

# Do What Needs to be Done

## To Respond to Society's Trust

### Compliance

The 32 articles of the "Basic Principles of How to Work" are SATO's action policies and ethical requirements.

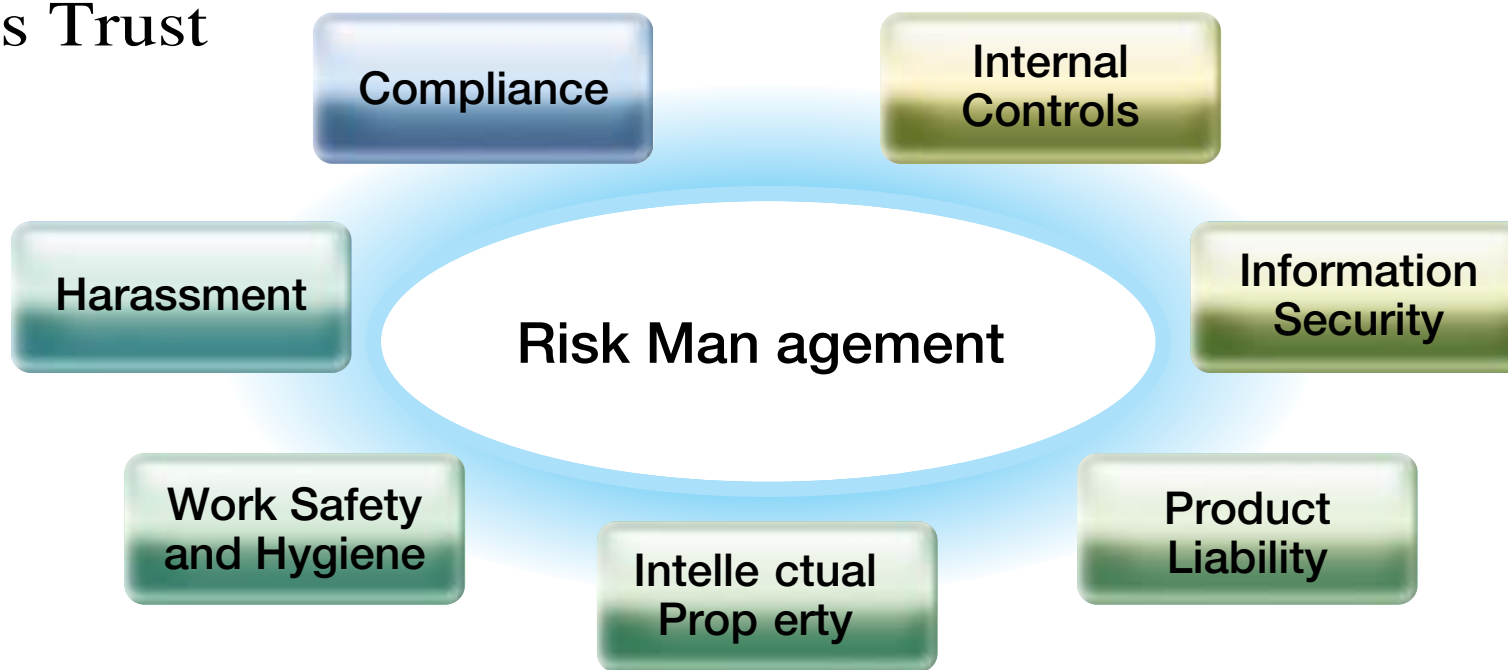
Written originally by our founder, Yo SATO, they comprise "things to bear in mind in daily work, based on personal experiences dating back to my youth," as he put it. They have been in use since 1978, having undergone successive revisions. Item 2 says, "A company is a public institution. This means that work done in the company is a public matter." When something is being done that could not be condoned if it were made public, we are told, "we must give categorical rebukes, not allowing self interest to deflect us."

Item 3 requires us to "keep a simple, straight-forward attitude, always striving to see things as they are." In Item 5, we are told, "Do everything that you clearly ought to be doing." If subjective factors affect our interpretation of the facts, they will lead to wrong actions and corporate failures. We need to see things as they really are, and then do what clearly needs to be done based on our own subjective assessment.

