term family care leave (Up to five days annually for one person in need of care. 10 days for two or more). Long-term family care leave (If employee has unused paid holidays, they may be used within those limits.)

(GLTD) in April 2011 to compensate for income lost if illness or injury prevents an employee from working. Because employees are our greatest assets, we implemented a way for the company to absorb part of the risk of being unable to work so that employees can work with confidence.

Occupational Safety Initiatives

Our Health and Safety Committee meets monthly to work for employee health and safety. The Kawagoe Factory conducts what we call 6S patrols,* in which employees check for latent risk factors around them and work for improvements case by case, as part of initiatives built around the unique working characteristics and circumstances of each workplace.

There was one occupational accident in fiscal 2014. We are taking measures to investigate the cause and make improvements in workplaces where this accident occurred while on duty.



Health and Safety Committee meets every month

* At the Kawagoe Factory, "6S" refers to "safety" plus five Japanese terms (all starting with the letter S) relating to orderliness, cleanliness and discipline. 6S patrols aim to promote a good working environment by looking at health and safety issues.

Promoting Mental Health Care and Strengthening Health Maintenance Programs

We believe that prevention is the most important form of mental health care. This includes better self-check functions with a web tool that helps employees monitor their own stress levels. Furthermore, as a measure to enhance line care, new managers receive mental health management training to raise their awareness so that they more quickly recognize changes in their subordinates' conditions. Superiors seek to improve the working environment, and the company provides a system for consulting with an occupational physician or outside medical organization so that illness can be detected and treated early on. Finally, when employees return from leave, their immediate supervisors, an occupational physician and the personnel department collaborate to ensure they get all-round support.

We are also striving to reduce long working hours so that employees remain mentally and physically healthy. Our approach to persons working long hours is systematic. Specifically, we distribute medical questionnaires and provide doctor consultations, get managers to reduce long hours for staff under their immediate supervision and encourage employees to take time off. Sammy is improving its employee health management program by providing health interviews as designated by an occupational physician or nurse based on the results of an annual medical exam. An occupational physician or nurse is always available for consultation during work hours (employees at branches and sales offices can have health interviews via online meetings, etc.).



SEGA TOYS CO., LTD.

Creating a Culture Where Employees Can Play Active Roles Irrespective of Gender

We support work-life balance so that all employees can engage in their work in a state of mental and physical fulfillment. We try to develop environments in which employees can continuously play active roles in accordance with their diverse values and life stages. We also

established no-overtime days and are making efforts to change employees' awareness and behavior, in order to reduce overtime work. The company has a relatively high percentage of female employees, which is a characteristic of businesses that deal in toys. Given this context, various initiatives we have taken, such as increasing the number of female managers and creating an

environment in which it is easy to return to work after taking childcare leave, have produced positive results. Looking ahead, we will strive to create a culture where all employees are full of drive and energy and can play active roles irrespective of gender. (Reference data: Percentage of female employees: 38%; percentage of female managers: 24% *As of June 2014)

Staff Comment

Carving Out New Paths to Make It Easier for Female Employees to Play Active Roles

The number of women working on the front lines has increased, including at SEGA TOYS. When I look back to the time I joined the company, there were few female managers and I remember worrying about trivial matters with no one to consult. From this April, the roles and expectations I am expected to fulfill have mounted, and I feel the pressure. However, I am determined to turn that pressure into energy and to achieve results while enjoying my work on the front. I hope to contribute to the company's growth by showing that kind of attitude of continually embracing challenges to my juniors.

I also hope to serve as a bridge between the management team and female employees in the trenches so as to support the creation of an environment where female employees can play even more active roles.

Naoko Miyazaki

Director
TOY MD Dept., TOY Business Div.,
SEGA TOYS CO., LTD.

TMS ENTERTAINMENT Co., LTD.



Creating a Workplace Environment that Maximizes Employees' Potential

TMS ENTERTAINMENT is aiming to transform into a multifunctional video entertainment company. Seeing employee growth as an important step toward that end, we are promoting the development of employees' abilities and careers. In fiscal 2014, we provided rank-specific training focusing on team building for business managers, reform of awareness and action as well as training in subordinate

development for operations managers, and career planning and partnership communication for general employees. We also expanded employees' learning opportunities, including training to improve skills that are immediately useful and providing an environment where outside seminars are available.

With respect to our personnel system, we try to place the right people in the right jobs and fire-up human resources. Placing importance on women's active participation and career formation, we

have developed an environment where motivated women can work on a long-term basis and shine. At present, five women are playing active roles at the section chief or higher level.

We have adopted a goals management system in our personnel evaluation system. Employees have a feedback interview with their supervisors every six months with the aim of creating an environment where they can engage in work with both sides being satisfied.

Staff Comment

Corporate Growth Depends on Employee Growth

The environment surrounding the animation production business is growing increasingly severe, including a dwindling number of children and diversification of amusements. Given this situation, the roles and scope of work employees must fulfill are also broadening, and the development of human resources who can adapt to the new times is imperative. At TMS ENTERTAINMENT we are focusing on rank-specific training, working to develop as many human resources as possible who recognize the roles required by the organization and can reliably fulfill those roles. From here on we will continue improving the workplace environment and fostering a corporate culture that enables employees to contribute to the maximum of their abilities, aiming to develop employees who will lead the next generation.

Chikako Arai

Personnel Dept., Corporate Div.
TMS ENTERTAINMENT Co., LTD.



Personnel and Labor Data

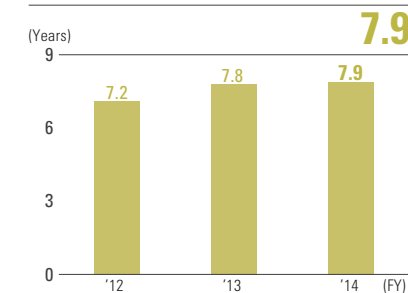
[Scope]

SEGA SAMMY HOLDINGS INC.; SEGA Corporation (including SEGA ENTERTAINMENT CO., LTD.; and SEGA Networks Co., Ltd.); Sammy Corporation; Sammy Networks Co., Ltd.; SEGA TOYS CO., LTD.; TMS ENTERTAINMENT Co., LTD.; and PHOENIX RESORT CO., LTD.

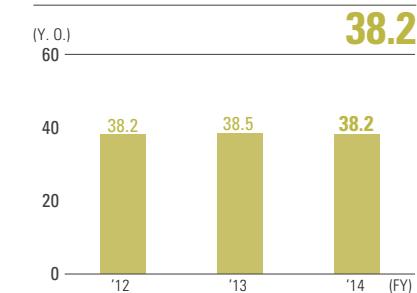
* The consolidated number of employees is given on the Group Overview page (page 6).

