

## From the chair of the board



**Hideo Yamada**

External Director

- **SATO's strengths: An open-minded company with huge growth potential**
- **Conduct more in-depth reviews when preparing for board meeting agendas**
- **Improve quality of board discussions and strengthen overseas governance**

### Settling into my role as board chair

I work with different companies as their external director and started chairing SATO's board of directors in 2021. As a first-time chair, I remember how I would prepare for board meetings but still feel nervous every time. I've been learning and I think I now deliver my responsibilities more smoothly after four years in my role.

### Going beyond traditional norms

Compared with other companies that are listed on the Tokyo Stock Exchange's Prime market, SATO has always been quick to try new

things with corporate governance, for example, by appointing an external director to chair its board. It also welcomed its first female director and brought on enough external directors to constitute at least half of its board way before many other Prime-listed companies. These governance practices reflect the company's roots and forward-looking spirit. Back in 1976 when SATO introduced Teiho to let employees submit short, regular reports directly to the management, it was considered a radical system at the time. Today, Teiho not only provides a transparent framework for employees to participate in the running and governing of the company but also encourages information sharing and reporting to contribute toward compliance.

### How the board can support further business growth

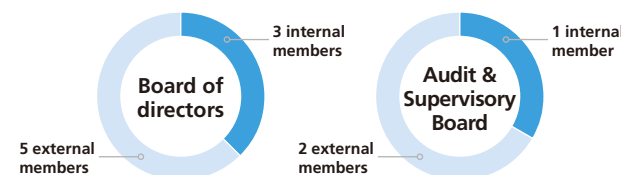
As I often say, SATO has a lot of potential to grow. It offers "powered on site" solutions through a unique business model and cultivates a transparent culture with systems like Teiho. But as chair, there are times when I feel that the board receives agendas that haven't been reviewed thoroughly. If the company can refine agendas internally and share this process with the directors, it will make it easier for us to ask critical questions and seek clear answers, thus helping the board function more effectively as the control tower in providing strategic direction and oversight. At SATO, the board connects its internal and external members seamlessly, engaging them in free and candid discussions. But there is still room for improvement, for example, in terms of how it governs the company's expansive global operations.

A truly well-governed company runs board meetings efficiently, wasting no time in discussing what needs to be discussed and using them to make concise decisions. I will bear this in mind as I continue working with the board to strengthen corporate governance like we have been doing over the years to guide SATO's future business developments.

### Board of directors

As of June 30, 2025, we have eight directors, complying with our Articles of Incorporation, which limit the number of directors to no more than 12. Out of these eight, two are concurrently serving as executive officers, one as internal non-executive director, and the remaining five as external directors. External directors make up the majority of our board and help ensure proper oversight of the management team with their independent perspectives.

The board of directors meets once a month in principle; it convened 13 times in FY 2024. At board meetings, matters stipulated by law and the Articles of Incorporation as well as important company matters governed by board regulations are brought up for discussion and review in a planned and comprehensive manner.



### Evaluation of the board's effectiveness

The company conducts annual surveys to analyze and evaluate the effectiveness of our board of directors, verifying that corporate governance is enabling sustainable creation of increased corporate value.

In our latest survey, directors and Audit & Supervisory Board members generally found the board to have functioned effectively during FY 2024 and recent months, with adequate efforts being made to better its performance from the previous year.

There are, however, areas for improvement, which we will work to address.

See our [corporate governance](#) web page for details.

## Advisory and supervisory functions and their key responsibilities

### Nomination & Remuneration Advisory Committee

Our Nomination & Remuneration Advisory Committee (formerly established as two separate committees in April 2021) is chaired by an external director to ensure independence, objectivity, transparency and accountability on nomination and remuneration of board members and executives. The committee handles topics such as succession planning, diversity for employees in key roles, remuneration structure/standards and evaluation metrics, and makes recommendations to the board of directors. It also manages an HR Development Committee, which reviews and makes decisions on how we manage human capital — for example, in terms of training talent for key roles — with a focus on respect for human rights and improving employee engagement, in line with the social topics we have identified in our new materiality assessment.

Through selecting suitable candidates to lead business strategies and establishing fair remuneration practices, the committee will help us boost employee engagement and diversity in key personnel to realize sustainable growth and increase corporate value on a medium- to long-term basis.

