

Slavery and Human Trafficking Statement

September 2017

This statement is made on behalf of SEGA Europe Limited ("**SEGA**") pursuant to section 54(1) of the Modern Slavery Act 2015 (the "**Act**") and constitutes our slavery and human trafficking statement. The statement details the action taken by SEGA to September 2017 to prevent modern slavery and human trafficking in SEGA's business and supply chain.

Our structure, business and operations

SEGA is a limited liability company registered in England and Wales (registered number 0166905) and is the parent company of Sega Europe Overseas Limited. SEGA is the UK subsidiary of SEGA Games Co Ltd, a Japanese video games company and part of the SEGA Sammy group of companies. As one of the leading interactive entertainment companies, the SEGA group cultivates creative talent worldwide with offices in America, Japan and our European HQ in London which was established in the 1980s.

SEGA distributes video game software in the UK and throughout EMEA. Whereas its business is primarily PC game based, SEGA also carries on a merchandising business in relation to its IP portfolio and as such, deals with licensees and manufacturers of different products around the World. In conducting its business, SEGA has relationships with many suppliers around the globe. These relationships include hardware and packaging suppliers that manufacture the gaming consoles we publish titles for. SEGA also contracts with indirect suppliers that provide everything from advertising services to office supplies. In relation to our merchandising business, we have developed merchandising lines in clothing apparel, toys, stationary and publishing amongst others.

Our Approach

We strive to work to the highest professional standards and comply with all laws, regulations and rules relevant to our business. Our corporate social responsibility strategy aims to improve the impact of our business on society and the economies of the regions within which our offices are based.

Our recruitment and employment procedures include appropriate pre-employment screening of all staff to determine right to work in the UK. We expect all employees to conduct business with honesty and integrity and we have a zero tolerance approach to bribery and corruption. We expect the same high standards from those we work with and are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. SEGA co-ordinates its approach on corporate social responsibility with its parent company, headquartered in Japan which is part of the wider SEGA Sammy group of companies.

Details of SEGA Sammy's CSR policies and strategies can be found on the main SEGA Sammy website and here "the Supply Chain CSR Development Guidebook"
["http://www.segasammy.co.jp/english/pr/commu/pdf/csr/20141101_supplychain_csr.pdf"](http://www.segasammy.co.jp/english/pr/commu/pdf/csr/20141101_supplychain_csr.pdf); "Group Code of Conduct"
http://www.segasammy.co.jp/english/pr/commu/csr/gr_csr.html; and "Group Management Policy"
http://www.segasammy.co.jp/english/pr/commu/csr/gr_policy.html.

Together the "**SEGA CSR Policies**".

The CSR Policies establish SEGA'S commitment to respect the human rights of our employees, customers, suppliers and individuals in the communities in which we operate. This commitment is further described in SEGA Sammy's Group Code of Conduct. SEGA Sammy has been developing its CSR policies since 2006 and became a signatory to the UN Global Compact in 2014.

Our legal team works in conjunction with our HR, licensing and procurement functions to help ensure that the aims and provisions of the Act are complied with and to manage any concerns or breaches. We also have a clear Whistleblowing Policy which is published on our intranet site: if there are any genuine concerns about any wrongdoing or breaches of law these concerns can be raised in confidence without fear of disciplinary action. Between September 2016 and now, SEGA has not received any enquiries or allegations related to modern slavery or human trafficking.

Supplier Due Diligence

Our procurement process includes vetting every new supplier and carrying out a risk analysis based on the nature and value of the product or service.

All our suppliers are expected to comply with all local and national laws and regulations and we ask for information about:

- Monitoring of tier 1 and 2 supply chains for unfair practices;
- Policies on fair sourcing of goods and services;
- Corporate Social Responsibility; and
- Willingness to share our values.

The SEGA CSR Policies define our values and continued commitment to ethical best practices and legal compliance. These policies operate to build and maintain trust and integrity through a corporate-wide commitment to ethical behaviour. Supplier responses are taken into consideration when short-listing and we make any concerns known to the supplier. Should suppliers fail to live up to our expectations or be unwilling to make any changes we may cease to engage with them.

Further Steps

We continue to review our entire procurement and licensing process and will be introducing further specific measures to ensure that our obligations under the Act are passed through our supply chain. Building on initiatives introduced in 2016, these include:

- Obtaining contractual warranties that no slavery is used anywhere in the supplier's business or by any of the suppliers in its supply chain and that all necessary processes and policies have been put into place to ensure that this remains the case;
- Obtaining a contractual right to request compliance-related information and the right to audit suppliers at our discretion;
- Adding indemnity provisions and rights to terminate for breach of the Sega CSR Policies and the Act into our contracts;
- Ensuring risk areas are documented, monitored and taken into consideration in any future contract renewals.

- assessing supply chain level information and engaging directly with suppliers to set up systems that provide reliable supply chain information, especially for the most at risk jurisdictions; and
- deciding if audit outcomes suggest a need to change suppliers or a need to respond to risk(s) associated with particular supplier(s).

We will also be considering new training which will be available to all staff but made compulsory for those involved in recruiting and sourcing/managing a supply chain so that they are able to identify risk factors, understand the implications and assist us with implementing the requirements of the Act effectively. We will also hold training sessions to educate staff in the UK on SEGA Sammy's CSR Policies and their application to SEGA's business and common aims.



John Ward
Director and Chief Financial Officer
Sega Europe Limited

30 September 2017