

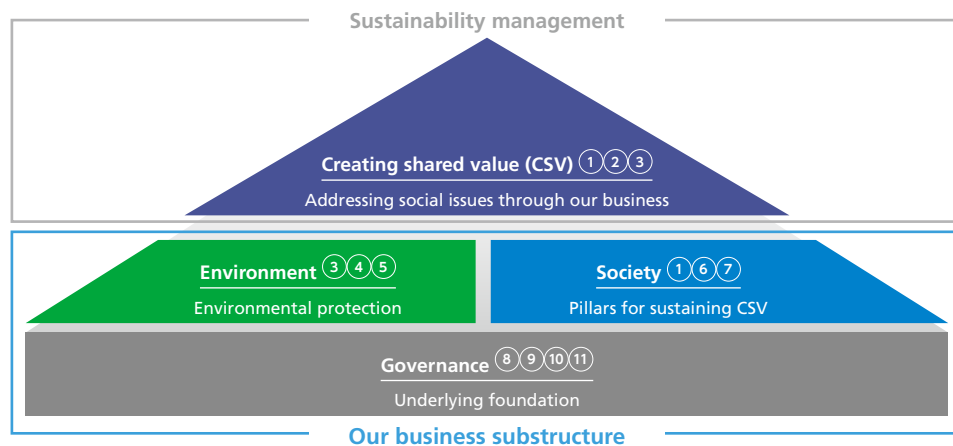
Materiality

Our approach to materiality

Guided by our corporate mission to contribute toward a better and more sustainable world, we have consistently integrated sustainability into our business management. In 2019, we identified our material topics and established the Sustainability Promotion Committee, which reports directly to the Executive Officers Meeting and drives our sustainability initiatives forward.

As the global business environment rapidly transforms, corporations are expected to take greater responsibility for social and environmental issues while also seeking technological advancements.

To reflect these changes in our business strategy and make clear our future direction, we have updated our materiality assessment as follows.



Material topics

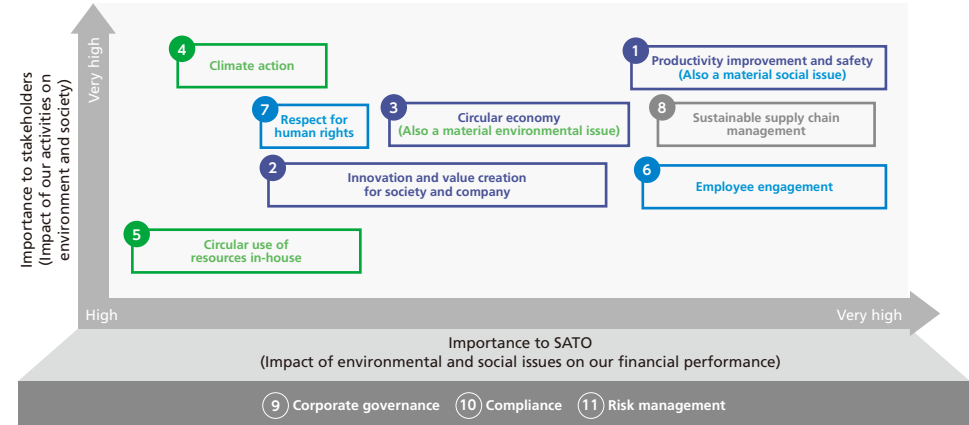
- | | | |
|---|--------------------------------------|---------------------------------------|
| ① Productivity improvement and safety
(Also a material social issue) | ④ Climate action | ⑧ Sustainable supply chain management |
| ② Innovation and value creation for society and company | ⑤ Circular use of resources in-house | ⑨ Corporate governance |
| ③ Circular economy
(Also a material environmental issue) | ⑥ Employee engagement | ⑩ Compliance |
| | ⑦ Respect for human rights | ⑪ Risk management |

Our top leaders will pursue sustainability management as set out in our medium-term management plan, with these newly defined material topics guiding the way.