* Personnel and labor data were disclosed for SEGA and Sammy until the fiscal 2013 report. From the fiscal 2014 report, five companies were added to the scope so that primary personnel and labor data are now disclosed for seven companies. Together these seven companies cover approximately 70% of the entire Group (percentage of regular employees).

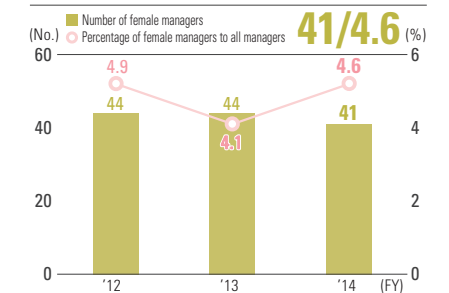
Average length of service



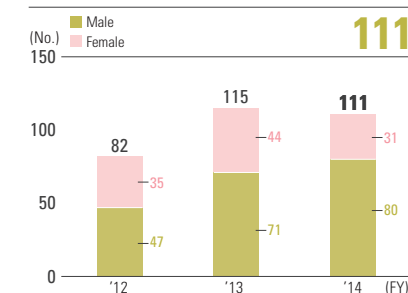
Average age



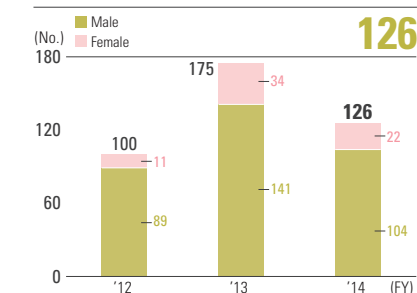
Number and percentage of female managers



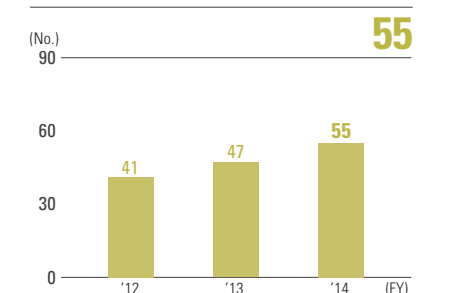
Number of new graduates



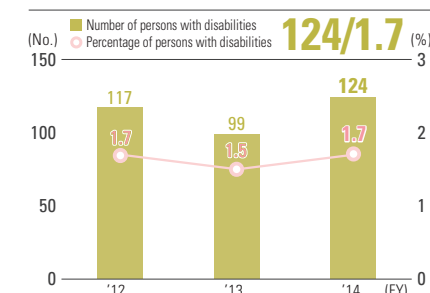
Number of mid-career recruits



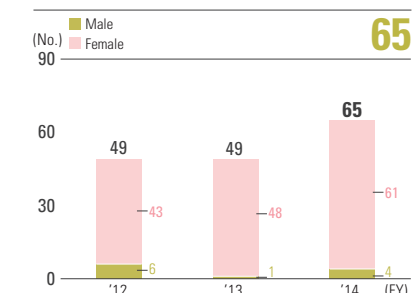
Number of non-Japanese employees



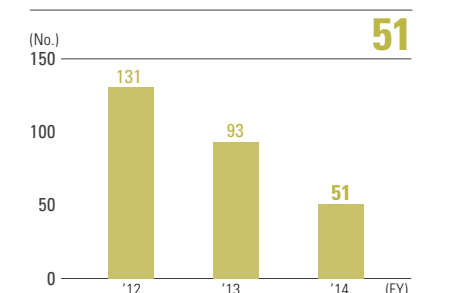
Number and percentage of persons with disabilities



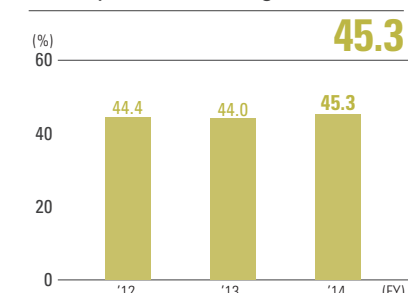
Number of persons taking childcare leave



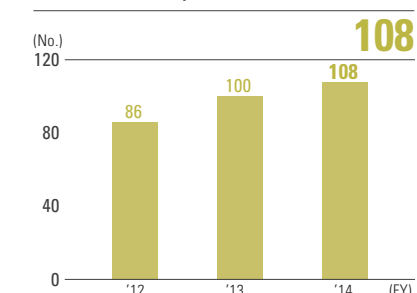
Number of persons taking volunteer leave



Annual paid vacation usage rate



Number of occupational accidents



With Society (Environment)

Extract From Group 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.

1 Environmental Burden and Impact

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.

Going forward, we will strive to reduce our electric power usage by aggressively pursuing improvements such as more efficient use of lighting and air conditioning and switching to energy-saving equipment.

2 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 2014 in our Group.

3 Environmental Education and Awareness Raising

The SEGA SAMMY Group actively promotes environmental education to maintain and advance environmental protection initiatives Group-wide. We enhance all employees' awareness of environmental issues through our intranet as well as a separately produced environmental handbook used as a teaching tool. The environmental handbook has been edited in a straightforward way to encourage environmentally friendly action at the workplace as well as at home, based on knowledge and sensitivity regarding environmental problems. From here on, the entire Group will work at protecting the environment, based on the awareness that environmental protection is a problem that must be addressed seriously by each and every member of society.



Environmental Data

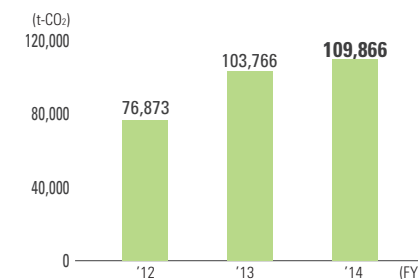
[Scope]

SEGA SAMMY HOLDINGS INC. (HD); SEGA Corporation (including SEGA ENTERTAINMENT CO.,LTD (SE); and SEGA Networks Co., Ltd.); Sammy Corporation; Sammy Networks Co., Ltd. (SNW); SEGA TOYS CO., LTD. (TOYS); TMS ENTERTAINMENT Co., LTD. (TMS); and PHOENIX RESORT CO.,LTD. (PSR)

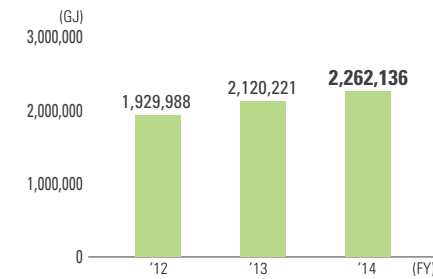
* From the fiscal 2014 report, a portion of SEGA, SNW, TOYS, and TMS were added to the scope so that primary data are now disclosed for seven companies. Some company names have been abbreviated as shown above in parentheses.

