

## Sustainability management

### Management team (As of June 20, 2023; asterisk (\*) denotes currently held positions)

#### Directors



**Hiroyuki Konuma**  
Representative Director  
President and Group CEO

Jul 2000 Joined SATO  
Apr 2010 General Manager of Medical Dept., Tokyo Division, Japan Sales Headquarters  
Apr 2013 President for health care business, SATO Corporation  
Apr 2014 President, SATO Healthcare Co., Ltd.  
Jul 2015 Executive Officer and Chief Wellness Officer  
Apr 2019 Vice President; President and Head of RFID business, SATO Corporation  
Apr 2020 Vice President; President, oversees global business, SATO Corporation  
Jun 2020 Director and Vice President; President, oversees global business, SATO Corporation  
Apr 2021 Director and Vice President, oversees Japan business; President, SATO Corporation  
Apr 2023 Representative Director, President and CEO  
Jun 2023 Representative Director, President and Group CEO\*



**Yoshinori Sasahara**  
Director

Apr 1987 Joined SATO  
Oct 2005 General Manager of Hachioji Branch, Sales Headquarters  
Apr 2010 General Manager of Manufacturing Dept., Tokyo Division, Japan Sales Headquarters  
Jul 2012 Executive Officer; Head of Tokyo Business, Japan Sales Headquarters, SATO Corporation  
Apr 2014 Executive Officer; Head of Sales Unit, SATO Corporation  
Apr 2016 Executive Officer; Vice President, SATO Corporation  
Apr 2019 Vice President and Chief Wellness Officer (CWO); Vice President and General Manager of Production, SATO Corporation  
Apr 2022 Vice President and CWO; Vice President, and General Manager of Production and RFID Business, SATO Corporation  
Apr 2023 Vice President, oversees Japan business and internal IT platforms; President, SATO Corporation  
Jun 2023 Director and Vice President, oversees Japan business and internal IT platforms\*; President, SATO Corporation\*



**Tatsuo Narumi**  
Director

Aug 2000 Joined SATO, Senior Manager of Secretary's Office  
Apr 2001 Senior Manager of Human Resources Dept., Administration Division  
Jun 2003 Executive Officer, and Senior Manager of Planning Dept., Corporate Planning Division  
Oct 2005 Executive Officer, General Manager of Corporate Planning Division, and Senior Manager of Planning Dept.  
Jan 2006 Senior Executive Officer, and General Manager of Corporate Planning Division  
Jul 2007 Vice President, and General Manager of Corporate Planning Division  
Jun 2008 Director, Vice President, and General Manager of Corporate Planning Division  
Jul 2009 Director\*  
Jan 2020 Chair of the Board  
Apr 2021 Chair of Senior Executive Management Meeting



**Yuko Tanaka**  
External Director  
Chair of Nomination  
Advisory Committee

Apr 1991 Professor, 1st Faculty of Liberal Arts, Hosei University  
Apr 1993 Overseas fellow, University of Oxford  
Apr 2003 Professor, Dept. of Media and Communication Studies, Faculty of Social Sciences, Hosei University  
Jun 2004 External Director, SATO Holdings Corporation\*  
Jun 2009 Director, Suntory Foundation for Arts\*  
Apr 2010 Chairperson, Institute of International Japanese Studies management committee, Hosei University Graduate School of Humanities  
Apr 2012 Dean, Faculty of Social Sciences, Hosei University  
Apr 2014 President and Chief Trustee, Hosei University  
Jun 2014 Executive Director, The Japan Association of Private Universities and Colleges  
Apr 2020 Managing Trustee, Japan University Accreditation Association  
Apr 2021 Professor Emeritus, Hosei University\*; Project Professor, Hosei University Research Center for Edo-Tokyo Studies\*; Chairperson, Tokyo's Council for Gender Equality\*; Chair of Nomination Advisory Committee, SATO Holdings Corporation\*  
Jun 2021 Vice President, Japan Massive Open Online Education Promotion Council\*  
Apr 2022 Member, Education and Research Council, National Institutes for the Humanities\*  
Jan 2023 Member, Diversity Advisory Committee, Japan Science and Technology Agency\*  
Apr 2023 Co-researcher, International Research Center for Japanese Studies\*



**Ryoji Itoh**  
External Director

Jul 1979 Joined McKinsey & Company  
Jan 1984 Partner, McKinsey & Company  
Jun 1988 Director for product development, UCC Ueshima Coffee Co., Ltd.  
Sep 1990 Representative Director, Schroder Ventures K.K.  
May 2000 Project Professor, Graduate School of Media and Governance, Keio University  
Jan 2001 President, Bain & Company Japan, Inc.  
Apr 2006 Representative Director, Planet Plan. Co., Ltd.\*  
Jun 2008 External Director, SATO Holdings Corporation  
May 2012 External Director, Renown Incorporated  
Jan 2013 Representative Director, El Sol Business Advisor Corporation  
Jun 2014 External Director, SATO Holdings Corporation\*; External Director, H.U. Group Holdings, Inc.\*  
Apr 2020 Part-time Lecturer, Faculty of Policy Management, Keio University  
Apr 2021 Senior Researcher, Keio Research Institute at SFC\*



**Hideo Yamada**  
External Director  
Chair of the Board

Mar 1984 Graduated from the Legal Training and Research Institute of Japan  
Apr 1984 Registered as attorney (Daini Tokyo Bar Association)  
Oct 1992 President, Hideo Yamada Law Office (now Yamada & Ozaki Law Office)\*  
May 1998 External Audit & Supervisory Board Member, Taiyo Chemical Industry Co., Ltd.\*  
Jun 2004 External Director, SATO Holdings Corporation  
Mar 2006 External Director, Lion Corporation  
Jun 2007 External Audit & Supervisory Board Member, Ishii Food Co., Ltd.; External Audit & Supervisory Board Member, Mikuni Corporation  
Mar 2009 External Director, Hulic Co., Ltd.\*  
Apr 2010 External Governor, Japan Federation of Bar Associations  
Apr 2014 Vice President, Japan Federation of Bar Associations; Chairperson, Daini Tokyo Bar Association  
Jun 2015 External Director, SATO Holdings Corporation\*; Chairperson, Akiko Tachibana Memorial Foundation\*  
Jun 2016 External Director, Mikuni Corporation\*  
Apr 2021 Chair of the Board, SATO Holdings Corporation\*



**Sadayoshi Fujishige**  
External Director  
Chair of Remuneration  
Advisory Committee

Mar 2004 Representative Director and President, Lion Corporation  
Jan 2012 Representative Director and Chairperson, Lion Corporation  
Apr 2012 External Director, Showa Nishikawa Co., Ltd.\*  
Jun 2014 Chairperson, Japan Table Tennis Association  
Mar 2016 Advisor, Lion Corporation  
Jun 2016 Chairperson, Advertising Council Japan\*  
May 2019 Chairperson, Japan Marketing Association\*  
Jun 2020 External Director, SATO Holdings Corporation\*; External Director, Nitto Boseki Co., Ltd.\*  
Mar 2021 Special Advisor, Lion Corporation\*  
Apr 2021 Chair of Remuneration Advisory Committee, SATO Holdings Corporation\*  
Jun 2021 External Director, TV Asahi Holdings Corporation\*; External Audit & Supervisory Board Member, TV Asahi Corporation\*



**Yoshiko Nonogaki**  
External Director

Apr 1980 Joined Sony Corporation (now Sony Group Corporation)  
Sep 1992 President and Representative Director, Sony Poland Sp. z o.o.  
Jul 1994 General Manager of Sales and Marketing Dept., Recording Media and Energy Company, Sony Corporation  
Apr 1999 General Manager of Planning and Marketing Dept., Personal IT Network Company, Sony Corporation  
Apr 2006 General Manager of Business Planning Dept., Business and Professional Solutions Group, Sony Corporation  
Apr 2009 Senior General Manager of Planning and Marketing Division, Business and Professional Solutions Group, Sony Corporation  
Apr 2013 Director of Global Diversity, Personnel HQ, Sony Corporation  
Jun 2019 External Director, Nifco Inc.\*  
Jun 2020 External Director, GS Yuasa Corporation\*  
Jun 2021 External Director, SATO Holdings Corporation\*

#### Audit & Supervisory Board Members



**Kiyohiko Yoshii**  
Audit & Supervisory Board  
Member

Jan 2001 Joined SATO  
Director, SATO International Pte. Ltd.  
Aug 2007 Executive Officer and Senior Manager of Corporate Planning Division  
Apr 2008 Executive Officer and Head of Internal Control Project, Corporate Planning Division  
Dec 2012 Executive Officer and CFO, Lixil International (Singapore)  
Sep 2017 Executive Expert and General Manager of Finance/Operation  
Apr 2020 Executive Expert and Chief Executive Auditor (Global)  
Jun 2022 Audit & Supervisory Board Member\*



**Noriko Yao**  
External Audit &  
Supervisory Board  
Member

Mar 1995 Graduated from the Legal Training and Research Institute of Japan  
Apr 1995 Registered as attorney (Fukuoka Bar Association)  
Sep 2001 Joined Paul, Hastings, Janofsky & Walker LLP  
Oct 2002 Registered as attorney (Daini Tokyo Bar Association); admitted as attorney (New York State Bar Association)  
Jan 2008 Partner, TMI Associates\*  
Oct 2014 External Audit & Supervisory Board Member, Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development  
Nov 2015 External Director, Meiko Network Japan Co., Ltd.  
Jun 2016 External Audit & Supervisory Board Member, SATO Holdings Corporation\*  
Jun 2019 External Director, Asahi Net, Inc.\*  
Jun 2021 External Director, JGC Holdings Corporation\*