In this updated materiality assessment, we have positioned governance as the foundation for us to address human rights and other social issues while enhancing our employee engagement and community contributions as a responsible corporate citizen. We will drive innovation and business transformation, further strengthening our auto-ID technology to support sustainable growth and create new, shared value.

[WEB](#) See our [materiality assessment](#) web page for details.

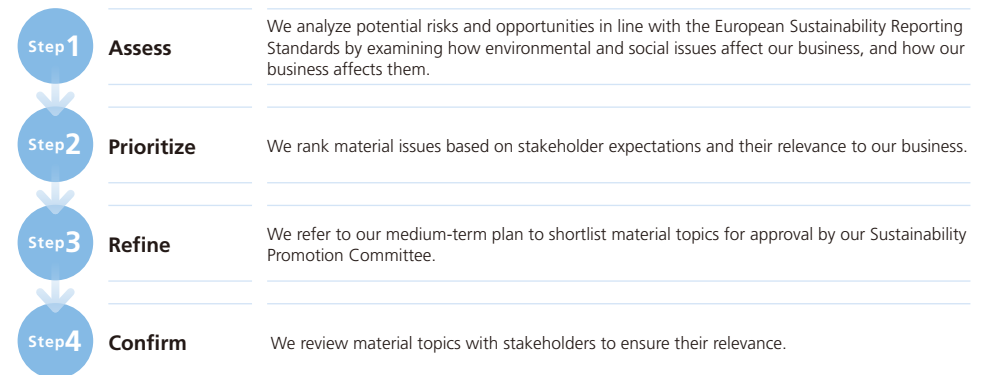
Materiality matrix



Assessment process

To assess our materiality, internal board members and executive officers come together to discuss and study how evolving environmental and social issues, including climate change and human rights, may impact our business activities from both risk and opportunity perspectives.

Through this process, we identify material topics and have our Sustainability Promotion Committee check their progress against the key performance indicators (KPIs) and targets set by our executive officers who oversee materiality. We will periodically reassess our material topics in keeping with new business and social trends.



Materiality

Intellectual and natural capital

● Intellectual property management

SATO provides products and services that address customers' operational needs, and the intellectual property (IP) we produce in the process serves as a vital business resource that sustains our competitiveness. In our materiality assessment, we have committed to creating shared value through our core business to address societal challenges. We aspire to create value for both society and the company by driving innovation, and fostering company-wide collaboration under our medium-term plan to produce IP that not only grows our current business but also supports our future. To explore new technologies and untapped markets, we are increasingly using IP landscapes to guide our strategies and strengthen our global portfolio. We also gather and analyze business intelligence in the IP context to support informed decision-making when selecting new partners for innovative tagging. By protecting and maximizing the value we deliver for society through IP, we aim to create a better and more sustainable world while driving growth to enhance our long-term corporate value.

▶WEB See our [IP policy & strategy](#) web page for details.

● Environmental protection

We recognize environmental protection as a priority common to humankind, and strive to realize a sustainable world through our business activities.

While we work to expand the use of renewable energy and conserve resources through product take-back and recycling, we also strengthen and review our environmental management systems to ensure their effectiveness and sustain high environmental performance.

In response to society's growing expectations of companies, we revised our environmental policy in September 2024 to better guide employee actions toward mitigating the environmental impact of our business activities.

● Climate action

Reducing greenhouse gas emissions that cause global warming is essential to contributing to a sustainable world.

Our targets are to halve groupwide Scope 1 and 2 emissions from FY 2019 levels by FY 2030 and reach net zero by FY 2050. The base year has been set as FY 2019 (previously FY 2016 for Scope 1 and 2 emissions and FY 2021 for Scope 3 emissions) because it is the earliest year with complete and verifiable data that reflects the company's typical emission profile.

Our progress in reducing emissions

(Metric tons of CO₂ equivalent)

Area	Key indicators	FY 2019 results (Base year)	FY 2022 results	FY 2023 results	FY 2024 results	FY 2030 targets
Groupwide	Scope 1 & 2 emissions	14,019	10,592	14,061	11,404	7,010
	Relative to FY 2019	—	Down 24.4%	Up 0.3%	Down 18.7%	Cut by 50%
Japan	Scope 3 emissions	317,836	321,951	324,463	329,219	222,485
	Relative to FY 2019	—	Up 1.3%	Up 2.1%	Up 3.6%	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.