* SEGA ENTERTAINMENT CO.,LTD. is composed of an Amusement (AM) Centers Division and a Food and Drink Shops Division (Bee shops). Since the AM Centers Division was included in SEGA until fiscal 2013, the Bee shops portion of the Food and Drink Shops Division was added from fiscal 2014.

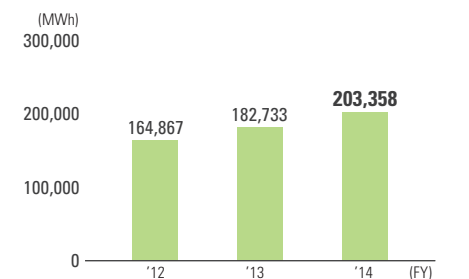
Gross CO₂ emissions



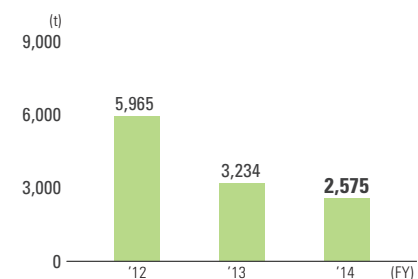
Total energy input



Electricity usage



Industrial waste discharged



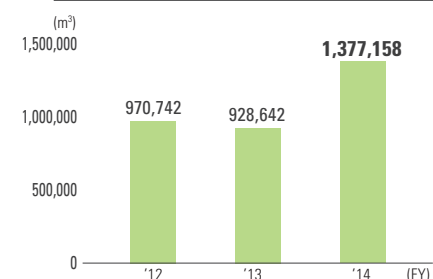
[Number of Facilities]

			FY2012	FY2013	FY2014
Offices			58	70	58*1
Amusement centers	SEGA	Directly operated by SEGA	191	194	—
	SE	Directly operated by SE (AM centers and Bee shops)	—	—	219*2
	SEGA	JOYPOLIS, Orbi	3	2	3
	SEGA	Spa facility	1	1	1
Leisure facilities	PSR		1	1	1
Production sites	Sammy	Kawagoe and old Kawagoe factories	1	2	2

*1 The breakdown of offices is: HD: 4, SEGA: 11, Sammy: 39, SNW: 1, TMS: 2, and TOYS: 1.

*2 AM centers and Bee shops are disclosed as SE, a subsidiary of SEGA, from fiscal 2014.

Water use



[Number of Facilities]

			FY2012	FY2013	FY2014
Offices			42	51	23*3
Amusement centers	SE	Directly operated by SE (AM centers and Bee shops)	—	—	219
	SEGA	JOYPOLIS, Orbi	—	—	3
	SEGA	Spa facility	—	—	1
Leisure facilities	PSR		1	1	1
Production sites	Sammy	Kawagoe and old Kawagoe factories	1	2	2

*3 The reduction from fiscal 2014 resulted from rented offices with fewer than 50 personnel being excluded. The breakdown of offices is: HD: 4, SEGA: 5, Sammy: 10, SNW: 1, TMS: 2, and TOYS: 1.

Status of Eco-friendly Initiatives at Kawagoe Factory

		FY2012	FY2013	FY2014
Amusement machine recycling rate	Recycling rate	97.76%	98.47%	96.58%
Use of environmentally friendly materials	Amount of lumber used	3,145t	1,779t	2,400t*4
	Amount of PEFC-certified lumber*5	1,012t (32.2%)	468t (26.3%)	134t (5.6%)*6
	Adhesives used	2.7t	0.36t	—*7
	Water-based adhesives used	2.7t (100%)	0.36t (100%)	—

*4 The increase is attributable to an increase in production of products that use plywood for board faces.

*5 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.

*6 The decrease is attributable to a decrease in the production of products in which PEFC-certified lumber is usable. (PEFC-certified lumber is used only in Pachinko machines.)

*7 Adhesives are not used as of fiscal 2014, as components now arrive already glued. Our suppliers use only environmentally friendly water-based adhesives.



Continuous Efforts to Protect the Global Environment

The use of electricity, which is an indirect source of CO₂ emissions, is a given throughout SEGA's 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.

Sixth Year of Forest Sponsorship: "SEGA-no-Mori"

In April 2008, SEGA entered into a 10-year "Adopt-A-Forest" partnership with the village of Minamiaiki in Minamisaku District, Nagano Prefecture. The private forestlands that we adopted (about 3,633 ha or roughly 773 times the area of Tokyo Dome) are called "SEGA-no-Mori" (SEGA Forest).

The amount of CO₂ sequestered through the maintenance of "SEGA-no-Mori" increased from an initial 122.6 t-CO₂ to 1,754.8 t-CO₂ in fiscal 2014. This offsets four years' worth of indirect CO₂ emissions from an average amusement center.

"SEGA-no-Mori" is also used as a place to foster an awareness of global environmental protection among employees.

Presenting us with a "Certificate of Amount of CO₂ Sequestered by Forest," Nagano Prefecture praised SEGA for sequestering CO₂ by maintaining "SEGA-no-Mori" in fiscal 2014. The amount of CO₂ sequestered in fiscal 2014 was 1,754.8 t-CO₂.



Learning About Nature

The SEGA Sammy Group hopes to hand down to future generations an attitude of cherishing nature. In line with that desire, it holds events for its employees and their families to learn about nature together through experiences such as clearing undergrowth, harvesting crops, catching fish, and other activities that change every year.



Forest Maintenance

Under the direction of local villagers who look after and maintain "SEGA-no-Mori" on a routine basis, we hold an annual forest maintenance experience, including pruning and thinning, as an opportunity to learn through one's own experiences the importance and rigors of forest maintenance.



Interacting with the Local Community

In Minamiaiki, the villagers teach us things that we cannot feel in everyday city life, such as the harshness and importance of nature. They impart these truths through stories about village history, hiking tips, how to enjoy oneself on a river, and the difficulties of growing delicious vegetables.



Located along the border with Gunma Prefecture in the southeast of Nagano Prefecture, where gushing rivers flow as if stitching the valleys together, the village of Minamiaiki is richly endowed with nature. Mountains, forests, and fields cover 80% of its total area.

• Minamiaiki website:
<http://www.minamiaiki.jp/>

This sign was set up in 2008, the year we adopted and created "SEGA-no-Mori." Students in the first to the sixth grade at Minamiaiki Elementary School drew pictures for the sign on the theme of "the ideal forest." In 2014, the year the last of these students graduated elementary school, the new group of first to sixth graders drew pictures depicting a "future nurtured together with nature" for a new sign, which is the symbol of "SEGA-no-Mori."