**Naoki Kubo**  
External Audit &  
Supervisory Board  
Member

Oct 1980 Joined Chuo Audit Corporation (later Misuzu Audit Corporation)  
Mar 1984 Registered as certified public accountant (Japan)  
Apr 1999 Partner, Chuo Audit Corporation  
May 2004 Senior Partner, Chuo Audit Corporation  
Sep 2005 Registered as certified public tax accountant (Japan)  
Jul 2007 Left Misuzu Audit Corporation  
Aug 2007 Joined as Partner, KPMG Azsa & Co. (now KPMG Azsa LLC)  
Jun 2016 Vice Chairperson, Tokyo Chapter of The Japanese Institute of Certified Public Accountants  
Jun 2019 Left KPMG Azsa LLC; Joined as Executive, Tokyo Chapter of The Japanese Institute of Certified Public Accountants  
Jul 2019 Established Kubo Accounting Office (to present)  
Dec 2019 External Director, Beauty Sharing Technologies Co., Ltd.  
Jun 2021 External Audit & Supervisory Board Member, SATO Holdings Corporation\*; Auditor, Japan Federation of Land and House Investigators' Associations\*  
Apr 2022 Auditor, The Japan-Korea Cultural Foundation\*

#### Executive Officers

President

**Hiroyuki Konuma**  
Group CEO

Executive Officer

**Maria Olcese**  
Head of South America  
General Manager, Achernar S.A.

Executive Officer

**Hiroataka Wada**  
Director, SATO Corporation  
General Manager of Production  
and RFID Business

Executive Officer

**Yuji Shimizu**  
Global Operations Officer  
Oversees business management

Vice President

**Yoshinori Sasahara**  
Oversees Japan business  
and internal IT platforms  
President, SATO Corporation

Executive Officer

**Hironori Onishi**  
Regional Operations Officer for Asia

Executive Officer

**Hideyuki Hashimoto**  
Regional Operations Officer for Argov,  
PJM and global primary  
label businesses

Executive Officer

**Takeshi Okamoto**  
Director, SATO Corporation  
General Manager of Sales

Vice President

**Hayato Shindo**  
Oversees global business  
Regional Operations Officer for  
Europe and Oceania

Executive Officer

**Goro Yumiba**  
Global Operations Officer  
Regional Operations Officer for  
North and Central Americas  
and India

Executive Officer

**Miki Takei**  
Global Marketing Officer

Executive Officer

**Kenji Ushiki**  
Director, SATO Corporation  
General Manager of Value Creation  
(R&D)

Executive Officer

**Fusaaki Matsumoto**  
CFO and Chief Compliance Officer

Executive Officer

**Naomi Maze**  
Global Human Resources Officer  
Chief Wellness Officer

## Sustainability through our business

### Basic concept

Our Mission is to “create new value for our customers through products and services of superior quality, and to contribute towards a better and more sustainable world.” As sustainability is inseparable from our auto-ID solutions business, we drive our CSR, ESG and SDGs initiatives through our business.

Amid rising stakeholder expectations for sustainability management, we established our basic policy for sustainability in 2018 and conducted a materiality assessment in 2019 to identify sustainability issues most material to our business and stakeholders.

In October 2019, we set up the Sustainability Promotion

Committee for formulating policies and action plans and driving sustainability efforts in line with business strategies. Through this committee, which reports directly to our top executive team since April 2022, we contribute to supply chain optimization and society with our business offerings, support the circular economy and decarbonization in our operations, manage human capital and preserve natural capital. When necessary, we also discuss with and seek advice from external experts and organizations.

We will continue pursuing sustainability practices and work to achieve our corporate mission and higher corporate value through our business.

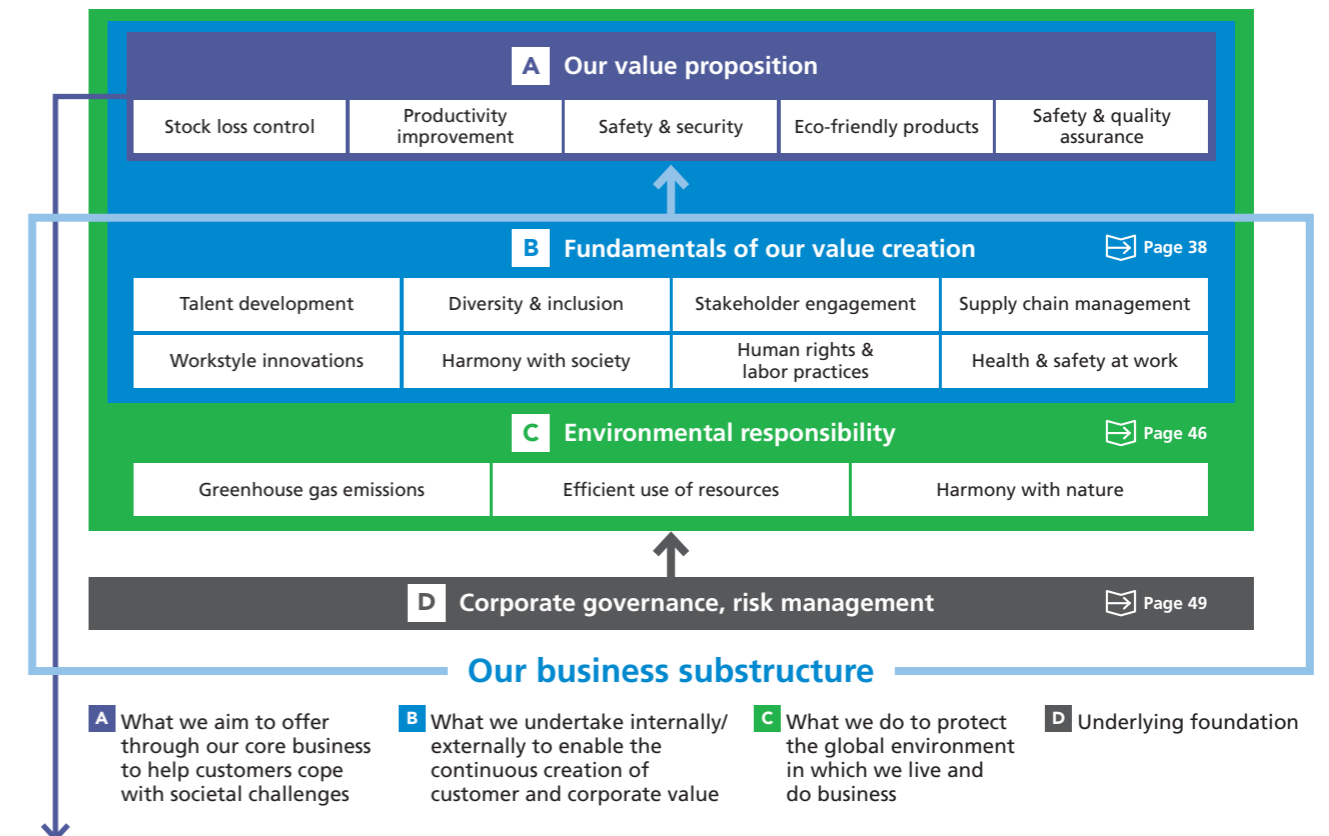
### Basic policy for sustainability

|  |  |
|--|--|
| <b>1 Create value</b>                    | Sustainability goes hand in hand with customer value creation and corporate value enhancement, which we consider the fundamentals of company management. |
| <b>2 Keep to our business</b>            | We achieve sustainability through our business.  |
| <b>3 Make it duplicable</b>              | Our sustainability initiatives shall be duplicable over time or across the group.  |
| <b>4 Align with the actual situation</b> | The actual situation of our business operations shall reflect our ideas for sustainability.  |
| <b>5 Enhance disclosure</b>              | We shall disclose sustainability-related information to fulfill our accountability to stakeholders.  |

### Materiality overview

We identify our materiality agendas by their relevance to three areas: A. Our value proposition, B. Fundamentals of our value creation, and C. Environmental responsibility. These areas stand on the foundation of corporate governance and risk management.

### Addressing sustainability priorities (materiality) with focus on our value proposition



### Examples of value propositions we enable through our core business

| Our sustainability priorities | What SATO solutions can do   | How we contribute to SDGs   |
|-------------------------------|--|---|
| Stock loss control            | <ul style="list-style-type: none"> <li>Provide supply chain visibility</li> <li>Minimize leftover inventory</li> </ul> | <ul style="list-style-type: none"> <li>Support sustainable consumption and production patterns </li> </ul> |
| Productivity improvement      | <ul style="list-style-type: none"> <li>Optimize operations</li> <li>Automate manual tasks</li> </ul>                   | <ul style="list-style-type: none"> <li>Promote productive employment </li> </ul>                           |
| Safety & security             | <ul style="list-style-type: none"> <li>Enable social distancing and contact reduction</li> </ul>                       | <ul style="list-style-type: none"> <li>Ensure health &amp; safety at work </li> </ul>                      |
| Eco-friendly products         | <ul style="list-style-type: none"> <li>Reduce carbon dioxide emissions</li> <li>Use less plastics</li> </ul>           | <ul style="list-style-type: none"> <li>Combat climate change </li> </ul>                                   |

#### TOPIC

### Reduce food waste and ensure food safety with accurate and efficient labeling

With consumers back dining out and traveling again, the hospitality industry increasingly seeks solutions for productivity, sustainability and food safety. Our labeling solution that automatically calculates use-by dates based on ingredient master data and prints MRD (make/ready/discard) labels plays a key role in eliminating manual work and reducing food waste. The solution prints takeout labels too, with allergen information. Its onboard intelligence and connectivity to cloud services allowing PC-less, compact printing also proved decisive to an American multinational hotel chain that recently installed it to its kitchens.



