

# Fostering Human Resources

## The Wellspring of SATO Business

SATO's business concept of DCS & Labeling is a total solution business that provides customers with the products and software that meet their needs. The key to this business is the wisdom and experience crystallized in our know-how. So, at SATO, our people are the source of our value-added business. So we regard them as our greatest asset.

### Employment

SATO sees diversity as an active source of strength, and adopts a potpourri approach to recruiting. Because we want to employ a wide variety of people not conforming to preconceived ideas, we do not set written tests. All staff members are treated as generalists when they join the company, and are allocated to positions regardless of gender and solely according to their responsibilities and abilities. SATO's unprejudiced acceptance extends to those who have left the company; they are always welcome to apply to return. Among those who have, some have gone on to join the executive committee.

### Fostering Personal Growth

Personal growth begins with the trainings given to new staff, and there are trainings at each level of management, for every type of work, and for all kinds of skill. To foster the next generation of top management, our own internal Management Training School is opened each year for candidates from all over Japan. After eight months of weekend trainings, they have the opportunity to present their project plans to top management. Young members of staff also attend management meetings on a rotation basis, creating an environment in which members of staff feel close to management from early in their careers.

For sales staff, we have an in-house system that recognizes sales qualifications. Under this system the qualifications are valid for a period of one year, so SATO sales staff members are always acquiring new knowledge each year. Our maintenance support engineers also seek to improve their skills under SATO's own technical qualification systems (see Page 18).

Furthermore, we established an internal Educational Center on April 1, 2008, and are concentrating further efforts on fostering human resources.



Names of Qualifications  
Label Salesperson, Supply Salesperson, Card Salesperson, DCS Salesperson.

Note: Contract staff can also take advantage of correspondence courses, English conversation school and TOEIC examination subsidies.

### Personnel Policy

#### Fundamental Concepts

Aware that the source of the value we add through our business operations are our people, we treat our staff as our greatest asset. 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 to be good and moral people.
3. We motivate not by authority but by understanding and trust.
4. We employ a diverse workforce, appointing each to appropriate position 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.

- Selective education at the SATO Management Training School
- System to send staff members on Masters of Business Administration (MBA) or Masters of Technology (MOT) degree courses either overseas or in Japan. As of March 31, 2008, there are two MBA and two MOT holders under this program.
- Young staff members attend management meetings.
- Trainings for specially selected staff:
  - (1) Market research within Japan or overseas
  - (2) Linguistic training
  - (3) Acquisition of qualifications
  - (4) Management skills training
- Long-term training at overseas subsidiaries (two years)
- Subsidized correspondence courses (approx. 200 courses)
- Subsidized English conversation school costs
- Company payment of TOEIC examinations fees



The scene at a training session

## Striking a Balance between Life and Work

A Work-Life Balance Committee (WLB) was set up in September 2007 to ensure that company policies encourage all members of staff to adopt daily working practices that reconcile the demands of work and private life.

In FY 2007, it mainly addressed the problem of reducing the total number of hours worked, and cooperated with the Positive Action Committee in a questionnaire-based survey of the extent of long working hours and worked on ways to improve.

It is also putting efforts into mental health management so that each individual member of staff can continue to maintain positive and active working attitudes. As well as holding seminars by specialists, we have contracted with medical specialists so that the staff members and their families, and their supervisors, can receive counseling.

In April 2008, we established an in-house counseling center not associated with any specific division of the company in our efforts to ensure that members of staff can enjoy their work by maintaining a good mental and physical balance.

Posters created by each division to promote Work-Life Balance



### Systems that Exceed Legal Requirements

#### Retirement

The age of retirement has been extended to 65.

#### Salary guarantees

After all paid holiday/sick leave entitlements have been used up, a further 20 days of paid sick leave are guaranteed.

#### Childcare leave

This can be taken until the child's third birthday.

#### Shorter working hours

The working hours can be reduced by two hours until a child completes the third year of primary education.

#### Nursing leave

Up to ten days a year of paid leave can be taken to care for sick, injured or infirm family members.

### SATO's Own Distinctive System

#### Every day casual dress code

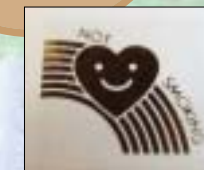
Clothing need only be suitable for the time, the place and the occasion.

#### Non-smoking allowance

A monthly allowance of 2,000 yen is paid in appreciation of those who choose not to smoke.

#### Subsidized networking/socializing

The company supports external activities that deepen the knowledge and experience of staff members.



Non-smoker's sticker

#### Fathering leave

Fathers can take leave to participate in childcare (see Page 21).

#### Refreshing holidays

To encourage the planned use of annual paid holiday entitlements, staff are encouraged to take holidays in five-day continuous blocks.

# Taking Positive Action

## Assisting women to continue their careers

### 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 help move SATO forward will not be expected to bear a disproportionate burden, for we will create a working environment that allows them to continue their careers by taking in the feedback we receive from our staff.