Stakeholder Comment

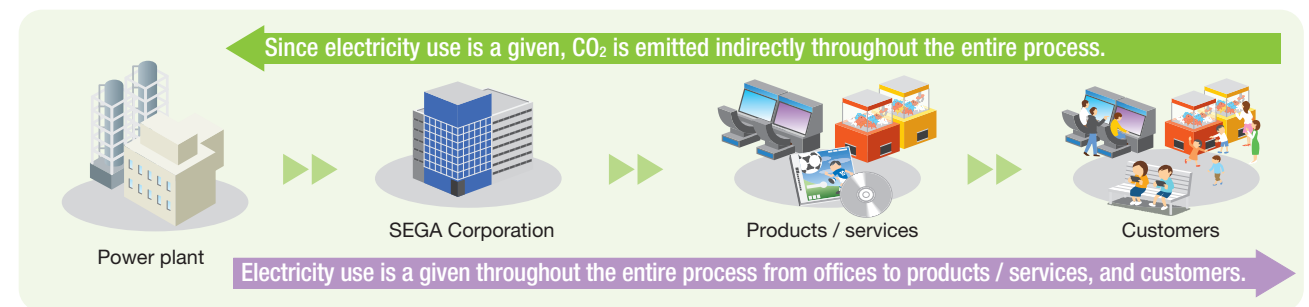


Sharing Each Other's Merits

Takehiko Kikuchi

Mayor of Minamiaiki Village
Minamiaiki, Nagano Prefecture

In Minamiaiki we are working together with residents to create a vibrant town, aiming to be a "village where people can live an enriched life at ease" and a "village with a future." Since we signed an adopt-a-forest contract with SEGA in 2008, the company has not only engaged in forest development; it has also sent us invitations to TOKYO JOYPOLIS and SEGA SAMMY Baseball Club games. We are sincerely grateful for these and the many other opportunities for exchange provided by the company. I think that the creation of ties between companies and communities formed in this way—with deeper interaction and the sharing of each other's merits—is very important for handing down an enriched society to future generations. I hope that SEGA will continue to deepen and broaden such connections, for the benefit of Japan and the world.



Environmental Protection Initiatives Through Business

Making Products Energy Efficient

The Production Engineering Department holds committee meetings to work on improving convenience in operating amusement machines. Through this initiative, we have made efforts to commercialize energy-saving, highly energy-efficient amusement machines by actively using low-energy components such as LED and liquid crystal displays, providing a separate

lighting switch, and including an eco-mode that reduces power consumption during standby.

We included an eco-mode in "Hokuto No Ken BATTLE MEDAL," which we started selling in fiscal 2014, and it has had a significant effect in saving electricity.

Efforts to Use Resources Effectively and Extend the Life of Products

SEGA strives to reduce waste by designing components for current amusement machines so that they can be reused in new products, such as diversion from "StarHorse2 FINAL DESTINATION" to "StarHorse3" and "StarBoat." Furthermore, through design reviews that include the sales department, we design products with a view to daily maintenance and periodic inspections. We provide stores with manuals that clearly describe those steps, which helps extend the life of products.



Hokuto No Ken BATTLE MEDAL
©Buronson&Tetsuo Hara/NSP1983,
©HPS2007 Approved No.FGA-704
©Sammy
©SEGA

20% energy savings
effect attained
with eco-mode

Recycling Amusement Machines

We try to extend the life of machines through thorough maintenance in amusement centers, but have no choice but to discard some machines. SEGA LOGISTICS SERVICE CO., LTD., which handles distribution, disassembles those machines by hand and recycles all of the materials. By having intermediate industrial waste processing firms come to our distribution centers, we have established a nationwide recycling system that reduces the cost and fuel consumption for transporting discarded machines and prevents illegal dumping. We have also eliminated disposal in landfills and by simple incineration.



Recycling through disassembly by hand

Other Environmental Protection Initiatives

Environmental Activities in Offices

We take energy-saving measures such as thinning out the number of lights and restricting air-conditioner use at the head office and other sites. We also promote various other initiatives that will translate into energy savings, resource conservation, and cost reductions.

We reduced the resources and costs needed to lay network cables and telephone lines by installing such systems as voice-over IP together with a complete wireless LAN network. By using a document-sharing tool over the network, providing each floor and conference room with projectors, and using and optimally positioning multifunction peripherals that require

personal authentication when printing, we are also reducing paper resource use. We also upgraded and expanded our teleconferencing system to reduce the impact of the time needed to travel back and forth between locations.

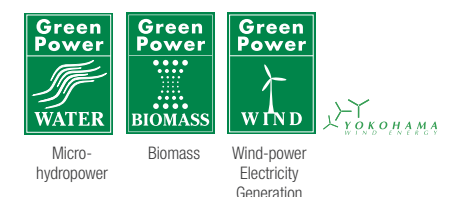
From here on we will investigate the use of each system and make further improvements.

SEGA 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 95,504 kilowatt-hours of power in fiscal 2014.

Green Power Certificates



Environmental Protection Initiatives in Factories

Promoting 3R Practices

Since Pachislot and Pachinko machines are subject to the Act on the Promotion of Effective Utilization of Resources, Sammy thoroughly practices the 3Rs (reduce, reuse and recycle) with specific initiatives for each production process and product. In fiscal 2014, our recycling rate for amusement machines was 96.58%. (This does not include thermal recycling.)

[Initiatives at the design and development stage]

At the design and development stage, we limit substrate types and take other steps to enable their common use across the range of products in an effort to ensure that any excess components can be used in other products. We are making every effort to use resources effectively and reduce waste by aggressively shifting to common components across four Sammy Group companies (Sammy Corporation, TAIYO ELEC Co., Ltd., RODEO Co., Ltd., and GINZA Corporation).

[Initiatives at the production and transportation stage]

At the production stage, we actively recycle or properly dispose 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 new distribution center on land adjacent to a new factory. By establishing a distribution center at a manufacturing site, we were able to consolidate the previously scattered function of parts warehousing, which translated into reduced energy use for transportation. It also helped us to streamline recycling and reuse.

[Initiatives at the disposal stage]

To ensure that used Pachislot and Pachinko machines are properly disposed of after being enjoyed by many people, we accept trade-ins of our products and also conduct proper recycling through an industry group take-back system, among other steps.

Green Purchasing Initiatives

At the Pachislot and Pachinko machine design and development stage, Sammy practices green purchasing, procuring low-impact materials like lead-free soldered parts and wood that has received forest certification, and by recommending that suppliers use water-based adhesives.

Making Amusement Machines Energy Efficient

Sammy provides amusement machines with eco-features that are uniform across the industry, in order to keep power consumption in amusement machines in check. These features include adjustable settings for sound volume and turning off or dimming lighting during play and standby, which reduces power consumption without hindering play.



A mark is displayed on products that have eco-features.

Topics | Cutting Packaging Use during Delivery and Transport of Unit Items

We have reduced packaging use during delivery and transport of unit items by adopting a form of packaging that does not use cardboard. Moreover, we increased load efficiency in trucks transporting amusement machines by using shelving decks to double-stack.