### Committee meetings in FY 2024

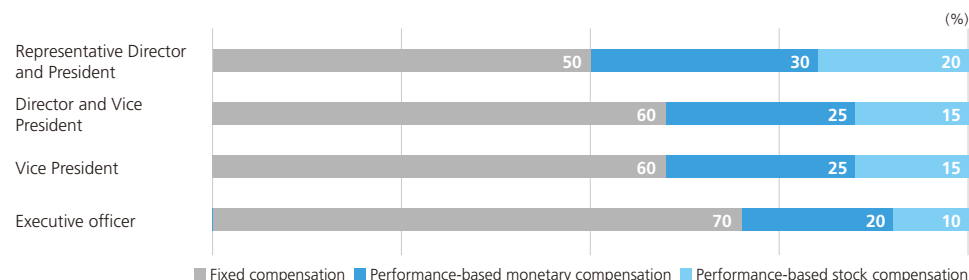
The Nomination & Remuneration Advisory Committees comprising four external directors, one non-executive internal director and one executive internal director met eight times in FY 2024, discussing a wide range of topics and providing reports to the board of directors.

In the FY 2024 evaluation survey, directors and Audit & Supervisory Board members found the committee to have functioned adequately in serving its purpose. Moving forward, the committee will work to further discussions on various topics such as improving succession planning and designing competitive pay packages that correspond with the individual's responsibilities.

Date	Agenda/discussion topic
2024	
May 15	Confirmation of executive assessments for FY 2023 for the purpose of deciding performance-based remuneration
Jul 9	Setting KPIs for FY 2024
Aug 8	Assessing performance of executive officers using employee engagement score
Sep 10	Linking employee engagement score with executive remuneration
Oct 8	Measures for increasing diversity in key personnel
Dec 10	Appointing executive officers for FY 2025
2025	
Feb 12	Reviewing remuneration standards for FY 2025 and new KPI (i.e., employee engagement score) for performance-based stock compensation
Mar 11	Setting pay grades and executive remuneration for FY 2025 and finalizing new KPI

### Executive compensation

Remuneration for directors consists of basic compensation (fixed monetary sum), performance-based monetary compensation and performance-based stock compensation. The weighting is balanced, taking into consideration the overall remuneration and position, with those in higher positions receiving a larger ratio of performance-based compensation. This does not apply to non-executive directors, who shall only receive fixed compensation and non-performance stock compensation, and Audit & Supervisory Board members, who shall only receive fixed compensation.



### Succession planning

Besides proposing appointment/dismissal of individual director candidates and deciding on appointment policies, standards and processes, the board's advisory committee also assists with succession planning. Specifically, it helps to identify possible successors to the Group CEO and executive officers, assess the qualifications, competencies and skills of internal candidates (both in and outside Japan), provide executive coaching and shortlist high-potential employees for training, all to strengthen our leadership pipeline.

### Audit & Supervisory Board

The company has an Audit & Supervisory Board comprising one full-time and two external members as of June 30, 2025.

Audit & Supervisory Board members attend board of directors meetings to check major business decisions and the effectiveness of internal controls, expressing their opinions when necessary. Members not only regularly receive explanations on audit plans and auditor's reports from the company's audit firm but also check the firm's work for appropriateness and legal compliance to assess its performance.

The full-time member attends the Executive Officers Meeting and other important in-house meetings, where he audits/supervises different decision-making processes and resolutions reached, expressing his opinions when necessary.

## Management team and competencies

[WEB](#) See our [management team](#) web page for details.

### Board of directors

### Audit & Supervisory Board

#### External members

#### External members

										
<b>Hiroyuki Konuma</b> Representative Director President and Group CEO	<b>Yoshinori Sasahara</b> Executive Vice President	<b>Tatsuo Narumi</b>	<b>Ryoji Itoh</b>	<b>Hideo Yamada</b> Chair of the Board	<b>Sadayoshi Fujishige</b> Chair of Nomination & Remuneration Advisory Committee	<b>Yoshiko Nonogaki</b>	<b>Hiroshi Nagumo</b>	<b>Kiyohiko Yoshii</b>	<b>Noriko Yao</b>	<b>Naoki Kubo</b>

