

# Human Resources

We are actively investing in our human resources to achieve the targets of the Medium-Term Management Plan and to establish our foundations for sustainable growth.



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One of Fuji Electric's management policies states that we will "maximize our strengths as a team, respecting employees' diverse ambition," and respecting human rights, ensuring occupational health and safety, and protecting employee health are fundamental for everything. We are proactively working on initiatives that include promoting active employee participation, cultivating our human resources, and properly deploying our personnel for medium- and long-term development of our business.

We believe it is important that our human resource measures encompass a broad range of issues inside and outside the Company and that they are implemented in a timely manner reflecting the responses in our annual employee awareness surveys.

We responded to the changing composition of the labor force and need for stronger manufacturing capabilities by revising how we handle employees with special skills and who are aged 60 or over, so that employees with strong performance could be better rewarded. Furthermore, to promote the active participation of diverse human resources, particularly female employees, we are continuously seeking to acquire individuals with science and engineering backgrounds and providing training for career advancement.

In addition, we are implementing workstyle reforms to improve their work efficiency by creating work systems and environments that will give employees greater flexibility to make the best use of time and location. At the same time, we are proactively developing future management candidates essential for sustainable business growth and the global human resources in Japan and overseas that strengthen our business worldwide.

These efforts are aimed at enhancing and activating our human resources as part of our "ongoing reinforcement of operating foundations" for our sustainable growth.

## Promoting Active Participation of Diverse Human Resources

The Fuji Electric Code of Conduct declares that we "respect and value all people," and we are implementing measures and constructing employee treatment systems to support employment and success of diverse human resources.

### Revising the treatment system for employees over 60 and highly skilled employees

In order to promote active employee participation, we revised our system for handling employees, of which measures were geared to employees aged 60 and over and highly skilled employees.

Japan's declining birthrate and aging labor force composition are making it increasingly important to retain older employees with advanced skills and experience. We have introduced the Senior Task System in which management-level employees aged 60 and over receive treatment matched to the value of their work. The aim is to boost motivation of individuals who continuously show significant performance by paying as high compensation as when they were under age 60. We have also outlined the "Employment Guidelines for Employees over 65" to create an environment where employees with advanced skills and expertise can continue to play an active role in the Company up to age 75.

We have also introduced the Manufacturing Meister System to highly evaluate and treat technicians with specialized expertise and skills who are excellent at improvement and streamlining. While providing clear examples of consummate technicians, the program provides bonus payments to the designated Manufacturing Meisters with the aim of boosting employee motivation and strengthening the manufacturing capabilities of the entire factory. We are also creating a training system for ambitious technicians to acquire the skills needed for high-level improvement and streamlining capabilities.

### Review of Employee Treatment System

Employees over 60	Senior task system	Treated according to job content after age 60
	Employment guidelines after age 65	Create environment for hiring skilled and knowledgeable employees up to the age of 75
Skilled employees	Manufacturing Meister System	Develop highly skilled employees with the capabilities to improve and streamline work

## Promoting the advancement of women

Among our diversity initiatives, we are especially focused on strengthening our efforts to promote the active participation of women in the workplace. In a society with a declining birthrate, aging population, and diversifying values, demonstrating our comprehensive strength as a company is essential to generating sustainable growth, and further boosting the contributions by female employees are critical.

We are promoting women's active participation by stepping up our hiring of women and actively providing training to increase the number of female employees in supervisory positions. We set a target for 20% of our hires to be women. To achieve this, we created a project team of female employees with science and engineering backgrounds to actively recruit female university students, and ultimately women accounted for 22% of our new hires in April 2020.

Initiatives to increase the number of female employees in supervisory positions include annual supervisor interviews with junior staff to identify employees with strong career ambitions. The employees are registered as eligible to participate in the Company's priority career development program, under which detailed career development plans are created for accumulating on-the-job experience and receiving selective training to further their advancement to higher positions in the Company.

## Workstyle Reforms

We seek to provide a balanced approach to workstyles through the Companywide Pro-7 Activities aimed at enhancing work efficiency and quality to improve productivity and by embracing a perspective on work-life balance characterized by "focusing on one's job while at work and resting properly outside of work."

In fiscal 2019, following the government's law amendments in April for mandatory annual paid leave and an upper limit on overtime work hours, we intensified efforts to reduce overtime work and to encourage employees to use vacation time, both of which had been promoted under companywide policies.