Since it was first formed in 2002, the Positive Action Committee has been concerned to provide open and vigorous environment that allows highly motivated members of staff, whatever their gender, to make the most of their abilities. The committee proposes changes in regulations and new systems, carries out surveys to create a working environment that facilitates work, and uses the in-house magazine and websites as part of its educational activities.

### Activities Proposed in FY 2007

#### Fathering Leave

Renaming the former two-day "Spouse Maternity" leave as "Fathering Leave". This system allows fathers to take up to five days of paid leave at different times during the eight weeks after their wives give birth. (Enacted 1 April 2008)

## TOPICS

SATO received Tokyo Labour Dept. Bureau Chief's "Outstanding Enterprise" award for Equal Employment and Promotion of Balancing Work and Family 2007 program, organized by the Ministry of Health, Labour and Welfare, Japan. Evaluated highly were our initiatives to expand women's employment, to expand the range of work open to women, and to improve the working environment, and all of this led to the award.



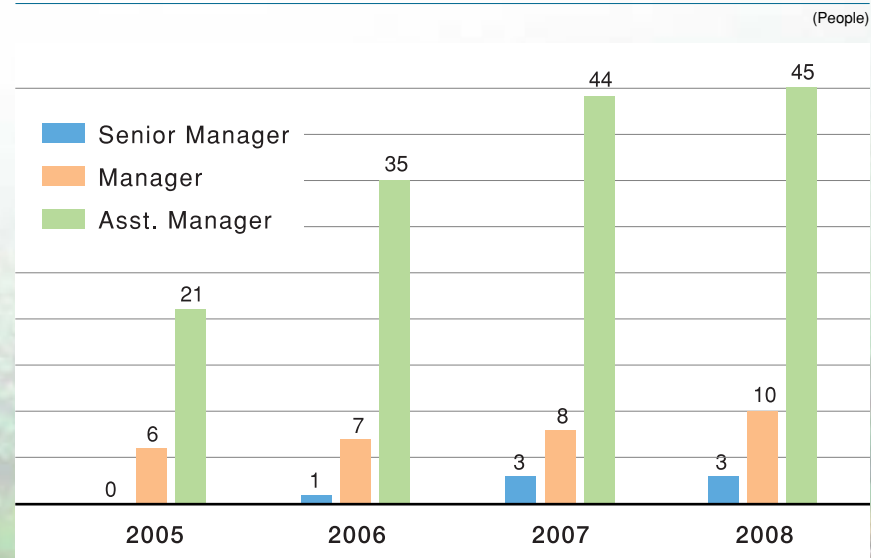
Furthermore in May 2007, we were recognized as an enterprise meeting the requirements of the law promoting measures to support bringing up the next generation and entitled to use the "Kurumin" logomark.



### Status of Targets Set Up in 2005

- To appoint 20 women as managers by April 2009  
As of 1 April 2008 .....10 appointed
- To appoint two women as senior managers by April 2010  
As of 1 April 2008 .....3 senior managers  
(1 of whom is an executive officer)  
.....2 executive officers

### Trends in appointments of women executive



## Some Staff Statistics

| Fiscal Year                  | 2005  | 2006  | 2007  |
|------------------------------|-------|-------|-------|
| Years of service             | 10.4  | 10.0  | 11.1  |
| Ratio of paid holidays taken | 41.8% | 37.3% | 39.1% |
| Percentage of Resignations   | 5.9   | 8.2   | 5.9   |

Percentage of Resignations = No. Leaving during the Year/(No. Employed at Year End + No. Leaving during the Year)

| Fiscal Year   | 2005 | 2006 | 2007 |
|---|------|------|------|
| No. taking maternity leave before/after confinement | 3    | 4    | 7    |
| No. taking leave to bring up a child                | 5    | 4    | 7    |
| (of whom, those taking less than 20 days)           | (1)  | (0)  | (3)  |
| (of whom, the child was over 18 months)             | (1)  | (2)  | (0)  |
| Those working shorter hours                         | 7    | 7    | 12   |
| (of whom, the child was over three years old)       | (2)  | (3)  | (2)  |

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 was the father.

| Fiscal Year                              | 2005 | 2006 | 2007 |
|--|------|------|------|
| No. taking leave to provide nursing care | 0    | 0    | 1    |

| Fiscal Year                                     | 2005 | 2006 | 2007 |
|---|------|------|------|
| Industrial accidents                            | 2    | 7    | 9    |
| Frequency of occurrence                         | 0.62 | 2.57 | 2.76 |
| Degree of seriousness                           | 0    | 0    | 0    |
| No. of times subject to administrative guidance | 0    | 0    | 0    |

| Fiscal Year   | 2005  | 2006  | 2007  |
|---|-------|-------|-------|
| Percentage of physically or otherwise handicapped staff | 1.71% | 1.40% | 1.56% |

| Fiscal Year               | 2005 | 2006 | 2007 |
|---------------------------|------|------|------|
| No. of non-Japanese staff | 6    | 8    | 12   |

For SATO Corp. staff numbers as of March 31.

Note: The above statistics include SATO Corp. staff and contract staff.