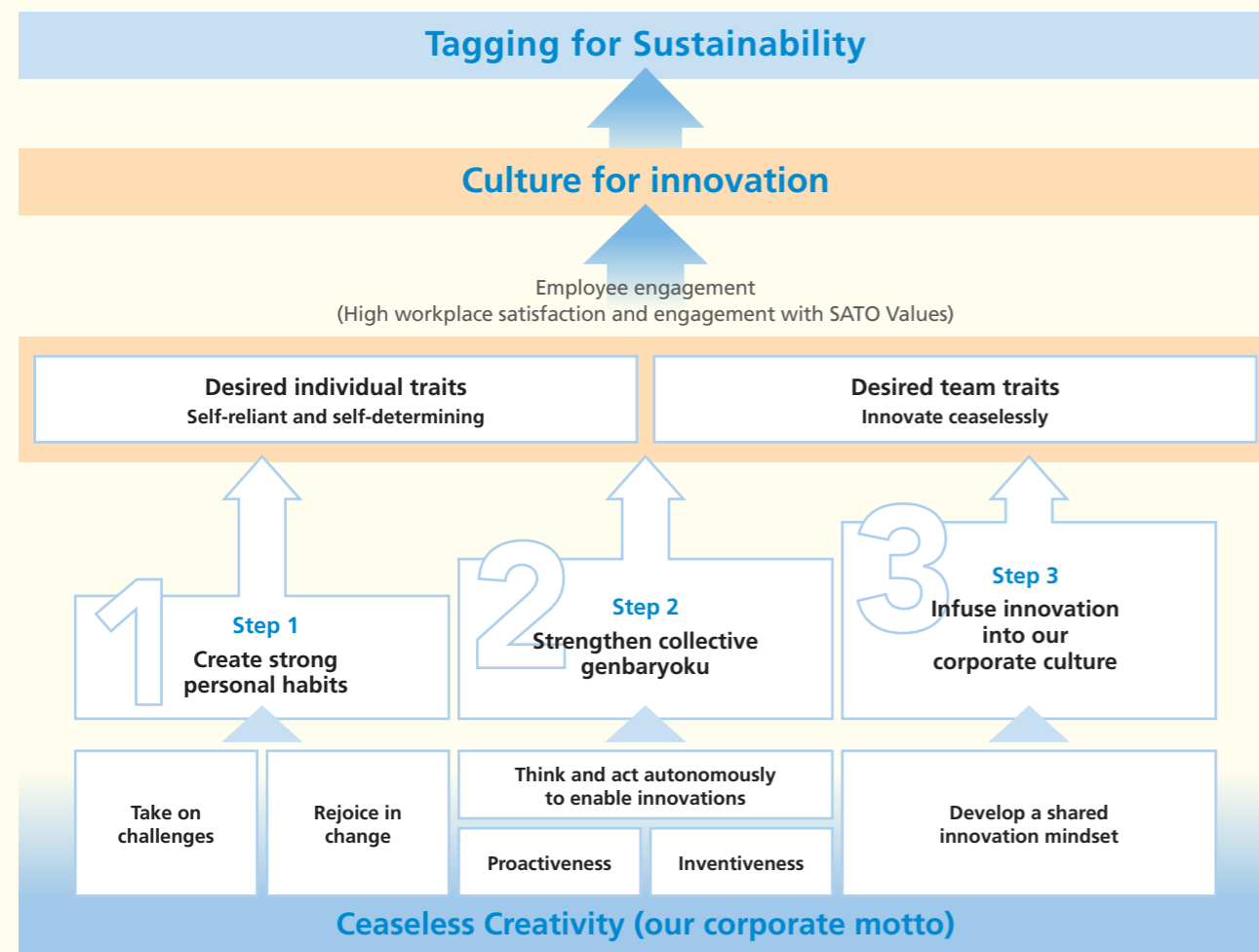
Examples of printed MRD labels

## B Fundamentals of our value creation: Human capital, the key for corporate success

We believe in cultivating a culture of innovation to create customer value, address societal challenges and raise our corporate value sustainably.

That's why we hone our competitive advantage of genbaryoku and practice corporate values in our daily work to foster self-reliant and self-determining talent who are capable of thinking and acting autonomously to initiate changes on their own.

### Overview of our human capital management

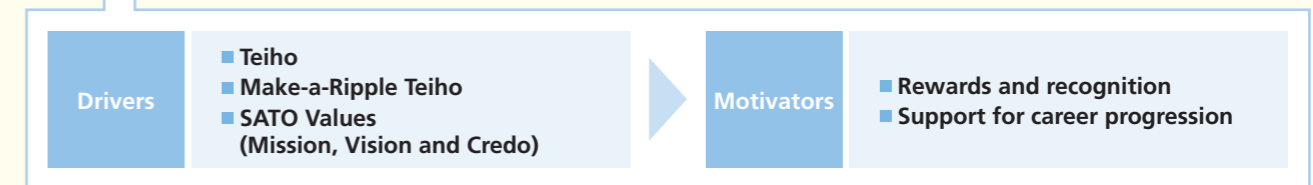


Our process for building stronger human capital starts by empowering employees to create strong personal habits of taking on challenges and rejoicing in change through their daily work. Based on this **Step 1**, they can then leverage their proactiveness and inventiveness to think and act autonomously, which strengthens our core competency of genbaryoku at the company level in **Step 2**. When each employee makes conscious efforts to pursue the individual and team traits expected of them, this promotes the exchange of diverse perspectives and values to spark

innovation. We invest in human capital, hoping to infuse innovation into our corporate culture as **Step 3**.

This three-step process is based on various drivers (systems/activities that are closely connected to our business and HR strategies) and their motivators (inputs that support and encourage employees to be actively engaged in their work and workplace). The next pages explain how we provide opportunities for employees to develop their skills and capabilities and put them to use to reinforce Steps 1 and 2.

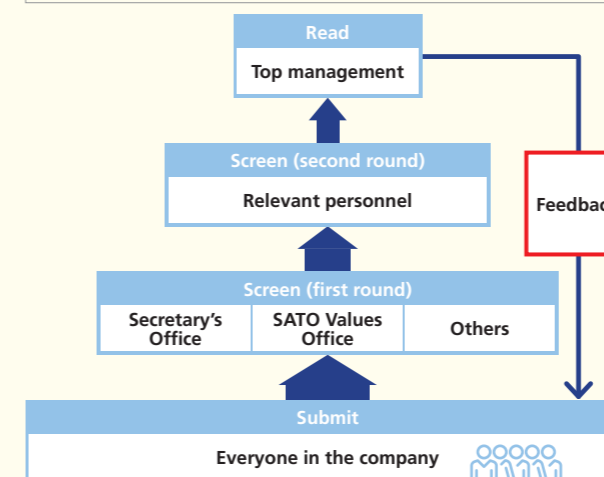
## 1 Step 1: Create strong personal habits



### Teiho

Teiho is an in-house insight sharing system with which employees write short daily reports (within a set word count) about their ideas or suggestions to better the company and submit them directly to the top management. Started in Japan over 40 years ago and now used in group companies around the world, the system sets the ground for rejoicing in change and serves to raise employee awareness on detecting areas of improvement to unlock their creativity for initiating big and small changes to grow business sustainably.

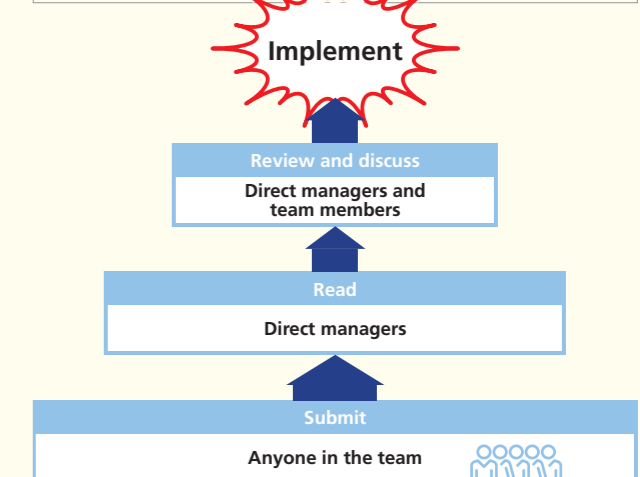
- In Japan, about 2,000 employees submit Teiho reports daily. After screening, some tens are read by the management, who sends out instructions for departments/members to follow up on necessary improvements.
- Teiho reports can be used as input for making important business decisions.



### Make-a-Ripple Teiho

In FY 2022, we took a step further by adding a new "Make-a-Ripple" Teiho function in Japan to let employees raise ideas specific to their work/workplace for consideration by their immediate superiors. Make-a-Ripple Teiho shows employees that everyone can make a difference and brings out their proactiveness and creativity for detecting and addressing areas that need improvement. Through this, we hope to cultivate a culture that embraces change and inspires innovation.

- Employees submit Make-a-Ripple Teiho reports that engage their managers in taking prompt action with team consensus.



### COLUMN

## Examples of positive changes we made using employee ideas from Teiho and Make-a-Ripple Teiho

**Teiho:**  
Introduced an online take-back form to promote printer recycling

We digitized our paper forms to let customers return their used printers with greater ease via our website. This also made our work easier.

**Make-a-Ripple Teiho:**  
Adopted process improvements company-wide

We created pictorial guides for specific tasks so that they can be easily performed by anyone with consistent results. We also post information of inbound parcels online instead of emailing employees individually for pickup. These improvements helped us reduce errors and oversights to increase efficiency.

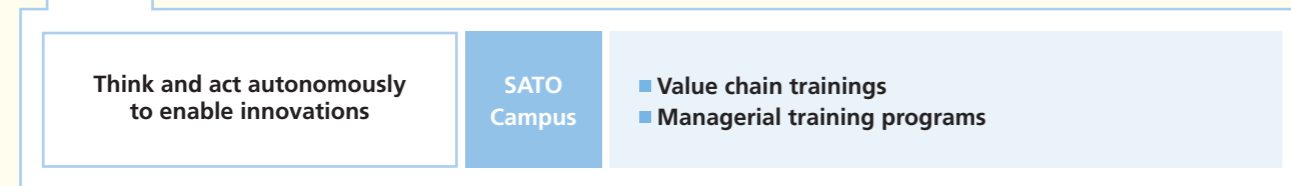
### Rewards and recognition

We hold the Credo Awards World Cup every year to recognize outstanding employees who demonstrate our Credo, while rewarding Teiho writers for their ideas and insights with points and various awards. We also regard employee ideas and creativity for solving customer pain points as important intellectual assets, and reward notable inventions with awards. All awards come with a monetary prize to encourage active and high-quality participation from across our group companies.

