

# Relationship with Employees

FHI is currently seeking to reinvigorate our corporate culture, focusing on development of a free, openhearted, and aggressive creative group. Aiming at establishing a highly original, vigorous organization, we approach the development of systems from a wide range of perspectives, including the wage system, career planning programs, training programs, and benefit programs, so that employees can take on a higher level of challenges.

## Employment

### Employees Data

Concerning the hiring of new employees, we have been recruiting under the definition of seeking individuals as independent personnel who can find problems on their own, find solutions, and generate the required results, and *personnel with strong individuality*.

The number of employees over the last five years is shown below.

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Month/Year	April/2001		April/2002		April/2003		April/2004		April/2005		
	Number	%	Number	%	Number	%	Number	%	Number	%	
Regular employees (including temporary and trial employees)	Male	13972	93.1	13689	93.1	13448	93.1	13242	93.1	13221	93.2
	Female	1030	6.9	1009	6.9	990	6.9	984	6.9	963	6.8
	Total	15002		14698		14438		14335		14184	
New employees (among regular employees)	Male	301	85.5	292	86.4	242	86.4	276	86.0	304	87.1
	Female	51	14.5	46	13.6	38	13.6	45	14.0	45	12.9
	Total	352		338		280		321		349	

### Establishing workplaces that allow motivated, competent women to play active roles. (Positive Action \*1)

Since 2002, FHI has worked to establish an environment that allows all employees, men and women, to work dynamically and equally in demonstrating their abilities in all workplaces, with the aim of building a free, vigorous corporate culture.

After the Law concerning the promotion of measures to support nurturing of the next generation took effect in April 2005, each company has been further required to implement measures to improve the employment environment. For this reason, we plan to gradually take positive action company-wide after April 2005.

**①Enhancing Motivation to Work and Productivity**

Allowing both male and female personnel to equally show their abilities and receive fair evaluations enhances their motivation to work and lets them make full use of their capabilities. In addition, seeing some female staff play an active role stimulates other female and male staff, leading to improvements in productivity.

**②Creating New Value**

Secure human resources with a variety of individual skills regardless of sex and let the employees make full use of their capabilities, in order to provide products and services that meet new needs and to anticipate the need for products and services in a diversified market.

Need for and Effect of Positive Action

**③Securing the Labor Force**

In this era of an aging society with fewer children, downsizing of in-house personnel, and improvement in the efficiency of operations, secure good human resources regardless of sex and a wide variety of high-quality labor force, showing that we provide a positive work environment and fairly evaluate employees' capabilities.

**④Improving the Corporate Image**

Companies that foster personnel and let them demonstrate their abilities create confidence and are regarded as promising companies by customers, partners, and shareholders.

### Employment of People with Disabilities

When the Law for Employment, Promotion etc. of Persons with Disabilities was revised in 1976, we began employing people with disabilities in fulfillment of our social responsibility. In order to enhance the employment activities of the disabled, FHI organized the universal project team in the Gunma Manufacturing Division in 1999 to incorporate the concept of normalization\*2 into the system. Currently, employment activities have been developed into activities of creating an attractive corporation where all motivated and competent people are given opportunities to contribute.

The proportion of FHI employees with disabilities was 2.0% at the end of March 2004, and 1.89% at the end of March 2005. In the Gunma Manufacturing Division, employees with disabilities accounted for 2.4% of all employees at the end of March 2004, and 2.2% at the end of March 2005.

#### Column

#### Award for Excellent Performance for Employment of Disabled Persons

FHI received the FY 2004 Award for Excellent Performance for Employment of Disabled Persons from the Tokyo Association for Employment of Disabled Persons. We believe that this award represents the high evaluation of the company-wide efforts to create an appealing corporation where all motivated and competent employees are given opportunities to contribute, with an emphasis on working together. Although in 2003, FHI's Gunma Automobile Division received the awards from the Gunma Prefectural Association for Employment of Disabled Persons and the Japan Association for Employment of Disabled Persons, this is the first time for FHI, the overall company, to receive awards.

### Labor-Management Relations

FHI and the FHI Workers' Union have established a labor-management council for promoting smooth business operations and mutual communication. In recent years, labor and management have maintained good relations. No disputes between labor and management have arisen during the past four years. The FHI Workers' Union is a member of the Confederation of Japan Automobile Workers' Union, through the Federation of Fuji Heavy Industry Labor Unions.

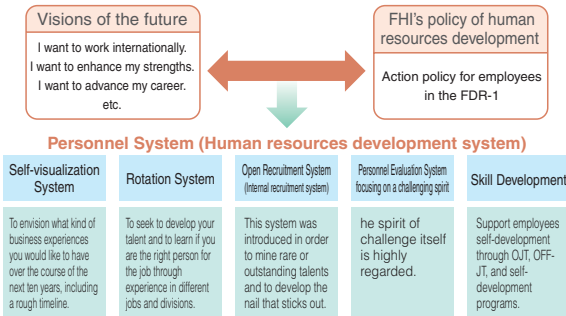
\*1: Positive Action: Company's voluntary, active efforts to abolish sex discrimination derived from the fixed awareness of separating sex roles or based on history, if it exists, in effect between male and female employees.

\*2: Normalization: One of the concepts for a welfare society or preparations to realize the concepts; i.e. socially vulnerable groups, including disabled people and senior citizens, should be given the same living opportunities as those enjoyed by other people.