Topics | Participating in a Collection System for Used Amusement Machines

Sammy participates in a collection system for used amusement machines organized by Nikkoso*. This is an initiative to implement more advanced recycling (weight reduction and other appropriate treatment) by having manufacturers that have a thorough knowledge of the characteristics and construction of the products process used machines in cooperation with game halls, transporters, and disposal companies. Nikkoso has received certification from Japan's Ministry of the Environment for this system. Sammy has participated in this initiative since 2010 to ensure proper handling of used amusement machines all the way until the completion of final disposal.

* Nikkoso: The Nippon Yūgikikogyō Kumiai (Japan Game Machine Industry Association) is an association of 35 companies that manufacture Pachinko and other amusement machines. It works on a daily basis to ensure that these machines can be enjoyed with peace of mind as familiar and easy popular entertainment.

Environmental Protection Initiatives in Offices

Energy-saving and Resource Conservation Initiatives in Offices

Thus far Sammy has been making steady and thorough efforts that translate into energy and resource conservation, such as managing air-conditioner temperature settings, reducing the number of lights installed, setting PCs to go into sleep mode when not in use, and undertaking zero-waste initiatives. In fiscal 2014, we took a variety of initiatives to promote further

energy and resource conservation and cost reductions, including using and optimally positioning new multifunction peripherals, providing meeting spaces with shared computers and projectors, switching from desktop to notebook computers, and adopting tablets. This has reduced energy and paper resource use and has also led to improved work efficiency. From here on we will continue investigating the effects and use of each system and make further improvements.

With Society (Serving Society)

Extract From Group 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 a commitment to help build a prosperous society through our core entertainment business, the Group's individual companies and workplaces maintain an active dialogue with members of the community and take initiatives to benefit society. Such initiatives also encourage each employee to grow and unify us in our aspiration for a stronger Group.

1 Initiatives to Serve Society

We continue to support a wide range of activities throughout the year to contribute to society not only by prospering in business but also by contributing to the development of cultural activities including art and sport. In particular, we are putting effort into development of the next generation. Each group company makes use of its resources to actively create places that give dreams and inspiration to children.

Social Support



Sports, the Arts and Other Cultural Activities



Community Activities



"THE ADVENTURE OF PANDA AND FRIENDS"
©TMS

* Group initiatives to support recovery from the Great East Japan Earthquake are reported on pages 15–16.
* Social contribution activities are also reported in the overviews of Group companies on pages 56–57.

Social Support
Campaign to Deliver Picture Books



As part of its international contributions, the SEGA SAMMY Group is associated with a campaign of the Shanti Volunteer Association to provide picture books to children. (This campaign provides Japanese picture books with stickers giving the words in the local language to Cambodia, Laos, Myanmar refugee camps, and Afghanistan, which are 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.) We purchase picture books with the money raised by collecting unwanted old books and other items from Group employees, paste into them stickers with translations into the local languages, and then send them to those locations. In fiscal 2014, the sixth year of this initiative, employees of 24 Group companies took part. With the total funds raised (including 10-yen donations collected through vending machines, which we started the previous year), we produced 220 picture books. Thus far, the Group has sent a total of 838 books.



絵本を届ける運動2013

Sports, the Arts and Other Cultural Activities
Support for Japan Cross-Country Skiing Team



The Japan Cross-country Skiing Association for the Disabled makes efforts to open up cross-country skiing to persons with disabilities and other relevant persons in Japan, to increase competitive abilities, and to promote and popularize the sport. The SEGA SAMMY Group provides continuous support to the national team formed with the Association as its parent organization. We will continue to support athletes undertaking daily strenuous training with the hope of giving young people with disabilities the dream of making it to the Paralympics or other goals.



Athletes visiting Holdings



A commendation received in July 2014 for organizations providing distinguished service to sports

Sports, the Arts and Other Cultural Activities
SEGA SAMMY Cup Presents Junior Sports Festival



In conjunction with the Nagashima Shigeo Invitational SEGA SAMMY Cup Golf Tournament, the SEGA SAMMY Group has continued to host sports clinics for elementary and middle school students since 2006 with the goals of community sports promotion and regional development. The Junior Sports Festival is growing year after year with the cooperation of Chitose, the city where the festival is held, as well as the nearby cities of Eniwa and Tomakomai. In 2014, a total of 1,500 students took part in clinics held in 16 different sports. Current and former athletes in each sport conveyed the fun of competition to children while providing broad instruction ranging from basics to practice and mindset. Instructors included Takeshi Matsuda (SEGA SAMMY Holdings), a medalist in swimming at the Beijing and London Olympics, and Taichi Sasaki, a former All Nippon Volleyball team player.



Community Activities
Flowers Planted by Local Kindergarteners



Every spring we ask children from a kindergarten near Oasis Park in Kakamigahara, Gifu prefecture to help us plant flowers in the park. After planting torenia, which bloom from June to October, in front of the aquarium, we finished off the day with a bird's-eye view of the park from the Ferris wheel. We plan to continue this activity, which allows kindergarteners, who usually do not handle greenery and soil, to feel close to nature through flower planting.



Community Activities
North Welcome Flower Road



SEGA SAMMY GOLF ENTERTAINMENT INC. set up 28 flower planters in Shinseicho and Rankoshicho and in front of the main entrance to the North Country Golf Club. This activity, which coincided with the opening of the Chitose Welcome Flower Road in the city of Chitose, has been continued since 2011 with the cooperation of members of the local neighborhood associations. We planted nearly 400 multicolored flowers to delight the eyes of tourists from outside Hokkaido and visitors to the club.



Social Support
Donating and Disinfecting Toys in Collaboration with NPOs



Wishing to remove social challenges as much as possible through our core business, we donate toys from SEGA TOYS CO., LTD. to non-profit organizations (NPOs). This year was the fifth time we engaged in this initiative, which we have continued since fiscal 2010. The Group selects NPOs to receive donations together with the Japan NPO Center.

In fiscal 2014, we donated around 400 toys to the Specified Non Profit Organization Family House, which provides accommodation support to the families of children undergoing treatment for cancer and other intractable diseases. Our staff members regularly visit the facility and work with general volunteers to disinfect and repair toys and plush dolls.



Sports, the Arts and Other Cultural Activities
Baseball Clinics and SEGA SAMMY Cup Children's Rubber Baseball Tournament



Since 2008, members of the SEGA SAMMY Baseball Club have been participating as instructors in the Tokyo Kids Baseball Academy, which is held to increase the level of children's baseball in Tokyo. They provided coaching on basic defense and batting practice as well as plays that are useful in actual games to 13 teams (260 kids) from Edogawa in November 2013 and 17 teams (250 kids) from Hachioji in January 2014.