### Support for career progression

To help employees grow into true professionals as stated in our Credo, we have created role-specific career ladders that outline the required skills and experiences. This serves as a career map, helping employees understand their current position, acquire necessary knowledge to upgrade their work capabilities, and think strategically about their career paths. It also helps managers to guide team members along. We aim to integrate career mapping into our grading structure for wider use.

## Step 2: Strengthen collective genbaryoku

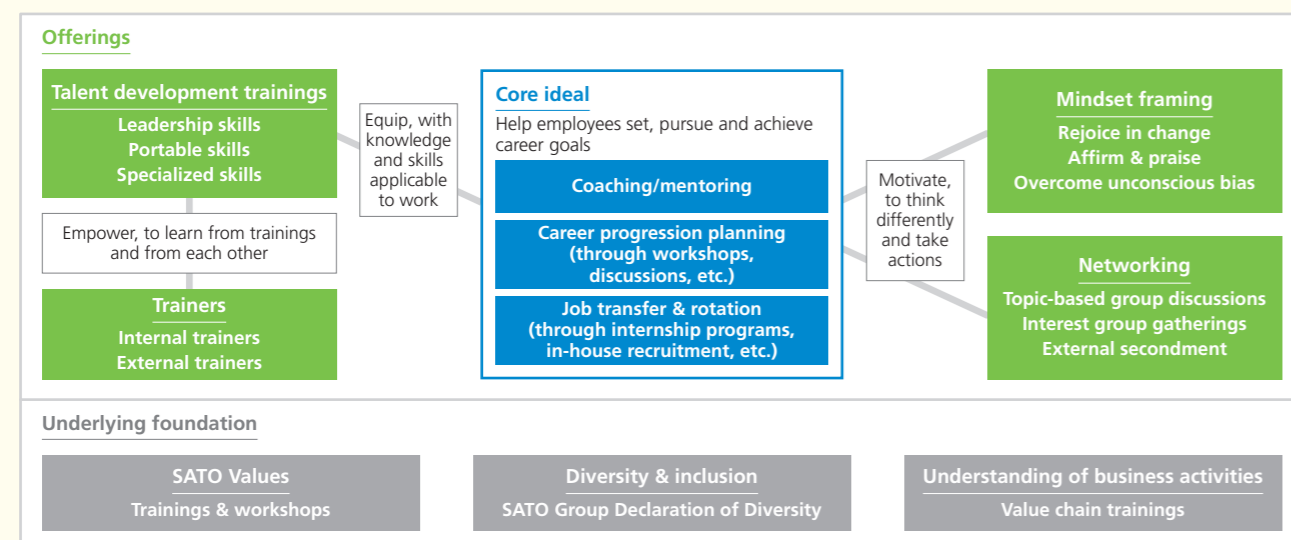


### SATO Campus

To nurture self-reliant and self-determining talents, meet employees' professional development needs, and help them grow sustainably, we established SATO Campus in April 2021 with three missions. They are: **1** foster self-reliant and self-determining talent, **2** develop understanding of corporate values and business value chain, and **3** create opportunities for employees to apply the knowledge and skills they learned, so as to take new challenges and bring

out their best in work. With a central focus on realizing the career goals of our employees, SATO Campus offers not just training but also programs for job transfer or assignment and channels for fostering connections between employees and their workplace, and between workplaces. We will take a comprehensive approach to HR development through SATO Campus and further enrich its offerings to encourage employees to think creatively and act proactively.

### Overview of SATO Campus

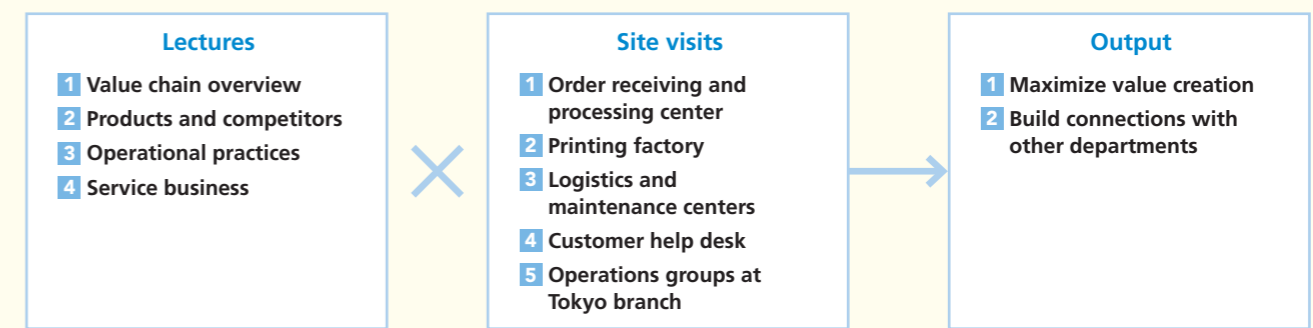


### Value chain trainings

Value chain trainings in Japan aim to provide employees with a good understanding of our business and frontline operations. Through lectures and site visits, participants gain insights into SATO-specific keywords, business concepts and company operations. Going beyond their own jobs, they learn how every business activity connects us to our customers, and become more aware of how they

can maximize the value of the customer experience we provide. This understanding fuels creativity and drives employees to improve their work. Value chain trainings also foster communication across departments and strengthen the fundamentals of company management. We plan to expand these trainings to cover the supply chains of our customers in different industries.

### How value chain trainings work

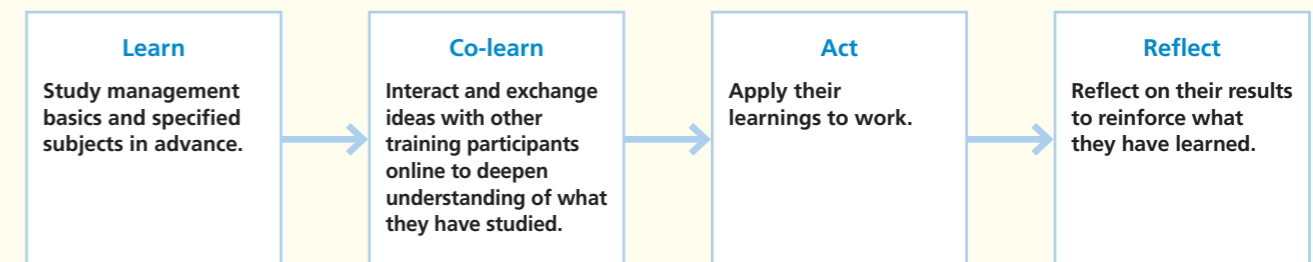


### Managerial training programs

In Japan, we started new training programs to teach managers to be self-reliant and self-determining, setting a good example for their team members to follow. We conduct training in an action learning format (as below) and provide a guidebook for participants to self-assess and

improve their management styles and skills after the training. We plan to structure managerial training programs consistently and will focus on senior managers in FY 2023 after training 226 managers in FY 2022.

### Action learning process



### Step 3: Infuse innovation into our corporate culture



#### Workplace satisfaction

Employees are our valuable assets as we rely on them to create value sustainably through business. We believe in the fundamentals of respecting humanity and embracing diversity, and envision to be the customer's most trusted partner for mutual growth by building a workplace where employees can practice Ceaseless Creativity and contribute

to sustainability. Improving employee engagement is one of our key targets in business management, which is why we conduct employee engagement surveys and use their outcomes toward implementing workplace improvements and innovating workstyles and HR schemes group-wide, under the monitoring of our top executive team.

#### Employee engagement surveys

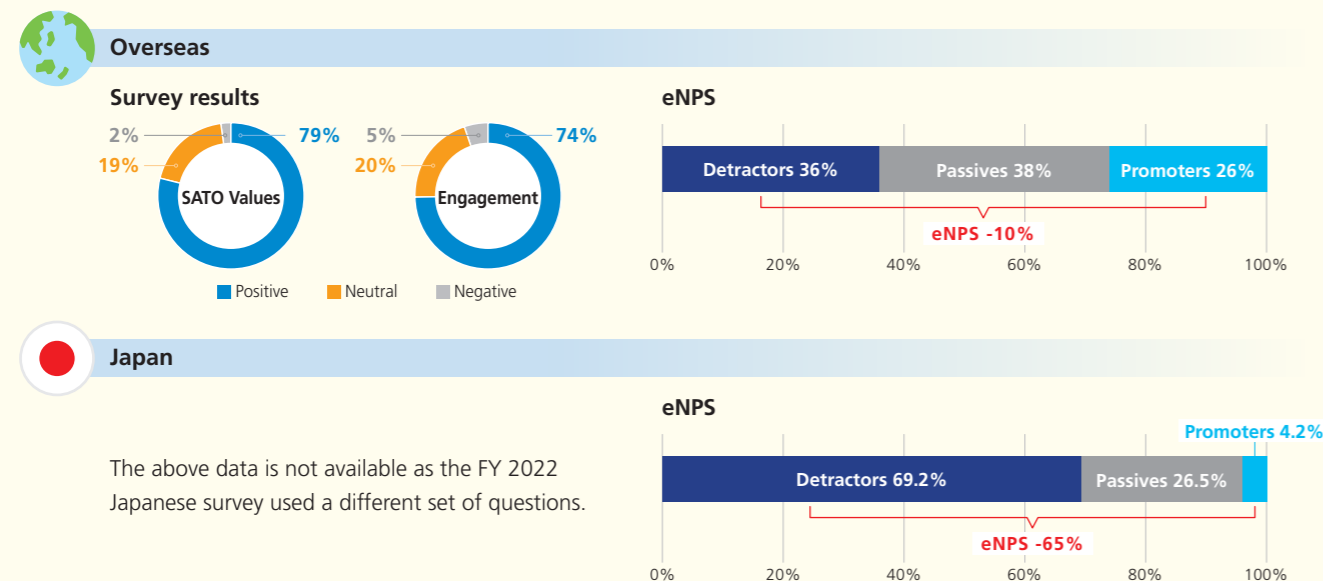
We conduct employee engagement surveys across our group companies. From the survey results, we can gauge how well employees are aligned with SATO Values and how much they understand our various business and HR strategies. We also gain an objective and quantitative understanding of our company's situation, which helps us create and execute action plans aimed at improving workplace satisfaction.

