

SATO's Management Philosophy and Value Creation



In 1969, our late founder, Yo SATO, settled on the phrase "Ceaseless Creativity" as our corporate motto. Seeing the mission of enterprises, like that of individuals, as to improve themselves so that they provide a useful service to the world, we have adopted a policy of working together with creativity as we dedicate ourselves to the company's business.

Basic Corporate Principles (Philosophy)

SATO's management principles were established by Yo SATO in 1978. What values justify the existence of our company in the world (or society)? What sort of clear objectives should we establish and what concrete methods should SATO's management employ as we aim for achievement of, or progress towards, such objectives, while at the same time carrying out our social mission, which is another of our aims? Our conclusions are summarized in a form that can be clearly presented to all staff members. The corporate mission lays down the basic direction while the corporate principles clearly show the attitude we believe is right as we go into action.

SATO's Management Principles

— Corporate Mission —

Our mission is to focus on our main business functions of manufacturing and sales, to work for the betterment of mankind and quality of life, and to do our best to contribute to the advancement of society.

— Corporate Principles —

In order to grow and move forward, support and cooperation from every person in the company are essential. Our corporate principle is to be professional, to be aware of SATO's corporate responsibilities and to work together with a shared sense of mission in order to achieve the company goal.

Our Basic Thinking

SATO's corporate philosophy calls for contributions to the advancement of society. Throughout our 67-year history, we have been working in good faith to fulfill this objective through our main business and in the process forming our corporate culture and climate. Their fundamentals are laid down in SATO's Management Principles and the Basic Principles of How to Work, combining instructions on working procedures with ethical guidelines. SATO believes that the transparency and soundness of an enterprise are not achieved by enforcing rules and regulations but are a spontaneous

expression of the state of the enterprise and its cultural maturity.

SATO executives and staff keep in touch with these basics by reciting the principles at morning assembly, including "to focus on our main business functions of manufacturing and sales and contribute to the advancement of society," inheriting a sound corporate culture and following an ethical corporate policy in good faith. The driving force by which SATO creates value is the SATO spirit, what we could also call the corporate DNA we inherit.

Distinctive Features of SATO

SATO has two main sources that create value and differentiate the company. One is "The Spirit of SATO" and the other is the OIP Report.

The Spirit of SATO is a handbook for staff education and working procedures written by CEO Tokuo FUJITA. In it, he describes the spirit we have inherited from our predecessors and combines this with his own management philosophy, proclaiming his intention "to make this a company that will always be youthful, enjoyable and exciting."

As well as providing an easily understood explanation of the bases of the spirit of SATO—its Management Principles and the Basic Principles of How to Work, interleaved with accounts of episodes that took place when they were being formed, it leads individual members of staff to adopt the outlook of a manager in sections entitled SATO's Rules for Management, Management Precepts, and the SATO Esprit.

The previously existing editions in Japanese, English and French were supplemented in FY 2006 by new editions in Malay, Vietnamese, German, Spanish and Chinese. As the distilled essence of the sources of SATO spirit, it is distributed to all SATO staff, and is used in on-the-job and other training to ensure that the spirit is passed on to each and every one.

The OIP Report is SATO's unique knowledge-management system, in which all members of staff

submit daily one-paragraph reports directly to top management. Information both within and outside the company, along with ideas for improvement, reaches top management through the actual voices of its staff, and the information gathered is immediately shared between all members of staff. This system of direct reports maintains the transparency of the organization, encourages active participation by staff, and creates a free and open corporate climate. And listening to the actual comments of individual members of staff encourages top management to take a sincere and humble approach to management.



■ The Spirit of SATO

Value Creation and CSR in SATO

We were asked by a student interested in CSR whether, for the enterprise, CSR activities were antithetical to the corporate effort to create value and generate profits. At SATO, we see value creation and CSR as synonymous. The source of SATO's CSR is the commitment to contribute to society through our main business, and it consists of the steady efforts made in good faith to do so. Our corporate responsibility for social contributions is defined in our management philosophy, which forms the driving force behind our daily efforts to create value. For SATO, CSR is not a new attempt to make ourselves look better. It is the natural continuation of efforts to create value in accordance with our corporate philosophy and to contribute to society through our main business, nothing more and nothing less.

SATO's corporate activities are extending throughout the

world, and half of our staff serve overseas. All members of SATO Group staff, whatever the differences between their cultural backgrounds and practices, are aligned with this vector, and combine to create further major value by contributing to society through our main business.

The Definition of CSR in SATO

The value of a company is not only financial but also includes its societal and environmental values. SATO's CSR is the responsibility for actions that SATO voluntarily takes upon itself to ensure sustainable development—its own, that of society, and of the environment.