The SEGA SAMMY Cup Children's Rubber Baseball Tournament, for which SEGA SAMMY provides the baseball field and supports the tournament administration, was held for the fifth time this year. The SEGA SAMMY Baseball Club will continue engaging in baseball clinics and other activities to contribute to the formation of a bright and healthy society through sports.

Sports, the Arts and Other Cultural Activities
The 13th Tokyo Jazz Festival



The SEGA SAMMY Group provides special support for one of Japan's largest jazz festivals, held every summer at Tokyo International Forum. We have given continuous support to the event since its founding 12 years ago and we will keep contributing to the development of new culture in Tokyo.



©Hideo Nakajima

Community Activities
Interaction with the Community



SEGA makes donations to the Haneda Shrine's summer festival in July and provides beverages from a rest station on our grounds for carriers of the "children's portable shrine." Our employees are also active participants in monthly litter pickups 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 more close interaction with the community in the future.



Social Support
Promoting the Pink Ribbon Campaign from the Bottom Up



Sammy's Osaka branch has been participating in the Pink Ribbon Campaign since 2012. The campaign, which is aimed at the eradication of breast cancer, started with calls from numerous employees. With the cooperation of customers and suppliers, charity holes are set up in golf competitions held every spring and autumn. Those funds are combined with donations put in a donation box permanently installed in the reception desk in the office and are donated to the Japan Pink-Ribbon of Smile and Happiness campaign. In fiscal 2014, we donated a total of ¥204,495.



Support for Koedo Kawagoe Marathon 2013



In the event held in November 2013, 10,016 runners ran in the marathon. Eighteen Sammy employees joined volunteers handing out water to runners along the road while 74 Sammy and Group employees and suppliers participated as runners. With over 10,000 runners and a great number of volunteers, it was a day for genial civic interaction.



Showroom Opened to Senior Citizens



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. Thus far we have held this event 181 times with the participation of 1,359 people (as of March 31, 2014). During the event, care workers accompany the seniors, with whom we have amicably become better acquainted. Our branches in Sendai, Sapporo, and Hiroshima also conduct this activity.

Additionally, in fiscal 2014, we participated in visits to geriatric health care institutions conducted by Nichidenkyo*¹ in response to the results of a demonstration study showing that playing Pachislot machines contributes to the prevention and improvement of cognitive function decline. Sammy supported this initiative by bringing Pachislot machines and giving seniors advice on how to play them.



Topics | Cooperation in a Demonstration Study on Brain Activity Caused by Playing Pachislot Machines

Sammy participated as a committee member in a demonstration study on brain activity caused by playing Pachislot machines, which was conducted by Nichidenkyo and KAIDOU-YUSHO Cooperative*² in 2013. The growing numbers of people with dementia has become a major problem in Japan, where the population is aging. Given this situation, Nichidenkyo and KAIDOU-YUSHO Cooperative asked Professor Kikunori Shinohara of Tokyo University of Science, Suwa, an expert in brain science and health science, to conduct a demonstration study on the potential of Pachislot playing in the field of brain activity. The results showed that Pachislot training stimulated brain activity in subjects aged 50 and older and contributes to prevention and improvement of cognitive function decline.

Stakeholder Comment



Kikunori Shinohara
Professor, Faculty of Center of Education
Tokyo University of Science,
Suwa, Japan

Looking Forward to the Creation of New Value

It had already been recognized that playing Pachislot stimulated brain function in the young-adult segment. The main purpose of this new study was to ascertain brain stimulation attributable to Pachislot playing in people aged 50 and older, which is when cognitive function begins to fall. The results showed activation of the parietal lobe and left frontal lobe, which are involved in spatial cognition. One month of using a Pachislot machine showed the effect of increasing cognitive function. Research conducted at Harvard University in the U.S. has suggested that play and leisure rank alongside exercise and nutrition in helping prevent decline in cognitive function. I look forward to the time when game halls go beyond places for play and become places that also provide health service to senior citizens.

Staff Comment

Proactively Contributing to Society as a Responsible Industry Leader

The Public Relations Department undertakes a variety of initiatives beyond Sammy's individual affairs. For example, we cooperate with industry organizations to which the company belongs, working on efforts aimed at restoration of the industry under the guidance of regulatory authorities and supporting activities that make use of business characteristics to contribute to society. In fiscal 2014, we participated and cooperated in such initiatives as a demonstration study on brain activity attributable to playing Pachislot machines and visits to geriatric health care institutions conducted by Nichidenkyo. From here on we will continue making efforts to contribute to the development of the industry and the development of society as a responsible industry leader.



Toshihide Yamazaki
Public Relations Dept.
Intellectual Property &
Public Relations Div.
Sammy Corporation

*¹ Nichidenkyo: Japan Electric Game Machine Industry Cooperative. An organization that focuses mainly on facilitating revitalization and restoration of the Pachislot (slot machines) market.

*² KAIDOU-YUSHO Cooperative: Slot Machine Business Cooperative. A cooperative business association, organized by over 500 companies that mainly sell Pachislot, aiming for sound management of and awareness building in the Pachislot and Pachinko industry.

Overview of SEGA SAMMY Group Companies in Japan & Some CSR Initiatives

*As of July 31, 2014

We are expanding our business as a versatile entertainment company group engaged in the production of toys, mobile phone content, and animation among other products, centered on game manufacturer SEGA and Pachislot/ Pachinko manufacturer Sammy.

SEGA Corporation



- Canal Side-Bldg., 1-39-9, Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-8583
- Development, production, and sales of amusement machines; development and operation of amusement centers; development and sales of game software

→CSR initiatives are introduced throughout this report.

Sammy Corporation



- Sunshine 60, 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo 170-6029
- Development, production, and sales of Pachislot and Pachinko machines

→CSR initiatives are introduced throughout this report.

Sammy Networks Co., Ltd.



- Izumi Garden Tower 8F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6008
- Provider of game-related content for mobile phones and PCs

We held joint Family Day for employees and their families from three Group companies: Sammy NetWorks, SEGA Networks, and Butterfly. A large number of employees and their family members, from children to adults, had fun touring the office. As a motivator underpinning employees' drive, families are important stakeholders. From here on we will continue holding events that bring employees and their families together.



SEGA TOYS CO., LTD.



- Ebisu Prime Square 8F, 1-1-39 Hiroo, Shibuya-ku, Tokyo 150-0021
- Planning and production, distribution of toys

We have participated every year as a special sponsor of the Tohoku Child Expo since its first year (2011). In October 2013, we inspired and brought smiles to the faces of children at this event by providing a lot of toys.



TMS ENTERTAINMENT Co., LTD.



- 3-31-1 Nakano, Nakano-ku, Tokyo 164-0001
- Planning and production, distribution, export of animation

We hold a year-end Thank You Party as an annual event. We express our appreciation for the year and attempt to strengthen relationships with suppliers and customers whom we are indebted to on a routine basis.



TAIYO ELEC Co., Ltd.