Two separate surveys were conducted in FY 2022, one for Japan and one for other countries due to language differences, but we will standardize the survey questions starting FY 2023.

From the employee engagement survey which we conducted for the first time outside Japan in FY 2022, we found that the majority (79 percent) of employees felt positive toward SATO Values, an area we prioritize. This indicates that our workforce is aligned with our corporate values and practices them globally.

Also, our eNPS (employee net promoter score) results in FY 2022 compared well against other manufacturers in Japan and overseas (based on data from Mercer and beBit). We will engage our group companies in working together to further improve this score.

#### Our FY 2022 employee engagement statistics



#### Efforts to diversify key employees

The diverse strengths and capabilities of our employees are what make us competitive as a business. In Japan, we actively recruit mid-career and non-Japanese professionals, combining their strengths with the rest of our workforce to

broaden our business horizons. We have also set diversity goals, which include increasing the number of female managers to expand the company's talent pipeline, as part of our efforts to diversify employees in key positions.

#### Diversity goals (Japan)

##### 1 Increase female managers

For FY 2022, about 23 percent of our employees and 7.3 percent of our managers in Japan are women. We aim to raise both ratios, particularly the ratio of female managers to over 8.4 percent in FY 2025 and to over 10 percent in FY 2030. We have set department-level targets and are planning actions with the help of our HR Development Committee.

##### 2 Increase uptake of paternity leave

We drive workstyle innovations, promoting not only company-wide telework and flextime initiatives but also flexible working arrangements for employees with childcare commitments. In FY 2021, only 20.6 percent of male employees took paternity leave they were entitled to, but as many as 94.1 percent took childcare-related leave. To help new mothers stay in the workforce, we will encourage more male employees to take time off, ultimately raising paternity leave rate to our target of over 85 percent in FY 2030.

##### 3 Reduce gender wage gap

We are committed to providing a gender-inclusive workplace with systems that pay and appraise male and female employees equally based on their work. However, due to the relatively smaller representation of women in leadership positions, the gender wage gap for our full-time employees stands at 69.2 percent. We will continue efforts to promote women's empowerment to build a more diverse and conducive workplace.

#### Group governance

**Tagging for Sustainability**  
We give every 'thing' its own ID so it connects with the world



##### Appoint executives through our board's advisory committee

With the support of our board's Nomination Advisory Committee, we assess candidates based on a set of selection criteria to appoint internal directors and executive officers who demonstrate strong leadership in running our business sustainably and driving SATO Values.

##### Develop talent through a specialized committee

The HR Development Committee we established under our Nomination Advisory Committee in FY 2022 helps us look into succession planning and work on fostering key employees with stronger, more effective human capital management and HR strategies.

##### Introduce a globally integrated HR framework

We engage HR personnel from across our group companies in online meetings where we align our direction and monitor the progress of shared initiatives to provide support as necessary.

Also, we launched a worldwide learning management system in FY 2021 and expanded its course offerings in FY

2022. This system offers many functions, such as functions for administrators and learners to manage group trainings and track learning progress, serving as an important cornerstone for continuous talent development.

##### Enhance governance of overseas subsidiaries

In FY 2021, we introduced a global grading system for managers at our overseas subsidiaries, followed by compensation benchmarking. And in FY 2022, we revised compensation for locally hired managers heading our overseas subsidiaries, using it as a basis when hiring or making compensation decisions for top-level management.

Additionally, we started programs to identify and foster key employees, taking the first step in FY 2022 to conduct executive assessments on overseas top managers to understand their strengths, weaknesses and opportunities for growth. We plan to match top managers to trainings, stretch assignments and midterm placements/appointments based on their assessment results while expanding the scope of our aforementioned programs to cover other managers at overseas subsidiaries.

## B Fundamentals of our value creation: Stakeholder engagement and IP management

### Stakeholder engagement

To engage with stakeholders, we host a variety of events for shareholders and investors. Many companies have shifted their events to online platforms over the past few years, but in-person events are making a comeback. A tour into our HQ “S-cube” showroom is one such event we have hosted since FY 2022. Glass-walled cube-shaped booths showcase our products, solutions and future vision by market and theme.

Visitors have reported a high level of satisfaction. Many found our solution explanation insightful and our temperature-sensing RFID solutions innovative. Through such events, we will continue to engage with our

stakeholders, including shareholders and investors, to help them better understand SATO's business and the underlying fundamentals of our value creation.



### Intellectual property management

The SATO Group, with our corporate motto of Ceaseless Creativity, has grown together with our customers, providing tagging-based solutions to meet their operational needs. Intellectual property we produce in the process is inseparable from our business and keeps us competitive.

Through our Intellectual Property (IP) Department, which reports directly to the Group CEO, we engage in company-wide activities and teamwork to create intellectual assets that help enhance and grow our existing DCS & Labeling business, toward realizing our medium-term management plan. As we make and sell our products, we strive to improve them to deliver more advanced solutions. This is our focus for both business and IP. Such efforts have boosted patent applications associated with our solutions, raising the three-year average through FY 2022 to nearly three times that of FY 2014.

We are also eager to produce IP that supports technological innovations as part of our strategic investment in seeking long-term growth and expanding businesses toward Tagging for Sustainability. In our process of developing new devices for tagging, logging and sensing of data, we started performing and providing IP landscapes,\* taking actions to strategize how we create intellectual assets for competitive differentiation and grow our IP portfolio both in and outside Japan.

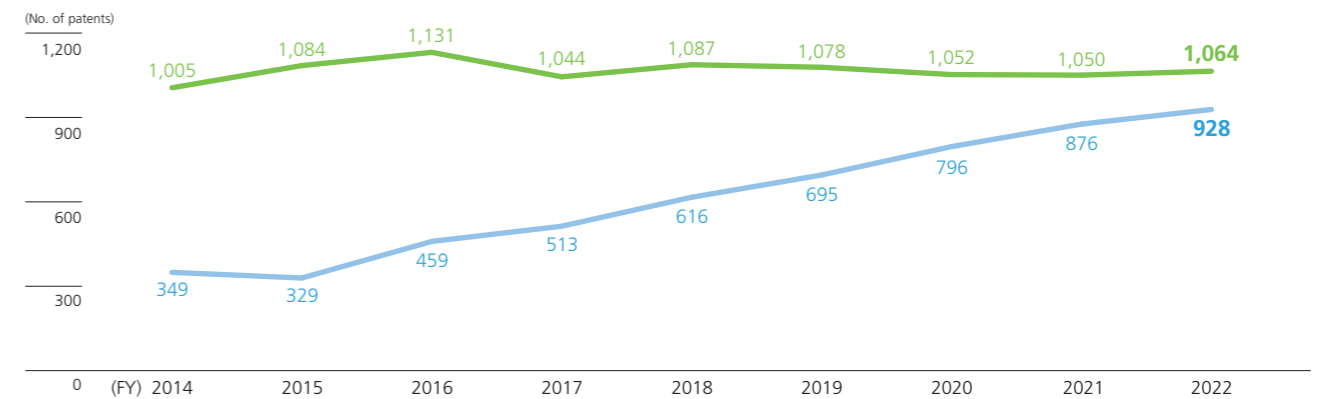
With a focus on protecting and leveraging the creative outputs we produce from solving customer pain points, we

have been applying for patents and working to increase our patent utilization rate. Also, we replace older, less valuable patents with newer, more valuable ones to improve overall quality, reviewing and rebalancing our patent collection regularly to keep it compact and aligned with our business portfolio. The graph on the next page shows how our patent utilization rate is holding up well while the average patent utilization rate across our electrical machinery manufacturing industry recovers after a temporary dip. As we seek stronger patent protection to support and reinforce growth of our global DCS & Labeling business, the number of patents we hold in key countries outside Japan has grown rapidly such that by the end of FY 2022, it is already more than 2.6 times that of FY 2014.

This corresponds with the bigger role our overseas business now plays at the group level. It brought in almost 50 percent of our consolidated sales in FY 2022, up from just around 30 percent in FY 2014.

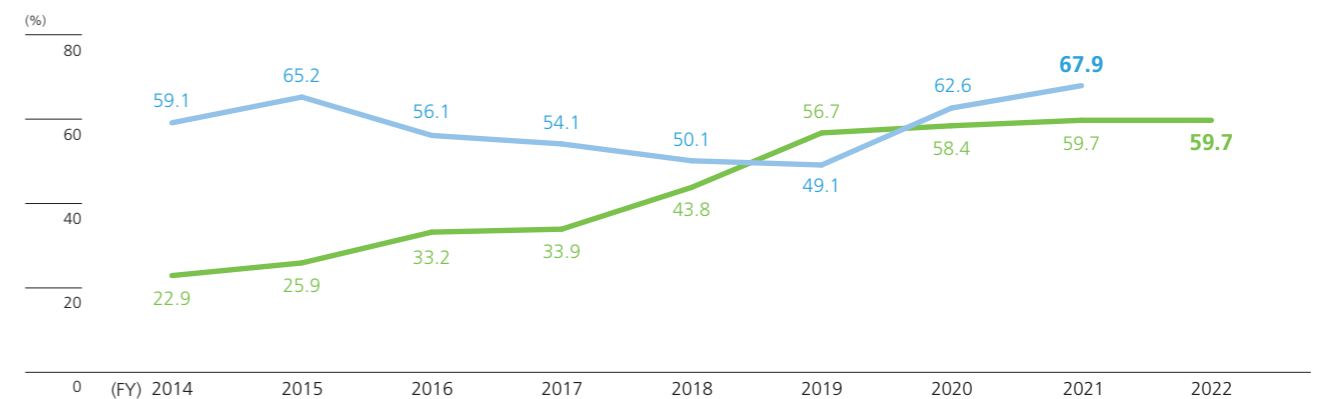
To motivate even more intellectual creations and inventions that contribute to customer value and our competitive advantage, we have made invention awards part of our in-house awards for recognizing Ceaseless Creativity. Held every year since 2000, the Invention Awards ceremony, themed “Involving everyone in innovations to make SATO stronger,” shows our appreciation and commendation for employees who produce outstanding inventions with actions and efforts that embody Ceaseless Creativity.