Measures to reduce overtime work include creating visualized tracking of actual work hours and improving productivity at worksites with challenges and issues by practicing self-monitoring of their work and reviewing the way they work. We are also strengthening the management support function of the companywide time management system and setting no overtime days. In addition, we are providing training, posters, and broadcasting to help managers become more aware about time

### Paid Vacation Days Acquired Annually and Overtime Work Hours

(FY)	2018	2019
Average overtime work hours	24.04	23.83
Average number of days of paid vacation days acquired annually	14.5	16.5

## Major Initiatives

- ✓ Active recruitment of female science and engineering students through the female employee science and engineering project team
- ✓ Systematic development of female managers
- ✓ Implement mentor system for junior and senior female employees
- ✓ Implement career continuity support system (registration system for requesting reemployment, overseas transfer/leave system for spouses)

## Female Employees and Managers

(FY)	2018	2019	2020	2023 (Target)
Ratio of females hired*1	20%	21%	22%	20%
Ratio of female managers*2	1.9%	2.3%	2.5%	3.0%
No. of female employees in supervisory positions*3	225	249	268	400

Data collected from Fuji Electric, Fuji Electric FA Components & Systems, Fuji Office & Life Service, Fuji Electric IT Center, Fuji Electric Finance and Accounting Support, Fuji Architects and Engineering, and Fuji Electric Frontier  
Data for females hired collected from Fuji Electric and Fuji Electric FA Components & Systems

\*1 Graduates from universities or technical colleges

\*2 Managerial positions or above

\*3 Assistant manager or above

management of their subordinates. These activities are raising awareness among all employees and encouraging them to revise their work practices while also ensuring compliance with the laws. In addition to recommending they take five consecutive days off as in the past, our initiatives to encourage employees to use vacation time include a system strongly supporting the planned use of paid leave. These efforts have increased the average number of annual paid leave days being taken by employees.

In addition, in fiscal 2017 we introduced the Location Flexible work systems enabling employees to work in satellite or home offices with the aim of providing flexibility so employees can maintain balanced and efficient workstyles. We also have a flextime system, and at the headquarters are testing a "sliding work hours" system allowing employees to set multiple start and finish times in advance and shift the times they arrive and leave work.

This flexibility proved advantageous during the COVID-19 pandemic, and we will continue to develop other systems to support the new workstyles of our employees.

### Use of the Flexible Location Work System (Total Number of Users)

(FY)	2018	2019
Home office	1,940	2,893
Satellite office	457	314

Data collected from Fuji Electric, Fuji Electric FA Components & Systems, Fuji Electric Finance and Accounting Support, Fuji Office & Life Service, Fuji Electric IT Center, Fuji Architects and Engineering, Fuji Electric Frontier, and Fuji Electric F-Tech

## Recognizing the Status of Employee Awareness and Responding to Issues

We conduct annual employee awareness surveys to remain in touch with employee perspectives and perform fixed-point observation on employee views on company and workplace satisfaction, senior management, work motivation, and trust for superiors. The survey results are reported to the Executive Committee, and the analysis results for each organization are delivered to the senior manager of each department and representatives of subsidiaries, who implement improvement measures.

The results of the employee awareness survey in fiscal 2018 indicated a need to strengthen the line management carried out by middle managers (manager rank).

Using these results, in fiscal 2019, we constructed a mechanism for superiors and subordinates to share their medium-term career objectives and created a visualization scheme at the workplace for a year-by-year goal management system to monitor progress and apply a PDCA cycle of setting a target, performing the job, assessment, and setting a new target for the next fiscal year. We also set up a system to raise the level of middle management

through a training system for line managers to refresh their understanding of the line manager's role and necessary skills and expertise through group training sessions and e-learning repeated once every two years.



PDCA Cycle for Understanding Employee Awareness

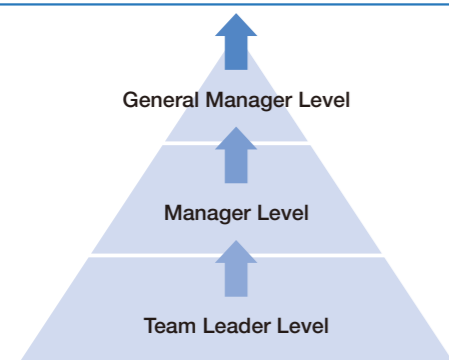
## Development of Human Resources

The Fuji Electric Code of Conduct declares our commitment to strengthening our human resource development to support the growth of each employee and realize the full potential of teams, enhance the ability of employees to fulfill their potential, and increase investment in education to cultivate a workforce of individuals that are highly professional, demonstrate strong leadership, and capable of working anywhere in the world.