- 1-11-12 Meiekininami, Nakamura-ku, Nagoya City, Aichi 450-0003
- Development, production, and sales of Pachislot and Pachinko machines

We have an ongoing volunteer blood donation program that started with calls from employees. The program is implemented once every year with the cooperation of the Aichi Red Cross Blood Center. This year was the fifth time, and 22 officers and employees working at the head office participated. We will continue this effort, in order to contribute widely to society.



ATLUS CO., LTD.



- Sun Towers Center Bldg., 2-11-22 Sangenjaya, Setagaya-ku, Tokyo 154-0024
- Digital game business; development of consumer software

ARUTEMATE Co., Ltd.



- Ichikyudo Bldg. 5F, 1-9-5 Tsukiji, Chuo-ku, Tokyo 104-0045
- Production and sales of sound sources; production of music events, merchandise

Index Corporation



- Carrot Tower, 4-1-1 Taishido, Setagaya-ku, Tokyo 154-0004
- Content and solutions business and related businesses

WAVEMASTER, INC.



- Megurosumiya Bldg. 4F, 3-9-13 Shimomeguro, Meguro-ku, Tokyo 153-0064
- Production of music CDs and DVDs, music publishing

f4samurai, Inc.



- VORT Akihabara Bldg. 4F, 2-7-3 Kandasuda-chou, Chiyoda-ku, Tokyo 101-0041
- Planning and development of apps for SNS and smart devices; planning and development of web services

OASIS PARK Co., Ltd.



- 1564-1 Kawashima Kasada-machi, Kagamihara City, Gifu 501-6021
- Planning, development, operation and management of the Gifu Prefectural Freshwater Fish Park (Oasis Park); planning, development, operation and management of commercial facilities at highway parking areas; consulting services for the aforementioned businesses

We were selected for the Carbon Offset Certification Acquisition Support

Project in fiscal 2014 as a result of using the local Gifu J-VER carbon offsetting scheme for CO₂ emissions associated with electricity usage for the Ferris wheel that is a symbolic facility within the park.



GINZA Corporation



- Sunshine 60 28F, 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo 170-6028
- Development, production, and sales of Pachislot and Pachinko machines

JINNI'S Inc.



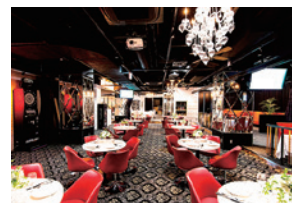
- 5-7-18-2F, Jingumae, Shibuya-ku, Tokyo 150-0001
- Designing, production of computer graphics

SEGA ENTERTAINMENT CO.,LTD



- Canal Side-Bldg., 1-39-9, Higashi Shinagawa, Shinagawa-ku, Tokyo 140-8583
- Establishment and operation of entertainment facilities and dining darts bars as well as franchise operations, etc.

As a business serving alcohol, we take the responsibility to prohibit minors from entering any of our food and drink shops and to be thorough in checking the age of customers who do enter so that all customers can use our shops comfortably and with peace of mind.



<p>SEGA SAMMY GOLF ENTERTAINMENT INC.</p> <ul style="list-style-type: none"> • The North Country Golf Club, 26 Rankoshi, Chitose, Hokkaido 066-0068 • Management and operation of The North Country Golf Club in Hokkaido <p>We used part of the ticket revenue from the SEGA SAMMY Cup golf tournament to donate two wheelchairs to the Tomakomai Social Welfare Council and to make donations to the local Shinseicho and Rankoshicho neighborhood associations as well as the Tomakomai Minpo Volunteer Fund.</p>	 
<p>SEGA SAMMY CREATION INC.</p> <ul style="list-style-type: none"> • Sunshine 60 39F, 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo 170-6039 • Development, production, and sales of casino machines 	
<p>SEGA Networks Co., Ltd.</p> <ul style="list-style-type: none"> • Izumi Garden Tower 9F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6009 • Business involved in the planning, development, design, sales, delivery, management and operation of products and services that utilize the Internet and other means of communication 	
<p>SEGA LOGISTICS SERVICE CO., LTD.</p> <ul style="list-style-type: none"> • Toho Bldg., 2-1-18 Higashikojima, Ohta-ku, Tokyo 144-0033 • Logistics services; logistics management services; logistics system design; loading and installation services; maintenance services; sales of packaging materials and packaging products; sales of electronic parts and OA supply parts; repair and maintenance of electronic equipment and machinery; sales of reusable parts for amusement machines; rental and sales of amusement machines <p>Once again we exhibited free of charge at the Manufacturing Fiesta in the city of Sakura, Chiba Prefecture. We have a high profile locally, and city residents say that they look forward to the exhibit every year. Going forward, we will continue striving to create a community-based company.</p>	 
<p>DARTSLIVE Co., Ltd.</p> <ul style="list-style-type: none"> • Ebisu Bussiness Tower Bldg. 18F, 1-19-19 Ebisu, Shibuya-ku, Tokyo 150-0013 • Planning, development and sales of game machines and game software; management, operation, and maintenance of computer network systems; event planning, drafting, and management; information provider <p>We provide on-going support for the activities of the University Darts League, a darts organization for students from about 60 universities, mainly in the Kanto region. From here on we will deepen collaboration with student darts organizations and darts clubs in an effort to further promote darts.</p>	 
<p>D×L CREATION Co., Ltd.</p> <ul style="list-style-type: none"> • Ebis ST Bldg. 4F, 3-24-2 Higashi, Shibuya-ku, Tokyo 150-0011 • Production of stage programs; performance and planning of related products, development, manufacture and sales 	
<p>Telecom Animation Film Co., Ltd.</p> <ul style="list-style-type: none"> • 3-31-1 Nakano, Nakano-ku, Tokyo 164-0001 • Development and production of TV, video, commercial and full-length theatrical animation films 	
<p>TOCSIS INC.</p> <ul style="list-style-type: none"> • Premium U-Zone 4F, 2-23-12 Higashi, Shibuya-ku, Tokyo 150-0011 • Planning and production of video and digital content, including games, Pachislot and Pachinko machines, films, TV commercials and video packages 	
<p>TMS PHOTO CO., LTD.</p> <ul style="list-style-type: none"> • 3-31-1 Nakano, Nakano-ku, Tokyo 164-0001 • Production of video animation 	