### Patents owned



\*1 Total number of patents and not the number of unique patents. For example, if a patent is granted in four countries, it will be counted four times.

### Patent utilization rate (Japan)



\*1 Source: In-house records.

\*2 Source: Japan Patent Office Annual Reports 2019–2023.

Through the awards, we also learn from each other and find inspiration for our next actions, thereby fostering a corporate culture of innovation.

As society changes, our customers' needs change too. In using IP to protect and leverage the value we create today (exploiting our current business capabilities) and tomorrow

(exploring opportunities for future growth), we believe we can improve our competitiveness and will continue doing so to create a better and more sustainable world and raise our corporate value over the long term.

\* Analysis of patent and market data used by companies to understand their strengths and market positioning and to make informed decisions about their corporate and business strategies.

### TOPIC

### Our 24th Invention Awards

We give recognition to value-creating innovations, commercialized designs and other employee inventions, focusing on intellectual assets that help enhance and grow our existing DCS & Labeling business as well as those that support technological innovations eyeing long-term growth. In 2023, 11 out of the 15 awards presented went to inventions related to DCS & Labeling. These include inventions for setting up printers before installation via a one-touch NFC feature and for controlling how printers connect and communicate to manage them remotely via the cloud network. The other four awards went to inventions for new, original devices that would contribute to our long-term growth.



At the awards ceremony

## C Environmental responsibility

Climate change, ecological degradation and biodiversity loss all pose serious threats to social stability. We believe environmental protection is a common goal for all of humanity and an indispensable part of our sustainable business activities. This thinking is fundamental to the efforts we make under our environmental policy and carbon neutrality declaration.

### Our environmental policy

The SATO Group recognizes environmental protection as a priority common to humankind, and strives to improve the environment and prevent pollution for a sustainable world by conserving resources and energy, lessening waste and reducing odor/noise pollution. We seek to provide greener products and services, and commit to contributing to the local community and protecting biodiversity.

### Approach to decarbonization

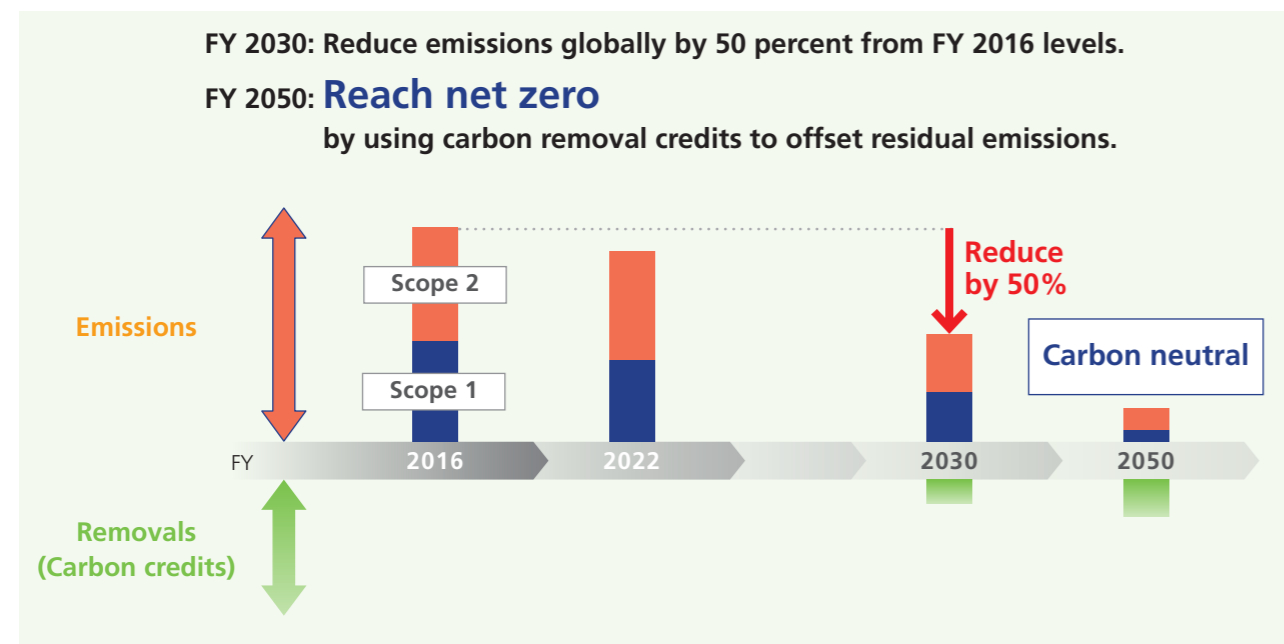
#### Basic concept

We aim to reduce greenhouse gas emissions, including carbon dioxide, not only from our own operations (Scope 1 and 2) but also from our supply chain (Scope 3) by

sharing expertise in decarbonization with suppliers. We also help reduce emissions at customers' worksites through our products and solutions.

#### Our carbon neutrality declaration

Targets for Scope 1 and 2 emissions



Target for Scope 3 emissions

**FY 2030: Reduce emissions globally by 30 percent from FY 2021 levels.**

#### Our progress in reducing emissions

(Metric tons of CO<sub>2</sub>)

| Area      | Key indicators          | FY 2016 results | FY 2020 results | FY 2021 results | FY 2022 results | FY 2030 targets |
|-----------|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Groupwide | Scope 1 and 2 emissions | 11,931          | 11,078          | 10,252          | 8,709           | 5,965           |
|           | Relative to FY 2016     | —               | Down 7.1%       | Down 14.1%      | Down 27.0%      | Cut by 50%      |
| Japan     | Scope 3 emissions       | 299,300         | 307,120         | 332,652         | 314,271         | 232,856         |
|           | Relative to FY 2021     | —               | —               | —               | Down 5.5%       | Cut by 30%      |

Scope 1 covers direct emissions from company-owned sources (e.g., emissions associated with fuel combustion or industrial processes).  
Scope 2 covers indirect emissions from the consumption of purchased energy including electricity, heat and steam.  
Scope 3 refers to emissions indirectly linked to the company through its value chain; it includes all sources not within Scope 1 or 2.

Learn more about our carbon neutrality declaration.

[www.sato-global.com/sustainability/environment/carbon\\_neutral.html](http://www.sato-global.com/sustainability/environment/carbon_neutral.html)

#### Recap

In FY 2022, we reduced Scope 1 and 2 emissions by 27.0 percent from FY 2016 and by 15.1 percent year on year. Our Scope 2 emissions are lower after key SATO worksites in Japan switched their power source to renewable energy (in FY 2021) and our Vietnam subsidiary installed solar panels.

Our Scope 3 emissions are also lower by 5.5 percent from a year ago, owing largely to cuts in Category 1 (purchased goods and services) emissions related to procurement from semiconductor suppliers that we had to step up last fiscal year in order to meet demand.

#### Action plans

To reduce Scope 1 and 2 emissions, we will continue to expand use of renewable energy by installing more solar panels and sourcing renewable energy via off-site power purchase agreements (PPAs) and other options. We also plan to promote energy efficiency and conservation by streamlining our internal value chain (with focus on production) and replacing company cars with eco-friendly vehicles.

Data shows that emissions associated with purchased goods and services (Category 1), use of sold products (Category 11) and end-of-life treatment of sold products (Category 12) account for the bulk of our Scope 3 emissions. To cut these emissions, we will take various actions such as engaging and collaborating with suppliers for green procurement, using refurbished components, making/selling printers that consume less energy, and promoting the recycling of end-of-life printer parts, used ink ribbons and discarded label liners.

Learn more about our label liner recycling program in Japan. [Page 48](#)

## Response to climate change

We recognize that climate change profoundly impacts our world and that it is critical for us to act on climate issues when managing our business. In 2021, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD) and started using the climate scenario analysis based on TCFD recommendations to assess the impact of climate-related risks and opportunities and identify actions to manage these risks and opportunities.

Our Sustainability Promotion Committee leads efforts for decarbonization, which we pursue through the value-added solutions we provide customers and through our own operations. This committee works to embed sustainability in our corporate/business strategies and drive group-wide actions for addressing climate change and other sustainability priorities, under the direction of our Executive Officers Meeting (responsible for top-level decision-making) and the oversight of our board of directors.

Through the climate scenario analysis, we developed two views on our medium- and long-term future. The first 1.5°C scenario aligned with the Paris Agreement presents substantial risks associated with rising raw material costs but also creates demand for reliable traceability systems, bringing huge opportunities for our business. The second

4.0°C “too little, too late” transition scenario carries physical and business continuity risks, which increase costs significantly for our operations. Actions we can take to manage risks include cutting our greenhouse gas emissions further, building a socially responsible procurement framework and strengthening business continuity planning. Possible actions for managing related opportunities, on the other hand, include developing and offering more eco-friendly products/solutions and expanding business for data collection or utilization. In view of these actions identified from the climate scenario analysis, we determined that we will be able to operate our business with resilience under both scenarios.

Our Sustainability Promotion Committee takes the lead to regularly evaluate the business and financial impact of climate-related risks, reporting its evaluations to the Executive Officers Meeting and the board of directors as necessary to ensure that processes for managing these risks are integrated into the company’s overall risk management.