All data excludes our two primary labels companies in Russia.

● FY 2024 recap

In FY 2024, we reduced groupwide Scope 1 and 2 emissions by about 19 percent year on year as we pushed for more renewable energy at our key printer factories overseas and business sites in Japan. Our Scope 2 emissions are lower also because our Japan factory resumed using carbon-free electricity. The factory had been relying on conventional energy sources in FY 2023 due to the closure of its renewable power provider.

TOPIC

SATO transitions hardware factories to 100 percent renewable energy

From October 2024, we transitioned our Vietnam factory to renewable energy via International Renewable Energy Certificates (I-RECs) to reduce our carbon footprint. As one of our main plants for producing printers and hand labelers, the Vietnam factory uses approximately 1,228 MWh* of electricity annually, which will now be fully sourced from renewable energy.

In March 2025, we launched the same initiative at our printer factory in Malaysia, which consumes approximately 2,096 MWh* of electricity annually.

Through these efforts, we expect to run our key hardware factories entirely on renewable energy, reducing carbon emissions by about 2,143 tons per year.

* Based on actual electricity consumption data for FY 2023.

▶WEB See our [greenhouse gas emissions](#) web page for details.

Materiality

Human capital

Human capital management

At SATO, employees are one of our greatest assets and the source that sustains the value we provide through our business model. We have recently redefined our materiality assessment to include respect for human rights and employee engagement. By working on these material social topics, we hope to build a workplace where we match diverse employees to their roles and empower them to grow and thrive under strong HR governance. Supporting this vision is our HR Development Committee*¹ which meets every month and engages in understanding the HR situation across the company to review and make decisions on how we manage human capital, for example, in terms of training key personnel who can execute strategies and keep our business running. Within the committee, there are subcommittees — such as a diversity subcommittee — for our executive officers to initiate and take ownership of specific activities. Diversity activities in FY 2024 included: the SATO Women's Forum; surveys, discussions and seminars involving non-Japanese employees; and initiatives for empowering women and people with disabilities. Activity photos are also posted on our in-house portal and social networking site to increase employee awareness.

Employee engagement surveys

In the past, we conducted separate employee surveys in Japan and other countries due to language differences. However, since FY 2023, we have standardized the survey questions across all regions. As many as 93 percent of our group employees answered the latest survey that was conducted in August 2024. After each annual survey, we share the results with the respective departments and group companies for them to plan and execute actions to increase engagement locally. Our HR Headquarters and HR Development Committee monitor their progress to help them identify any problems in a timely manner and modify their plans for continuous improvement. For FY 2024, our employee engagement score*² groupwide was 65 percent. We aim to increase this score to 70 percent by FY 2030 and have added it as a new KPI for executive remuneration starting this fiscal year.

Actions for elevating employee engagement

In FY 2025, we set up a new employee engagement subcommittee in place of the diversity subcommittee. Through this subcommittee, we work to solve issues identified from the engagement survey by running activities related to workstyle and HR innovations, diversity, equity and inclusion, and career development. We are also building on existing momentum to improve how we train key personnel and facilitate talent mobility both in and outside Japan. Since October 2015 when we first declared our commitment to wellness management, we have been encouraging branches and departments to lead their own employee well-being programs, conducting health and work performance questionnaires, and driving lifestyle disease prevention. We also organized online wellness events for all group employees and introduced smoking bans and alcohol moderation programs at our Japan

offices. These efforts have won us the Certified Health & Productivity Management Outstanding Organization recognition (Japan) for nine consecutive years since 2017.



SATO Women's Forum

What makes SATO unique

- Employees think about how they can better the company and submit their ideas or suggestions daily to their direct managers and top management in the form of Teiho and Make-a-Ripple Teiho reports. Top contributors are rewarded with points and awards.
- We hold the Credo Awards World Cup every year to recognize outstanding employees who demonstrate our values in daily work.
- We present invention awards to encourage intellectual property protection and inspire employees to come up with creative ideas and innovations that address real customer challenges.