In these "Basic Principles of How to Work," readily understandable eventualities likely to be encountered in practice are given, with practical examples of what needs to be done. SATO's corporate philosophy and contribution to society are inseparable sources of corporate value, with corporate philosophy founded on SATO's Management Principles and the Basic Principles of How to Work. Every individual member of staff has a firm intention to contribute to society through our main business, and that means we naturally avoid actions that are disadvantageous to our customers or those with whom we do business. The members of top management do nothing that would betray the expectations of shareholders or staff out of the desire for self-preservation. SATO's corporate philosophy is fiercely protected by a steadfast commitment to social contribution through our main business.

As a corporate citizen and as a clear matter of our corporate social responsibility (CSR) we have a duty to oppose the increasingly sophisticated efforts of potentially anti-social forces to obtain funds, to cut off any such funds already in use, and to provide no basis for them in the future. SATO is introducing a system of internal controls to block all such anti-social influences, at the same time clearly codifying our in-house procedures and ensuring everyone is fully informed of them.

We have set up a contact point for reports as a matter of public interest (whistle blowers) to assist in supervising compliance, and this, with our system of OIP Reports (see Page 8), to gather information, is intended to prevent incidents arising from confusion. By end of FY 2008, we plan to finish establishing such contact points at all our overseas subsidiaries. We received our first such public interest report in FY 2007.



### Risk Management

Representatives of all our divisions, including those overseas, attend monthly meetings of the Risk Management Committee, share information on various in-company risks, discuss preventive actions to avoid risks, and consider how emergencies should be handled if they arise. In the event of major disasters or accidents, the committee acts as the headquarters for emergency

measures, decides the schedules for recovery, etc., and is entrusted with the unified control of the entire company so that it can continue operations.

In March 2007, we introduced a system for ensuring safety that can gather emergency information on all members of staff and business locations. This speeds up the sharing of emergency information.

### Harassment

A dedicated consultation service is provided to assist those who seek counseling and to work with them in solving any problems so that they can enjoy peace of mind in the workplace. In FY 2007 there were two cases of such counseling.

A booklet entitled "Preventing Sexual Harassment in the Workplace" is distributed to all members of staff and in-house education is ongoing. OIP Reports (see Page 8) are also used as an important means of concentrating attention on changes in the work environment.



"I am a driver. I won't be drinking alcohol and driving today!"  
A label distributed to drivers during internal company event to prevent driving under the influence of alcohol

### Work Safety and Hygiene

All SATO Corp. staff over the age of 38, including contract staff, are given thorough regular medical checkups.

In 2007 our Kitakami Factory in Japan received an award for its high standards of safety and hygiene from the Head of Iwate Prefecture Labor Dept., and our Higashi Nihon Logistics Center (in Saitama Prefecture, Japan) received an award from the Japan Association for Safety of Hazardous and Inflammable Materials in the Kazo region.

### Product Liability

The Product Liability Committee investigates the risks and policy involved in our responsibilities as a manufacturer. The product user information found in OIP Reports (see Page 8) is invaluable for R&D Division and Quality Assurance Dept., and contributes to product liability policy.

### Internal Controls

Already aware of the need to contribute to society through our main business, SATO has sought to maintain corporate discipline and to stay firmly on the right track vis-a-vis society. As part of our efforts to pass on the SATO Basic Corporate Principles during the rapid expansion and globalization of our business in recent years, and aiming for further steady progress, we established in 2007 a committee chaired by the President and CEO to promote a company-wide increase in the transparency and quality of our business activities. This embraces the concept of internal controls.

The whole company is united in working to extend these activities to provide better services, to ensure smoother working processes and more accurate, transparent financial disclosure, and so to contribute to the progress of society.



A poster promoting the internal controls project

### Information Security

As well as operating and handling security issues in line with company security policy, educational activities continue to reach all members of staff. Measures to protect personal information from leakage due to computer virus infections are also being strengthened.

### Intellectual Property

SATO sees intellectual property rights as a mainstay of corporate development, and major efforts are made to secure and protect such rights. To increase staff awareness, trainings are given and annual award ceremonies held.

