

# Fostering Human Resources (Personnel Policy)

SATO's business concept of DCS & Labeling is a total solutions business that provides customers with the products and software that meet their needs. The key to this kind of business is the wisdom and experience crystallized in our know-how. So, at SATO, our people are the sources of the value we add. That makes them our greatest assets. And it means we cannot neglect the fostering of these vital resources.

## Personnel Policy

### Fundamental Concepts

Aware that the sources of the values we add through our business operations are our people, we treat our staff as our greatest assets. Fundamental to this is showing respect for individuals and tolerance of diversity as we implement our personnel policies for employment, career development, training, assessment and remuneration.

### Action Plan

1. The basis of all human resource development is the understanding and thorough implementation of SATO's management policy.
2. We trust our staff as good and moral people.
3. We motivate not by authority but by understanding and trust.
4. We make use of a wide variety of staff by appointing them to appropriate positions without discrimination on the basis of age, nationality, gender or academic record.
5. We foster the development of human resources by setting appropriate objectives and assigning to staff the authority and responsibility needed to achieve them.
6. We use impartial, non-subjective standards to assess performance and decide remuneration, based only on the abilities shown and successes achieved.

## Employment

"The Spirit of Sato" says "in hiring people, take the potpourri approach." In following this dictum, the intention is not to ensure conformity with preconceived ideas but to employ a wide variety of people and foster their growth into valuable assets. Each of us shines at different things, and there are many people who can suddenly do better because of a change in their environment. Our hiring policy is to gather a wide diversity of people and use that diversity as an active source of strength in responding to environmental

change through training. We also actively seek to employ non-Japanese new graduates and women engineers.

SATO welcomes returning staff members who have previously resigned from the company, and makes no remunerative discrimination against them.

Fiscal Year	2002	2003	2004	2005	2006
New Hires	103	99	121	132	168

Note: Includes contract employees.

## Fostering Personal Growth

Fostering human resources is not restricted to directly work-related areas, but includes company subsidies of the cost of various correspondence course, English conversation schools, TOEIC examination fees, and membership of external organizations and societies including those of certain other sectors of industry. This

gives powerful support to staff, encouraging them in their efforts at self-improvement.

All members of staff of SATO Corp. and the SATO Group employed within Japan, including regular staff and contract employees, can take advantage of this support.

## Trends in Numbers of Employees Taking Correspondence Courses

Fiscal Year	2002	2003	2004	2005	2006
Cumulative Total	432	476	442	405	575

Note: Includes contract employees.



■ A correspondence course brochure

In FY 2006, our system of short-term overseas training trips awarded to outstanding members of staff was renamed "Training for Specially Selected Staff" who can choose from among the following four options: (1) market research within Japan or overseas; (2) linguistic training; (3) acquiring qualifications; and (4) training in

management skills.

In addition to having young staff attend Management

Meetings, and selecting them as candidates for intense training at the SATO Management Training School or to undergo long-term training at overseas subsidiaries, a new system provides them with support in earning Management of Technology (MOT) qualifications either in Japan or overseas. These various experiences allow our widely varied staff to show where they can shine.

We are also concentrating efforts to ensure that all our staff share in the "Spirit of Sato" through what we call the SATO Gene School, which seeks to ensure that SATO's worthy heritage is handed down to the next generation.

We also run a system of internal open recruiting that encourages staff to seek new challenges in the workplace.



■ The scene at a training session

## Diversity in Working Practices

SATO combines fostering human resources with a policy that allows many different working practices.

Flexible working hours have been adopted in a number of departments, and as a result of abolishing core time and urging more departments to adopt "flex time" we have been able to adjust the end of the working day to cope with peak workloads, enabling people to strike the

right balance between their work and private lives, including the setting of days of the week when they leave early, etc., and this is gradually increasing flexibility in working methods and the attitude to working hours.

Staff members are also being urged to take continuous five-day breaks for a truly refreshing holiday.

## Casual Wear

As it says in "The Spirit of Sato," SATO tries to do things differently from others (or if it does the same, to do them earlier). This characteristic is shown in its most extreme form by the adoption of casual wear. From July 1998, except for sales staff and customer engineers, all staff members have been encouraged to wear casual clothing every day.

The purpose of this casual dress code is to encourage staff to choose clothing that makes their work easier,

both improving working efficiency and also helping to develop a flexible attitude to change in a free, unfettered and open atmosphere. It also saves energy by reducing the burden on air-conditioning equipment. Long before the current buzzwords of "coolbiz" and "warmbiz" clothing were thought of, we were adjusting our clothing rather than resetting the air-conditioning temperature.

## Just Call Me with "San"

As part of creating a vigorously free and open atmosphere in which anyone can address anyone else, whatever their job title, we like to make a point of calling each other "San" (the Japanese for Mr. or Ms.), like

"Sato-San", rather than by job position or rank, as is the custom in most Japanese companies.

With top management encouraging awareness of this policy among staff, implementation is steadily spreading.

## Encouraging Positive Action

### Positive Action Policy

The purpose of our positive action promotion policy is to provide a workplace environment in which enthusiastic and able women can work to the best of their abilities.