#### Knowledge and experience to lead business and management appropriately

Business/organizational management	○	○	○	○	○	○	○	○		
Technology development, innovation and digital transformation	○	○		○	○		○			
Global business	○			○	○	○	○	○	○	

#### Knowledge and experience to establish and maintain an appropriate management foundation

Finance and accounting				○				○		○
Governance, risk management and compliance	○			○	○	○	○	○	○	○
Human resource, labor relations and talent development			○		○	○	○		○	

#### Diversity to ensure sustainability

<b>Expertise and experience</b>	Domestic and overseas business (management/sales/ health care)	Domestic business (sales/production)	Human resource and labor relations, corporate planning	Business consulting, academic, IT	Legal, risk management	Management (of listed companies)	Management (global), marketing, diversity	Management (global), health care	Overseas business, finance and accounting	Corporate legal (global)	Finance and accounting, auditing
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## Corporate data (As of March 31, 2025)

### Overview

#### Profile

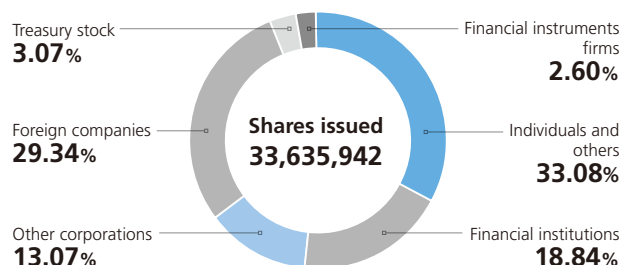
Name	SATO Corporation
Location	Tamachi Station Tower N, 3-1-1 Shibaura, Minato-ku, Tokyo 108-0023, Japan
Established	1940
Incorporated	1951
Representative director	Hiroyuki Konuma, President and Group CEO
Paid-in capital	¥8.4 billion
Employees	5,986
Consolidated net sales	¥154.8 billion

### Stock information

#### General information

Shares authorized	80,000,000
Shares issued	33,635,942
Shareholders	9,479
Stock listing	The Prime market, Tokyo Stock Exchange
Securities code	6287
Fiscal year	April 1 to March 31
General meeting of shareholders	June
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

#### Composition of shareholders



#### Major shareholders

Name	Shares owned	% to shares outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	4,100,100	12.58
Sato Yo International Scholarship Foundation	3,786,200	11.61
SATO Employees' Stockholding	1,880,354	5.77
Custody Bank of Japan, Ltd. (trust account)	1,598,300	4.90
The Bank of New York 133612	1,515,600	4.65
Shizue Sato	897,470	2.75
Mieko Yokoi	854,345	2.62
Mari Iwabuchi	794,570	2.44
The Bank of New York Mellon 140044	720,807	2.21
JPMorgan Chase Bank 385839	643,629	1.97

#### Notes

- Names of major shareholders are reflected in the same manner as they appear in the shareholder register, except for Sato Yo International Scholarship Foundation whose ownership data is aggregated.
- The Master Trust Bank of Japan has 141,575 shares (as of March 31, 2025) held in a separate BIP trust account. They are intended as executive compensation and not included in treasury stock.

### Engagement with shareholders and investor analysts

#### Meetings held

	FY20	FY21	FY22	FY23	FY24
Financial results briefings	4	4	4	4	4
Briefings on medium-term plan and key topics	3	3	3	5	4
One-on-ones	260	164	147	205	203
Briefings for retail investors	2	2	1	2	—*

\* Conducted in April, after the closing of the fiscal year.

#### Handling of investor concerns

SATO posts investor-specific FAQs online after every quarterly earnings release.

[WEB](#) See our [financial reports](#) web page for details.

#### Reporting feedback

Comments from shareholders/investors are reported and shared internally to improve our business operations and IR activities.

Investor feedback review	Frequency
Board of directors	Twice per year
Management meetings	Twice per year
Group CEO and senior executives	Regularly

### JIRA IR Award rankings

FY20	FY21	FY22	FY23	FY24
#51-60	#31-40	#81-90	#41-50	#31-40

SATO received the IR Special Award from Japan Investor Relations Association (JIRA) in 2021.

[WEB](#) See our [press release](#) for details.