Respect for human rights

As part of our due diligence, we started working with external experts in FY 2024 to evaluate our human rights practices against a longlist*³ of 26 risk topics. Following which, we updated our human rights policy and created a due diligence action plan and questionnaire for sharing with our Sustainability Promotion Committee. We will make efforts to carry out human rights due diligence in sync with the other materiality domains identified in our new materiality assessment.

To ensure continuity in human rights training, we plan to use the learning management system E.D.G.E (Engage. Develop. Grow. Evolve) we launched in FY 2021 to expand our course offerings on human rights and create understanding across employees globally.

At SATO, we are serious about helping employees maintain physical and mental health and ensuring work safety. We hold regular Safety & Health Committee meetings consisting of representatives from different departments to check workplace safety and take preventive measures against work-related incidents.

▶ [WEB](#) See our [social sustainability](#) web page for details.

*1 Established in August 2022 and placed under our board's Nomination & Remuneration Advisory Committee.

*2 Calculated based on responses to survey questions that cover five areas tied to workplace sentiment.

*3 Used for risk evaluation in alignment with international standards/guidelines and case studies from other companies.

Creating shared value

Solutions for an ever-changing world

As the world constantly changes, businesses today face many complex challenges that they cannot solve alone. They need to collaborate and make use of the data they collect across supply chains and industries.

Blood management is one example. Collection sites, blood centers and hospitals must work together to log and manage the data and status of each blood bag accurately and efficiently from

donation to transfusion. In the case of circulating resources, recyclers must ensure a stable supply of recycled materials at consistent quality to their customers, which is only possible when they track the product take-back, sorting and recycling stages in reverse logistics.

SATO's tagging solutions provide businesses with the traceability data they need to address their challenges in an ever-changing world.

External environment

- Climate change
- Resource depletion
- Trends for responsible production and consumption
- Declining population and labor force
- Green legislations
- Heightening geopolitical risks

Customer needs

- Ensure stable sourcing of raw materials
- Transition to circular economy
- Make product origins and production processes transparent
- Automate operations to save labor
- Enable traceability for disclosure compliance
- Manage complex supply chains with visibility

SATO

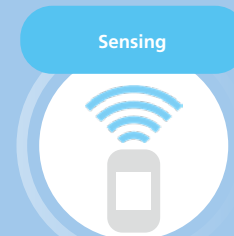
Innovate tagging to expand our value proposition



Image recognition

Stand-alone printing^{*1}Cloud-based aPaaS (application platform-as-a-service)^{*2}

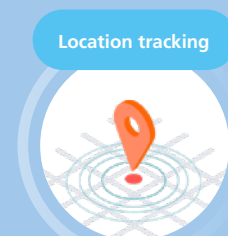
Incorporate new technologies



Sensing



Voice biometric authentication



Location tracking

^{*1} An onboard intelligence that builds applications to customize printer operations so that it can interact with systems and databases to process data without PC interface.