### Fostering next-generation management

We are also taking active measures to foster future management candidates who will lead our sustainable growth. Our human resource development focuses on carefully selected young employees, effective on-the-job training, and participation in selective training. We carefully select talented young employees from the three levels of general manager, manager, and assistant manager and register them as management candidates. From early in their careers, these registered individuals are systematically trained through a job rotation plan designed for them to accumulate the required experience in multiple businesses and job categories

Human Resources Capable of Becoming Executive Officers



as well as overseas businesses. We also have them participate in training both inside and outside the company in a program designed to provide experience and nurture skills that are difficult to acquire through on-the-job training, such as learning management skills by experiencing different management styles and by working in teams with other training participants to formulate business proposals. A total of 531 people have been trained since fiscal 2017, and about 30% of the registered employees are currently participating in the next stage of management development.

### Global human resources

We develop global human resources by sending employees out of their home countries of Japan or elsewhere and develop the ability to create new value by working with local employees and teams through both work and life experience.

Our development of global human resources is primarily promoted through three initiatives: systematically assigning talented employees from Japan to other countries, assigning talented employees from overseas bases to Japan, and strengthening the communication skills of employees in Japan.

The assignment of talented human resources in Japan is performed by registering talented employees with global potential as candidates for overseas assignments and providing them with systematic training, which creates a resource pool for global personnel. The assignment of talented overseas employees to Japan includes selecting about 20 individuals each year with promise to become local leaders and training them at the primary business site in their country to acquire product knowledge and technical skills. Our programs to strengthen the communication skills of employees in Japan include language training for about 500 people annually centered on employees who interact with overseas bases and focusing on establishing strong communication skills.

## Close Up!

### Human rights due diligence measures

We conduct human rights due diligence in our relationships within all corporate activities to recognize, prevent, and deal with adverse human rights harm based on the United Nations Guiding Principles on Business and Human Rights.

In fiscal 2019, we formulated the Guidelines for Respect of Human Rights of Employees for all domestic and overseas consolidated companies with the aim of making all employees aware of our Policy for Human Rights of the Employees, which is based on international standards for human rights. The guidelines, which clarify specific actions to take, were formulated in reference to materials including the Guidelines for Responsible Business Conduct created

by the Japan Electronics and Information Technology Industries Association (JEITA). In fiscal 2020, we plan to develop guidelines for all operating sites and subsidiaries in Japan and overseas and create self-inspection checklists based on the guidelines. The results of the checks will be reported back to the operating sites and subsidiaries so they can take steps to make any necessary improvements.

We have also established the Fuji Electric CSR Procurement Guidelines for human rights due diligence initiatives in our supply chain and are conducting self-assessment CSR surveys at our major business partners.

\* Please refer to page 60 for details about our supply chain initiatives

#### Activities

<b>Employees</b>	<ul style="list-style-type: none"> <li>Establish and roll out the Guidelines for Respecting Employee Human Rights</li> <li>Checks by way of self-check sheets for domestic and overseas offices and subsidiaries</li> <li>Implement improvements based on results of checks</li> </ul>
<b>Supply Chain (for business partners)</b>	<ul style="list-style-type: none"> <li>Establish and roll out the Fuji Electric CSR Procurement Guidelines</li> <li>Conduct CSR surveys (self-assessment)</li> <li>Feedback survey results to business partners</li> </ul>

### Succeeding in the Southeast Asia and India markets with our human resources

Once we have a full understanding of the customer's equipment and production processes, which is critical in the industrial plant business, we have accelerated localization of sales staff who grasp the customers' issues and propose systems that meet their budgets and needs, as well as human resources with the systems engineering capabilities to set up, design, install, start up, and maintain the systems on site.

We strengthened our plant sales capabilities in November 2019 by appointing a plant sales chief to oversee the sales activities of our sales companies in Southeast Asia. The new post serves as the center point for representatives from our seven companies in Southeast Asia\* and enhances information sharing among the bases while improving our ability to train and strengthen our local sales staff with on-the-job training.

We are also strengthening our engineering capabilities by bringing engineers from Fuji CAC Joint Stock Company of Vietnam to the Tokyo Factory to deepen their familiarity with our systems, products, and all of our plants by having them

contribute to engineering at our customers' plants.

We are also increasing our support system for our overseas bases by actively dispatching Japanese engineers to support and educate engineers at overseas sites. Since 2016, we have been assigning engineers to full-time positions at overseas bases, mainly in Southeast Asia and India, such as Fuji Gemco Private Limited, Fuji Electric India Private Limited, and Fuji CAC Joint Stock Company.

\* Fuji Electric Asia Pacific Pte. Ltd., Fuji Electric (Thailand) Co., Ltd., Fuji Electric Vietnam Co., Ltd., PT Fuji Electric Indonesia, Fuji CAC Joint Stock Company, Fuji Electric Sales Malaysia Sdn. Bhd., Fuji Electric Sales Philippines Inc.



Fuji CAC sales staff and engineers participating in product study sessions for industrial plants