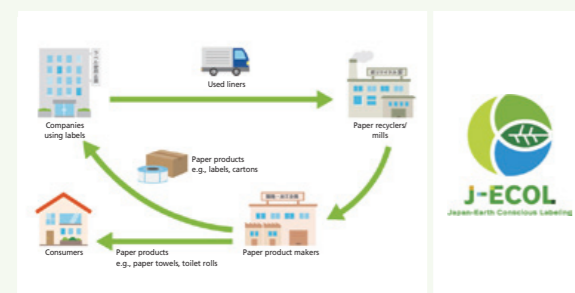
Learn more about our actions in response to TCFD recommendations.

[www.sato-global.com/sustainability/tcf/](http://www.sato-global.com/sustainability/tcf/)

COLUMN

### SATO and label industry partners launch J-ECOL, a label liner recycling program in Japan

In May 2023, SATO established J-ECOL (Japan Earth Conscious Labeling Association) with three of our label industry partners. It is a label liner recycling program that aims to create and promote a circular business model in our industry.



Labeling is an indispensable way of communicating useful information, but most labels have backing liners to protect their sticky surfaces, which typically end up as waste. That’s why we decided to launch a recycling program that would effectively use liner waste as a resource to reduce environmental impact.

Through J-ECOL, we act as an intermediary between end users who release liner waste and the recycling companies. We also plan to set up working groups to encourage liner recycling and support the development of recycling technologies. Each member company will work to engage and connect different stakeholders in enabling the circular use of resources across our industry.

[www.sato-global.com/news/2023/release/06-23-2.html](http://www.sato-global.com/news/2023/release/06-23-2.html)

## D Corporate governance

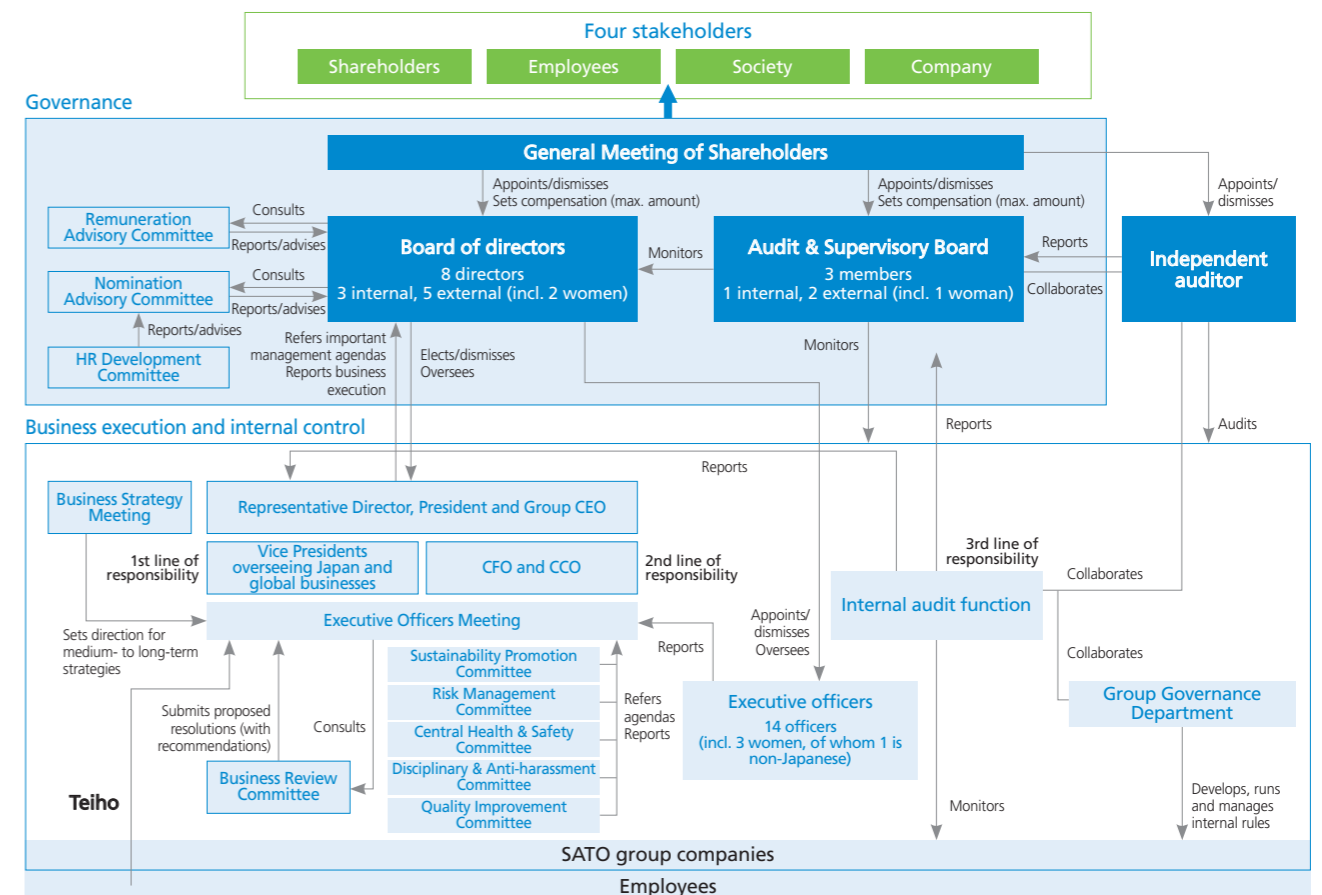
### 1. Basic concept

We aim to realize sustainable growth and higher corporate value on a medium- to long-term basis under our vision of being “the customer’s most trusted partner for mutual growth, and always essential in an ever-changing world.” We believe that building and continuously strengthening corporate governance to support these aims is critical to sound, transparent and

efficient management. Besides enhancing audit and control functions through our Audit & Supervisory Board, we also appoint independent external directors of diverse backgrounds to constitute the majority of our board of directors for strong and transparent management oversight, in our efforts to lay the groundwork for effective governance to deliver for our stakeholders.

### 2. SATO’s corporate governance

#### 1 Framework (As of June 30, 2023)



#### 2 Board of directors

Our management consists of a board system with an Audit & Supervisory Board to provide strong audit and control. We also have an executive officer system in place to separate our operational function from our managerial decision-making and oversight functions to enable quicker decisions.

As of June 30, 2023, we have eight directors on our board, complying with our Articles of Incorporation, which limits the number of directors to no more than 12. Out of these eight, two directors are concurrently serving as executive officers, one as internal non-executive director, and the remaining five as external directors. External directors make up the majority of our board and



help ensure proper oversight of the management team with their independent perspectives. The board of directors meets once a month in principle; it convened 13 times in FY 2022. At board meetings, matters stipulated by law and the Articles of Incorporation as well as important company matters governed by board regulations are discussed and reviewed in a planned and comprehensive manner. Since FY 2018, pre-meeting sessions have also been held to explain important agendas and industry-specific initiatives or engage non-executive directors in various discussions to deepen their understanding of the business and operations.

#### Board of directors

| Board of directors   |                         | Audit & Supervisory Board            |                          |
|----------------------|-------------------------|--------------------------------------|--------------------------|
|                      | Non-executive directors | Executive directors                  | Members                  |
| Independent/external | Chair<br>               | —                                    | Independent/external<br> |
| Internal             |                         | (one is representative director)<br> | Internal/full-time<br>   |

In January 2020, we changed how the board is chaired, electing a non-executive internal director familiar with internal affairs rather than having a rotating chairmanship. The intent of this change was for the board chair to set relevant and timely meeting agendas and drive collaboration between executives and external directors to help the board function more competently and responsibly in making major business decisions and providing management oversight. From April 2021, we elected an external director to chair the board to further enhance its oversight function and strengthen governance.

In line with revisions made to Japan's Corporate Governance Code (CGC) in FY 2021, our board sought to focus more on deliberating important company matters and exercising oversight by delegating more authority to the executive team. Accordingly, we make and execute business decisions in our Senior Executive Management Meeting (chaired by a non-executive internal director) and Executive Officers Meeting to improve our risk management capability even as we accelerate the business.

As the company transitioned to the Tokyo Stock Exchange's new Prime Market segment and Japan's Ministry of Economy, Trade and Industry updated its Practical Guidelines for Corporate Guidance Systems in

FY 2022, we are making changes in FY 2023 to delegate even more authority to the executive team by putting the Executive Officers Meeting in charge of top-level decision-making, and establishing a new Business Strategy Meeting that includes the non-executive internal director to set the direction for the company's medium- to long-term strategies and ensure proper executive decision-making. From FY 2023, the Business Review Committee (established in April 2021) operates under the Executive Officers Meeting. It examines and analyzes business risks (associated with investments and loans, acquisition and disposal of stock and fixed assets, alliances and important agreements, and the sale or acquisition of businesses) to improve the quality of deliberations for top-level decision-making.

Based on the latest CGC revisions, we are making additional disclosures about our stand on key CGC principles such as sustainability initiatives for managing human capital and responding to climate change.

See our corporate governance report for details.

[WEB www.sato-global.com/about/governance/governance.html#anc\\_08](http://www.sato-global.com/about/governance/governance.html#anc_08)

#### 3 Audit & Supervisory Board

The company has an Audit & Supervisory Board comprising one full-time and two external members as of June 30, 2023.

Audit & Supervisory Board members attend board of directors meetings to check business decisions and the effectiveness of internal controls, expressing their opinions when necessary. Members regularly receive explanations on audit plans from the company's audit firm (independent auditor) and engage in direct communication and information sharing with the firm through its quarterly and year-end auditor's reports. For key audit matters (KAM) identified by the audit firm, the Audit & Supervisory Board will verify their reasoning and follow up on them regularly, sharing information accordingly. It also checks the audit firm's work for appropriateness and legal compliance to assess the firm for its performance.

The full-time member attends the Executive Officers Meeting and other important in-house meetings, where he audits/supervises different decision-making processes and resolutions reached, expressing his opinions when necessary. Under the oversight of the Audit & Supervisory Board, he undertakes a wide range of other activities, including verifying the readiness/operation of internal

controls, examining the financial reporting system and reviewing various report materials. He also goes on site visits to understand on-site information from department managers/heads and provide advice while reporting his work outcomes to the Audit & Supervisory Board. In addition, he collaborates with the audit firm to receive quarterly audit/review reports, exchange opinions and gather information as required to create an environment conducive to proper auditing. He also constantly exchanges opinions with our internal audit function (comprising Japan and global audit departments), from which he receives audit results and internal control evaluations concerning financial reporting that help him perform auditing in an effective and thorough manner.