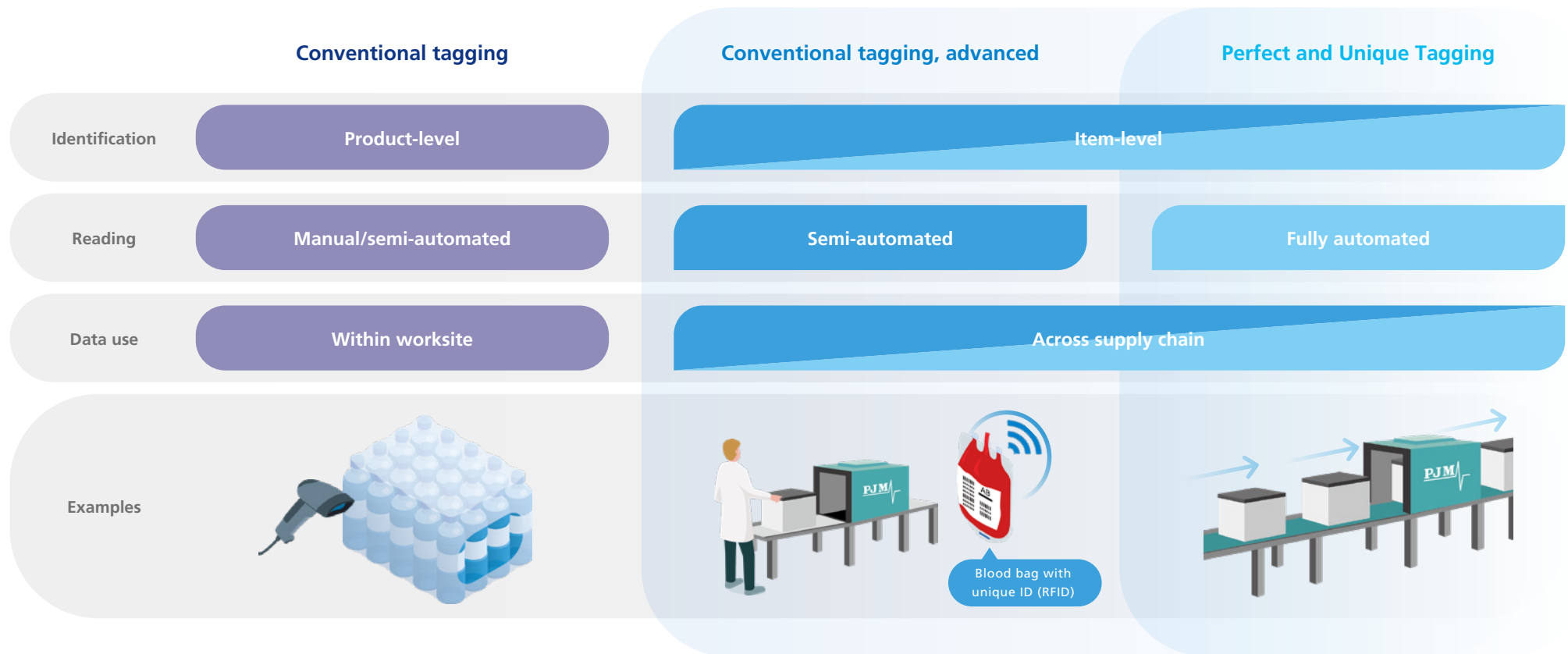
^{*2} SATO AEP CLOUD is a registered trademark in Europe.

Creating shared value

Innovating tagging

Conventional tagging enables product identification at the batch level. The ID requires manual scanning that may be semi-automated at best. Perfect and Unique Tagging, on the other hand, is about giving individual items a unique ID to track conditions like temperature or location over entire supply chains spanning industries and countries. It is also about reading this item-level information automatically and accurately without scanning. For blood management, for example, each bag needs its own unique ID containing information about the donor and other data like

how it was processed or stored. Perfect and Unique Tagging seeks to automate logging and management of this data from vein to vein without human intervention for greater efficiency and patient safety. While we have started proofs of concept for health care customers, we will continue to innovate and lower the cost of the technology to expand its use in other areas such as digital transformation in logistics and the circular economy.



Creating shared value

Traceability: Perfect and Unique Tagging

After collection, blood is processed at blood centers into various products and distributed to hospitals and other medical facilities for patient use.

Effective management of these products requires accurate recording of donor information and related data to ensure patient safety. At the same time, the process must be simple and efficient to help mitigate staffing shortages in hospitals.

SATO addresses these needs with advanced tagging solutions that allow precise and efficient tracking across the blood supply chain, enhancing patient safety and quality of care.

