

Manufacturing

Based on its localization policies (local design, local production, and local consumption), Fuji Electric has adopted a manufacturing framework where production bases in Japan act as mother factories for global manufacturing operations, with hubs in China and other Asian countries making efforts to increase its competitiveness. In the near future, we plan to establish assembly plants in the United States and India as well as expand our business at overseas subsidiaries. Moreover, as an initiative to support our competitiveness, we have established a Quality Policy to ensure the highest levels of quality in the industry throughout all our products and services.

Manufacturing Policy

- ▶ Advance global production base strategy
- ▶ Strengthen on-site capabilities, production technology capabilities, and human resource development
- ▶ Promote global supply chain reforms
- ▶ Improve product quality



Major Initiatives in Fiscal 2014

Strengthening Production Technology Capabilities

Fuji Electric is bolstering its production technology capabilities in order to ensure highly-competitive manufacturing.

In fiscal 2014, we took steps to strengthen core production technology capabilities at our mother factories in Japan. We introduced automated production lines at our Mie and Suzuka factories, shortening product lead times, and increasing productivity. We also conducted on-site improvement activities (called the "2S3TEI system"*) at our overseas production bases with the aim of passing on our corporate DNA.

We will work continuously to improve manufacturing

capabilities at our overseas bases.

*The 2S3TEI system encourages workers to focus on 2S- Seiri (sorting) and Seiton (setting), and 3Tei- Teiichi (target location), Teihin (target item), and Teiryō (target quantity), in other words, the right thing in the right number in the right place.



An automated inverter assembly line (Suzuka Factory)

Improving Product Quality

As quality is an essential element in production technology, within the Companywide Production Technology Committee we have a Quality Assurance Working Group that is tasked with achieving stable, uniform product quality and increasing customer satisfaction.

In fiscal 2014, we focused on improving product quality,

including quality improvement activities at our key production bases (Suzuka, Kobe, Chiba, and overseas, (e.g. Thailand)), incorporation of failure examples into production technology guidelines, expanding the number of employees taking QC inspection courses, and holding training seminars based on failure case examples.

Voice

Message from an Employee

Promoting Improvement Activities Based on the 2S3TEI System at Our New Factory in Thailand



Natee Nararatnkul
Senior Manager of
Manufacturing
Department
Fuji Electric Manufacturing
(Thailand) Co., Ltd.

A year has passed since we started operations at the new factory of Fuji Electric Manufacturing (Thailand), and our production volume has doubled in that time. To improve our production technology capabilities, we initiated improvements based on the 2S3TEI system. We also encouraged all employees to share ideas on issues like the equipment layout in the working space and how to improve work efficiency. We award those improvements that prove particularly effective.

Looking ahead, we are going to widen the scope of these improvement activities beyond the production bases to the entire Fuji Electric Group. By establishing and continuing the activities, we will continuously grow our factories and strengthen their manufacturing capabilities.



Employees work on improvement proposals at the factory in Thailand

Enhancing Human Resource Development

To strengthen our manufacturing capabilities, which are fundamental to manufacturers, mother factories in Japan are working to accumulate technologies and expertise. Besides that, by encouraging our employees to participate in open competitions, such as the WorldSkills Competition, we are also eager to nurture ambitious employees with superior abilities in

production engineering and technology, who can take on high level challenges. In our overseas production bases, we are improving both operational quality and efficiency by developing production engineers and technicians, building quality management systems, and pursuing on-site improvements.