Marriage and childbirth are matters of personal values and life plans. For women who have the enthusiasm and the ability to continue pursuing their careers, SATO does not ask their marital status, nor whether they are preparing for childbirth or bringing up children. We seek to provide a workplace in which they can expect to continue their careers.

The women whose abilities will support SATO will not be expected to bear a disproportionate burden, for we will create a working environment that allows them to continue their careers by reflecting the feedback we received from the workplace.

Our Positive Action Committee discusses the problems of gender discrimination and how to create a workplace that facilitates work by both men and women. It proposed changes in regulations and new systems, carries out questionnaire-based surveys to determine the actual situation, arranges lectures, and operates a home page as part of its educational activities.

#### Activities in FY 2006

1. Gave a lecture
2. Questionnaire-based company survey
3. Held round-table discussions between an external director and women managers and senior supervisors (held three times). Later, the Executive Committee responded to proposals and questions from women members of staff.
4. One of the questions in the questionnaire of (2) above asked "What could be done to make SATO an easier place to work?" and based on the replies and on the results of (3) above, issues related to positive action that need to be addressed in creating a workplace environment that facilitates work by both men and women equally were forwarded to the board of directors (a total of three times).

5. Labels were created to help those working shorter hours to get the understanding and cooperation of their colleagues.

6. Objectives Set in FY 2005 and Achievements

- (a) Appoint at least 20 women managers by April 2009: As of April 1, 2007, eight appointed.
- (b) Appoint at least two women senior managers by April 2010: As of April 1, 2007, three appointed, and two executive officers.



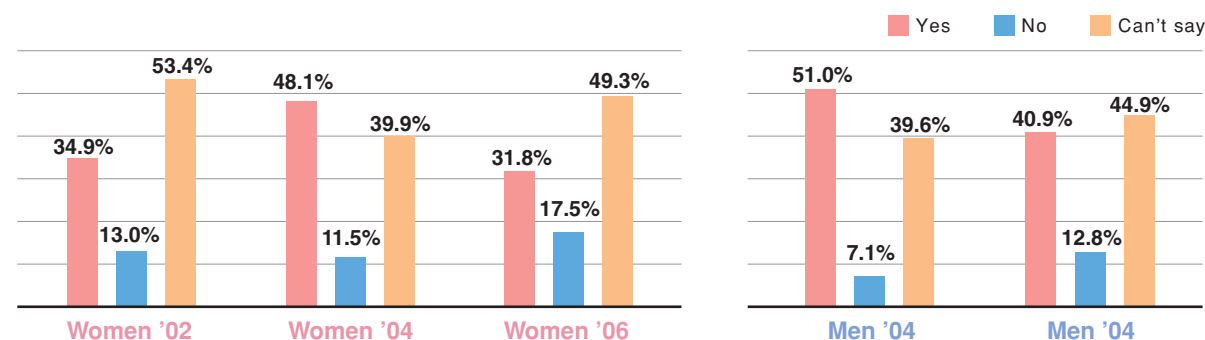
In May 2007, we received general approval as meeting the requirements of the law promoting measures to support bringing up the next generation.



■ "Kurumin," the symbol of next-generation support approval.

### Results of the Questionnaire Survey of August 2006

"Do you feel that your present workplace is an easy place for women to work?"



## Some Staff Statistics

Fiscal Year	2002	2003	2004	2005	2006
Years of service	10.2	10.4	10.4	10.4	10.0
Ratio of paid holidays taken	39.1%	36.7%	46.6%	41.8%	37.3%
Percentage of resignations*	3.8%	3.0%	3.9%	6.3%	8.5%

\*Percentage of resignations = Number resigning during the year divided by number employed at the end of the year.

Fiscal Year	2002	2003	2004	2005	2006
Number taking maternity leave before/after confinement	4	4	6	3	4
Number taking leave to bring up a child	4	3	5	5	4
(of whom, those taking less than 20 days)	—	—	—	(1)	(0)
(of whom, the child was over 18 months)	—	—	(1)	(0)	(1)
Those working shorter hours	4	8	9	7	7
(of whom, the child was over three years old)	—	—	—	(2)	(3)

Note: The number of those taking maternity leave before/after confinement, and those taking leave to bring up children, are counted for the year in which they start.

The number of those working shorter hours is the total number of those doing so during the year. The one taking less than 20 days to bring up a child in FY 2005 was the father.

Fiscal Year	2002	2003	2004	2005	2006
Number taking leave to provide nursing care	0	0	1	0	0

Note: The only one taking leave to provide nursing care to dependents in 2004 was a man.

Fiscal Year	2002	2003	2004	2005	2006
Home-based sales (on a contractual basis)	9	9	6	4	4

Fiscal Year	2002	2003	2004	2005	2006
Industrial accidents	6	5	8	2	7
Frequency of occurrence	2.06	0.85	2.53	0.621	2.57
Degree of seriousness	0	0	0	0	0
Number of times subject to administrative guidance	0	1	2	0	0

Fiscal Year	2002	2003	2004	2005	2006
Percentage of physically or otherwise challenged employees	1.54%	1.52%	1.56%	1.71%	1.40%

Note: All of the above statistics include contract employees.