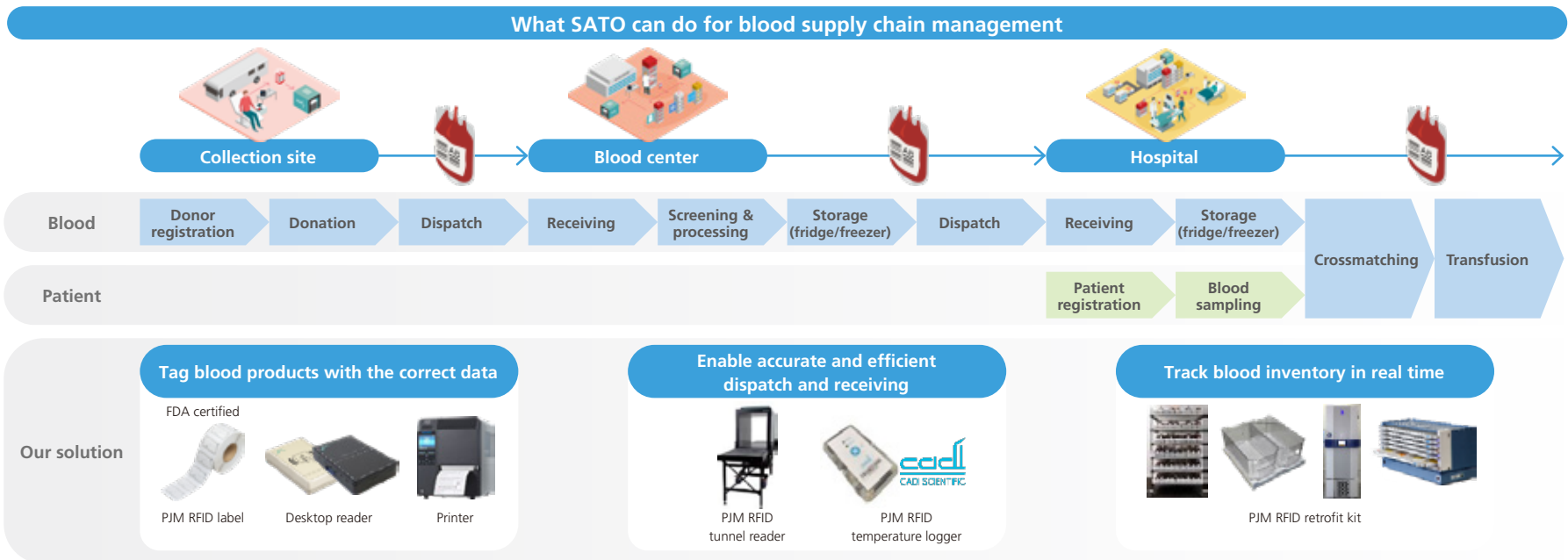
To meet growing demand, we have significantly increased our business development efforts. In 2024, the number of sales leads grew to seven times that of the previous year and we are actively working to convert them steadily into successful business.

Phase Jitter
Modulation

SATO-unique RFID
technology

Key benefits

- Fast and accurate scanning
- Can scan stacked items
- Reliable reads in the presence of liquids and metals, unlike other RFID



From the customer

With PJM, we can track and manage pathology specimens on top of blood products, to achieve higher efficiency. — **Hospital X**

After we dispatch blood products to hospitals or other demand points, we can use PJM to track them remotely and in real time for simpler inventory management. — **Blood center Y**

PJM is easy to use because it can be retrofitted into existing storage appliances/furniture and integrated with different services. — **Blood center Z**

From the front lines

PJM is a technology that can offer performance and accuracy unmatched by other RFID technologies when handling items containing liquids. We will work to promote PJM through key congresses and partner with software developers to increase visibility and understanding of our technology in society.