<p>TMS MUSIC, CO., LTD.</p> <ul style="list-style-type: none"> • 3-31-1 Nakano, Nakano-ku, Tokyo 164-0001 • Production and management of animation music 	
<p>Japan Multimedia Services Corporation</p> <ul style="list-style-type: none"> • Akihabara Business Center, 1-1 Akihabara, Taito-ku, Tokyo 110-0006 • Information provider; call center outsourcing; temporary staffing <p>We provide “Smile Call,” a directory assistance service for persons with disabilities. The service makes 104 directory assistance charges and the associated call charges free for persons who use mobile phones from major communications carriers. The purpose is to make mobile phones more convenient for persons with disabilities.</p>	 
<p>HONEST Co.,LTD.</p> <ul style="list-style-type: none"> • OZAWA Bldg. 5F, 1-6-6 Jinnan, Shibuya-ku, Tokyo 150-0041 • Temporary staffing; human resource introduction business 	
<p>InfiniTalk Co.,Ltd.</p> <ul style="list-style-type: none"> • Akihabara Business Center, 1-1 Akihabara, Taito-ku, Tokyo 110-0006 • Development and sales of software; system integration for call centers; establishing and consulting for communication networks 	
<p>patina Co., Ltd.</p> <ul style="list-style-type: none"> • MEIEKI IMAI Bldg. 9F, 4-10-25 Meieki, Nakamura-ku, Nagoya City, Aichi 450-0002 • Temporary staffing; human resource introduction business 	
<p>Hivecreation Co,Ltd</p> <ul style="list-style-type: none"> • Kakyoin Bldg. 8F, 2-1-14 Kakyoin Aoba-ku, Sendai City, Miyagi 980-0013 • Rental of darts machines; retail and wholesale of dart supplies; event planning and management 	
<p>Butterfly Corporation</p> <ul style="list-style-type: none"> • Izumi Garden Tower 8F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6008 • Planning, development, management, and consignment of game-related content for mobile phones, PCs, and smart devices 	
<p>PHOENIX RESORT CO.,LTD.</p> <ul style="list-style-type: none"> • 3083 Aza Hamayama, O-Aza Shioji, Miyazaki City Miyazaki 880-8545 • Development and operation of resort facilities, including hotels, golf courses and international conference halls <p>We have prepared barrier-free rooms so that anyone can have a comfortable stay, including guests with small children, persons with disabilities or a temporary decline in physical function, pregnant women, and senior citizens.</p>	 
<p>MARZA ANIMATION PLANET INC.</p> <ul style="list-style-type: none"> • NYK Tennoz Bldg. 18F, 2-2-20 Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-0002 • Production of CG animation, planning and production of animated movies for theatrical release, licensing, etc. <p>We provide company tours for students who wish to tour an animation company. In fiscal 2014, a total of 109 students came and toured the company, and were filled with hopes for the future.</p>	 
<p>RODEO Co., Ltd.</p> <ul style="list-style-type: none"> • Sunshine 60 28F, 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo 170-6028 • Development, production, and sales of Pachislot machines 	
<p>Liverpool Co.,Ltd.</p> <ul style="list-style-type: none"> • Yoshida FG Bldg. 2F, 3-17 Kandajinbocho Chiyoda-ku, Tokyo 101-0051 • Production and sales of entertainment products 	

Third-party Comment on SEGA SAMMY Group CSR Report 2014



Yoshinao Kozuma

Professor, Faculty of Economics
Sophia University, Japan

The following description is the author's subjective view on the SEGA SAMMY Group's CSR Report 2014, particularly clarifying how the Group's CSR management has been improved during the reporting period and what challenges remain to be addressed.

1 On-going Support for Disaster-affected Areas

Immediately after the Great East Japan Earthquake three years ago, the SEGA SAMMY Group began efforts in support of areas affected by the disaster, which continue to this very day. This support consists of three kinds of activities: spirit-raising events supporting the disaster-affected areas, Group employee volunteer activities, and new employee training. The spirit-raising events in particular make the most use of the SEGA SAMMY Group's business characteristics.

The SEGA SAMMY Group's management philosophy is: “By providing entertainment to people throughout the world, we will strive to enrich our society and culture.” This philosophy goes beyond merely adding spice to people's lives; it is deeply connected to the support of the heart that is necessary for humans to live with dignity. Food, clothing, and shelter are problems that must be solved first during rehabilitation and reconstruction after the Great Earthquake. In addition, care for mental trauma is another important issue. The fact is, however, that it is very unclear who will take responsibility for that and in what way, including what responses the government will take. I feel that the SEGA SAMMY Group's initiatives, supported by their goal of making people happy, are contributing greatly to the creation of shared social value.

2 Reporting of Social Impacts by Business Activities

On the other hand, there is no shortage of negative social impacts being pointed out in regards to the entertainment business. Social impacts incidental to entertainment services, such as the problem of dependence on Pachislot/Pachinko and billing problems from, for example, the selling of random in-game items in mobile games and the excessive use of smartphone games by minors, are gradually becoming issues that cannot be ignored.

The SEGA SAMMY Group is working actively to address these problems and has expanded the scope of its information disclosure. The proactive corporate stance in this kind of information disclosure has long been highly praised in the area of investor relations, as evidenced by the Internet IR Awards and the Nikkei Annual Report Awards that it has received many times. Now I would like to see SEGA SAMMY push the disclosure of CSR information relating to negative impacts forward, ensure transparency in business operations, and further solidify social trust in the Group.

3 Other Improvements and Challenges

Improvements seen in terms of initiatives include: becoming the first in Japan's games and Pachislot/Pachinko industry to sign the UN Global Compact; establishing a policy on the prohibition of bribery by the Group outside Japan; the establishment by Sammy of an information management committee; and the appointment of a female executive officer at SEGA TOYS. In terms of disclosure, whereas personnel and labor data used to be aggregated for SEGA and Sammy separately, the disclosure of this information on a Group-wide basis has increased perspicuity considerably. Disclosure of the number of non-regular employees is another big step forward.

However, there are also areas where I would like to see improvements. Goals and performance management based on key performance indicators (KPIs) in particular are an important issue for the effective execution of CSR management. This is so because continual improvements based on the PDCA cycle cannot be expected without the establishment of assessable goals. However, in the current table of Targets, Progress and Results, issues are described qualitatively, making it difficult to evaluate the degree of accomplishment based on the status of progress and results. The same is true for environmental data, for which no goals have been established. I hope the Group will soon consider the adoption of KPI-based goals and performance management so that initiatives to tackle material issues produce more appropriate results.

Response to Third-party Comment

In this year's report we focused on conveying how we are trying to bring the vitality of dreams and excitement to society through entertainment as a group overall and the ways in which we are working every day to fulfill the social responsibilities that are expected of us.

Following the establishment of a “CSR Promotion Policy” in fiscal 2014, in fiscal 2015 we worked at establishing a “Group Management Policy,” signed the UN Global Compact, improved our systems, and enhanced information disclosure on a Group-wide basis.

We are continuing to provide support for earthquake recovery in northeast Japan while looking for ways to make use of the recovery phase and our special characteristics as entertainment companies.

As Professor Kozuma has pointed out since last year, we should and are determined to further extend CSR management into the supply chain and other areas, enhance information disclosure and management of goals, and create greater trust with society by continuously making improvements.



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