#### 4 Evaluation of the board's effectiveness

The company conducts annual surveys to analyze and evaluate the effectiveness of our board of directors, verifying that corporate governance is enabling sustainable creation of increased corporate value.

See our corporate governance web page for our FY 2022 evaluation approach and results.

[WEB www.sato-global.com/about/governance/governance.html](http://www.sato-global.com/about/governance/governance.html)

### 3. Policy and activities to ensure proper company operations

As a business, we aspire to solve challenges and create new value for customers operating in various types of worksites, industries and markets around the world. We believe it is important that proper internal control systems are established and consistently implemented for both frontline operations and organizational-level leadership so as to realize our corporate social responsibility and grow sustainably.

See our corporate governance report for details.

[WEB www.sato-global.com/about/governance/governance.html#anc\\_08](http://www.sato-global.com/about/governance/governance.html#anc_08)

#### 4. Audit checks by independent auditor

See our corporate governance report for details.

[WEB www.sato-global.com/about/governance/governance.html#anc\\_08](http://www.sato-global.com/about/governance/governance.html#anc_08)

#### 5 Appointment and dismissal of directors and representative directors

We select, via a transparent process, candidates who are able to actively contribute to the board's decision-making and managerial oversight functions with their extensive experience/expertise and excellent character/discernment.

In April 2021, we established the Nomination Advisory Committee as an advisory committee to the board of directors. The committee (whose chair and majority of members are external directors) functions to not only propose the appointment and dismissal of individual candidates, but also look into the board's composition and overall operation (including decision-making on appointment policies or standards/processes and succession planning) to provide reports and recommendations.

See our corporate governance web page for our appointment and dismissal criteria.

[WEB www.sato-global.com/about/governance/governance.html](http://www.sato-global.com/about/governance/governance.html)

## 5. Remuneration for board members

Established in April 2021, our Remuneration Advisory Committee (whose chair and majority of members are external directors) functions to not only support the board in drafting performance evaluations for directors, executive officers and senior officers with their proposed remuneration, but also look into all remuneration matters (including remuneration policies or standards/procedures and information disclosure) to provide reports and recommendations.

### 1 Remuneration policy

The remuneration structure for board members is an extremely important element of corporate governance. The company adopts the following policy with the board's approval.

- 1) Remuneration amount shall be set at a level capable of securing and retaining board members to make important management decisions and supervise business execution.
- 2) Remuneration structure shall be geared toward the company's sustainable growth and greater medium- to long-term corporate value, and resonate with the values of shareholders and other stakeholders.
- 3) The board shall comply with the remuneration determination process set out by its advisory committee for accountability, fairness and transparency.

### 2 Procedure to determining remuneration

The following steps are taken by the board to ensure fair and transparent deliberations.

- 1) Board of directors revises basic/performance-based remuneration amount (tied to position) and payment coefficient.
- 2) Representative director evaluates officers for their full-year business and individual achievements, with support from internal directors.
- 3) Board of directors approves evaluation and decides performance-based remuneration amount for each member.

### 3 Composition of remuneration

Remuneration for the company's directors consists of basic compensation (fixed monetary sum), performance-based monetary compensation and performance-based stock compensation. The weighting of each component is decided by considering balance with overall remuneration amount and position of officer, whereby those in higher positions receive a larger ratio of performance-based compensation. The above does not apply to non-executive directors, who shall only receive fixed compensation and non-performance stock compensation, and Audit & Supervisory Board members, who shall only receive fixed compensation.

### Breakdown of board members' remuneration for FY 2022

| Position                         | Total remuneration (Millions of JPY) | Remuneration components (Millions of JPY) |   |                                      |                    | No. of eligible board members |
|----------------------------------|--------------------------------------|---|---|--------------------------------------|--------------------|-------------------------------|
|                                  |                                      | Fixed compensation                        | Performance-based monetary compensation | Performance-based stock compensation | Stock compensation |                               |
| Director                         | 252                                  | 195                                       | 33                                      | 19                                   | 5                  | 9                             |
| (i) External                     | 70                                   | 65  | 0                                       | 0                                    | 5                  | 5                             |
| (ii) Internal                    | 182                                  | 130                                       | 33                                      | 19                                   | 0                  | 4                             |
| Audit & Supervisory Board member | 62                                   | 62  | 0                                       | 0                                    | 0                  | 5                             |
| (i) External                     | 17                                   | 17  | 0                                       | 0                                    | 0                  | 2                             |
| (ii) Internal                    | 45                                   | 45  | 0                                       | 0                                    | 0                  | 3                             |

Ratios of the various remuneration components for board members derived from FY 2022 actuals are as follows.

| Position                                     | Fixed compensation | Performance-based compensation | Stock compensation | Composition of performance-based compensation |                                 |
|--|--------------------|--------------------------------|--------------------|---|---------------------------------|
|  |                    |                                |                    | Based on business achievement                 | Based on individual achievement |
| Representative Director and President        | 62.1%              | 37.9%                          | 0.0%               | 100%  | —                               |
| Representative Director and Vice President   | 64.7%              | 35.3%                          | 0.0%               | 50%   | 50%                             |
| Director and Vice President                  | 72.5%              | 27.5%                          | 0.0%               | 50%   | 50%                             |
| Non-executive internal director              | 96.0%              | 0.0%                           | 4.0%               | —   | —                               |
| External director                            | 92.0%              | 0.0%                           | 8.0%               | —   | —                               |
| Internal member of Audit & Supervisory Board | 100%               | —                              | —                  | —   | —                               |
| External member of Audit & Supervisory Board | 100%               | —                              | —                  | —   | —                               |

## 6. Skills matrix for directors and Audit & Supervisory Board members

The following table shows skills/competencies of our directors and Audit & Supervisory Board members mapped against what is expected of their roles. These skills/competencies are appropriately well-balanced with the company's needs.

|                                   | Executive | Independent | Name                | Knowledge and experience to lead management and business appropriately |   |   | Knowledge and experience to establish and maintain an appropriate management foundation |   |   | Panoramic perspectives to ensure sustainability |   |   |
|-----------------------------------|-----------|-------------|---------------------|--|---|---|---|---|---|---|---|---|
|                                   |           |             |                     | a  | b | c | d   | e | f | g   | h | i |
| Directors                         | ●         | —           | Hiroyuki Konuma     | ●  | ● | ● |   |   |   | ●   | ● | ● |
|                                   | ●         | —           | Yoshinori Sasahara  | ●  | ● |   |   |   |   | ●   | ● | ● |
|                                   | —         | —           | Tatsuo Narumi       | ●  |   |   |   | ● | ● | ●   | ● | ● |
|                                   | —         | ●           | Yuko Tanaka         | ●  |   |   |   |   | ● | ●   | ● | ● |
|                                   | —         | ●           | Ryoji Itoh          | ●  |   | ● | ●   |   |   | ●   | ● | ● |
|                                   | —         | ●           | Hideo Yamada        | ●  |   |   |   | ● | ● | ●   | ● | ● |
|                                   | —         | ●           | Sadayoshi Fujishige | ●  |   | ● | ●   |   | ● | ●   | ● | ● |
|                                   | —         | ●           | Yoshiko Nonogaki    | ●  |   | ● |   |   | ● | ●   | ● | ● |
| Audit & Supervisory Board members | —         | —           | Kiyohiko Yoshii     |  |   | ● | ●   | ● |   | ●   | ● | ● |
|                                   | —         | ●           | Noriko Yao          |  |   | ● |   | ● | ● | ●   | ● | ● |
|                                   | —         | ●           | Naoki Kubo          |  |   |   | ●   | ● |   | ●   | ● | ● |

### 1 Knowledge and experience to lead management and business appropriately

a Business/organizational management b Industry knowledge (sales/technology) c International business

### 2 Knowledge and experience to establish and maintain an appropriate management foundation

d Finance and accounting e Legal and compliance f Human resource and labor relations

### 3 Panoramic perspectives to ensure sustainability

g Governance and sustainability h Risk management i Diversity

### Message from external director

Working with different companies as their external director, I find that SATO's board meetings always allow for free and open-minded discussions. There are no rigid agendas, and nothing is taboo to talk about. Unlike many Japanese companies, SATO's board is comprised in majority of external directors, who help maintain healthy tension with internal directors and executive officers. While I do feel that some agendas should be reviewed more thoroughly before they are submitted to the board, the situation is improving and directors now focus better on deliberating and making decisions, thanks to the establishment of an in-house Business Review Committee.

Back when Tokuo Fujita (SATO's second president) ran business, board meetings were short and simple, owing largely to his unique leadership. But as the company grew globally and faced new challenges (most recently the COVID-19 pandemic), board directors have come to play a greater role, leading to longer discussions. This is a natural shift, considering the size of SATO's business in annual sales (which exceed ¥100 billion) and the number of its overseas subsidiaries.

New president and group CEO Hiroyuki Konuma is one of the younger CEOs of companies listed on the Prime Market segment of the Tokyo Stock Exchange. We can expect him to run SATO differently with new ideas and bold goals. I hope to use my legal knowledge and experience to provide opinions from governance and compliance perspectives to reflect the views of the company's shareholders and other stakeholders.

For SATO to scale greater heights as a truly global and Prime Market company, I recommend it works on the following areas.

1 Solidify its footing by going back to its basics in The Spirit of SATO, and strengthen corporate planning to create and implement proactive business strategies.

2 Foster talent to help SATO's overseas businesses reach their high growth potential, and strengthen their monitoring.

I, as an external director, will be asking questions and offering suggestions to drive active discussions that help shape the company's future.



**Hideo Yamada**  
External Director  
Chair of the Board