Marina Scrobogna

Blood Market Development, SATO Europe GmbH



Creating shared value

Traceability: Circular economy and other new ways of business

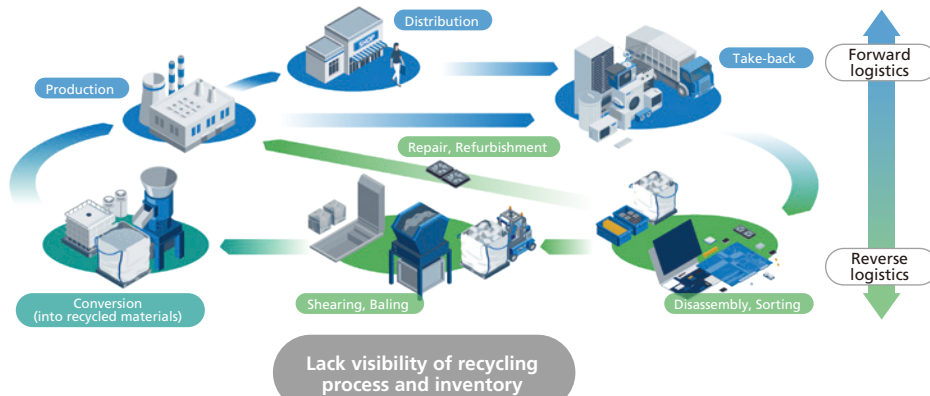
Realizing a circular economy is an immediate concern for societies. This is why SATO has been working on solutions that capture and use data in reverse logistics to enable the circular flow of resources. Leveraging our tagging expertise built over the years, we launched a Trace Eye

traceability system for tracking waste collection and reuse in 2025 and will work to generate new sales opportunities through exhibitions and promotional activities. We aim to grow our business sustainably as we continue to deliver more value to benefit society.

Circular economy: Current pain points

Receive unstable supply of recycled materials

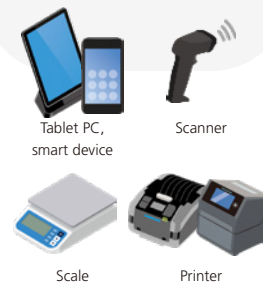
Collect waste at inconsistent quality



Circular economy: Our solution

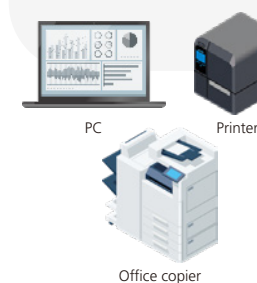
Frontline functions

- Log collected/processed waste
- Capture data using scanners
- Measure weight
- Print ID labels



Back-office functions

- Manage master data
- Create work orders
- Check inventory
- View work logs
- Track and trace



Integration with external systems

- Electronic manifest system
- Vehicle dispatch system
- AI camera/sensor
- Business intelligence tool
- Core IT system
- etc.

From the customer

To enable the circular use of resources, waste must be converted into recycled materials at consistent quality. Using SATO's traceability solution, industrial waste recyclers can digitally track and manage what type of waste is received from where and in what quantity, together with how it is processed. We can also share traceability data with customers to whom we supply our recycled materials.

This data will help us drive the circular economy more effectively.

Sumiyuki Nakadai

President, Nakadai Holdings Co., Ltd.



From the front lines

Our new traceability system for tracking waste collection and reuse fills information gaps in the recycling process to better support circulating resources.

We hope to expand the use of the solution by promoting it to not only recycling companies or manufacturers that are keen to manage their entire value chain from production to recycling but also companies that are adopting digital product passports to reflect the environmental footprint of their products.

Yusuke Shiotani

New Markets Strategy, SATO Corporation



Creating shared value

What we pursue

SATO aims to enhance the quality of data acquired through tagging to better meet the needs of our customers and society.

Our solutions integrate products such as printers, labels, scanners, software, RFID and sensors to help customers optimize their operations. In addition to accuracy, labor- and resource-savings, safety and reassurance, and sustainability, we also aim to deliver diverse value of emotional connections and even well-being.

Leveraging our core competency of genbaryoku, we will continue creating such solutions that give things and people at customer sites their own IDs. We will also pursue Perfect and Unique Tagging, going beyond individual worksites to enable tracking across the entire supply chain. Perfect and Unique Tagging will allow us to reach into reverse logistics and other new areas for us to realize a future where everything has its own ID and connects seamlessly.

Pursue Perfect and Unique Tagging to realize a future where everything has its own ID and connects seamlessly**Outcome: Creating shared value**

Ensure accuracy

Save labor

Save resources

Offer reassurance

Enable sustainable
practicesBuild emotional
connectionsContribute to
well-being