## Development of Human Resources

FHI aims to develop personnel who, with a clear awareness of their missions and responsibilities, can take the initiative in developing their own future career plans, with self-actualization. The development of human resources is based on OJT (on-the-job training),\*1 which is training conducted through actual job experience. However, combining OJT with Off-JT (off-the-job training)\*2 and self-development programs on a voluntary basis enables more effective and efficient development of human resources. Furthermore, FHI pursues comprehensive development of human resources by adopting the self-visualization system, the rotation system, the open recruitment system, and the personnel evaluation system.

### Providing Motivated Employees with Opportunities to Grow



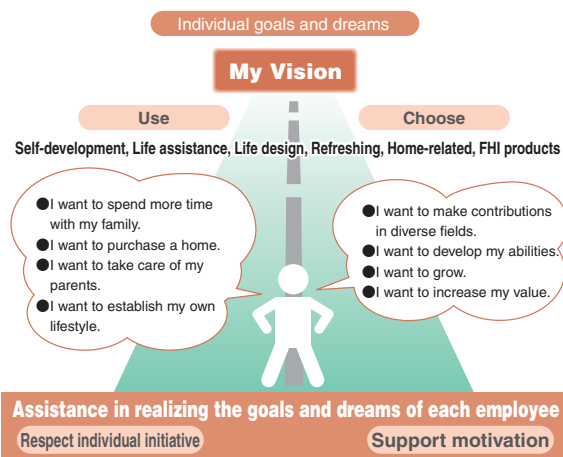
### Open Recruitment System



## Benefits Package

### My Vision

Starting in October of 2003, FHI introduced a new program for the benefits package called My Vision. The My Vision program provides assistance in diverse forms that facilitate smooth business operations and help each employee to lead a healthy, high-quality life. The main concept of the package is creation of tangible and intangible assets.



## Health and Safety

FHI strives to create safe, comfortable workplaces for employees and continuously carries out activities to prevent employee traffic accidents and to support employees' physical and mental health.

### Basic Philosophy, Basic Policy, and Promotion Organization

- Basic Philosophy of Health and Safety  
Health and Safety take priority in any business
- Basic Policy of Health and Safety  
Aiming for no disasters regarding occupational accidents, traffic accidents, diseases, and fire disasters; all employees recognize the importance of health and safety; improve the equipment, environment, and working methods; and improve management and awareness in order to create safe and comfortable workplaces.



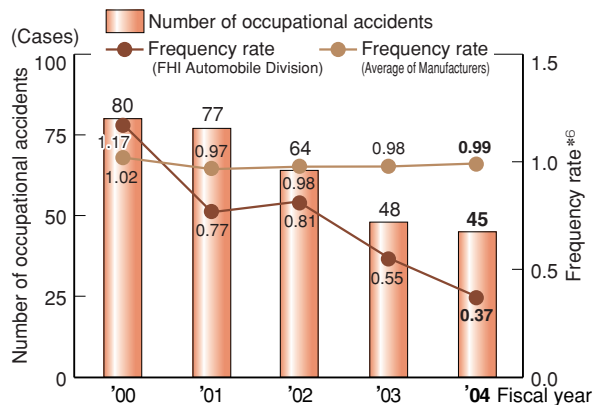
### Occupational Safety

FHI has been conducting activities to help raise each employee's safety awareness, improve management of the workplace, and eliminate risks.

To raise awareness, KYT\*3 and the Hi-yari Hatto\*4 Activity were implemented. To improve management of the workplace, a self-management activity called TSZ\*5 was introduced at an early stage in each workplace. In addition, in 2000, FHI introduced a unique small-group risk assessment system to improve each employee's safety and to eliminate risks.

As shown in the chart below, the number of accidents is decreasing. We will continue to focus our efforts on improvement, aiming at attaining zero disasters.

### Number of Occupational Accidents and Occupational Accident Rate



\*1 OJT : On the Job Training \*2 OFF-JT:OFF the Job Training \*3 KYT: Training for predicting dangers; K: Kiken (Danger); Y: Yochi (Prediction); T: Training \*4: Hi-yari Hatto: Activity to collect cases of near-miss incidents. \*5 TSZ: Total Section Zero (related departments and sections make combined efforts to attain zero disasters). \*6 Frequency rate: The number of deaths caused by occupational accidents / Actual overtime labor hours x 1,000,000

Column

**Gunma Manufacturing Division Introduced OHSMS**

With the aim of improving occupational health and safety, such as a reduction in on-the-job injuries, the Gunma Manufacturing Division introduced the Occupational Health and Safety Management System, OHSMS, in April 2005.

The OHSMS is intended to reduce on-the-job injuries and improve the level of occupational health and safety by converting main disaster control from the conventional reactive measures to proactive risk management and implementing promotion of autonomous management of occupational health and safety, clarification of duties and rules about occupational health and safety, and identification and



elimination or reduction of risk or hazardous factors.

Minoru Tamura, then chief general manager of the Gunma Manufacturing Division, giving the greeting at the OHSMS kickoff ceremony

**Health Care**

In November 2004, our medical officer and counselor exchanged opinions with each other during the panel discussion under the theme the "Current State and Prospects of Mental Health Care: For a Vigorous Workplace with a Good Atmosphere for Employees to Communicate" as a part of the 29th Company-wide Health and Safety Congress (as shown in the photo below). To help reduce the amount of employee sick leave, we have also been working



Scene from the 29th Company-wide Health and Safety Congress

on early detection and treatment of diseases by adding extra examination items to the legal diagnostic items, so that employees are always in good physical and mental condition and can take full advantage of their skills and abilities.

**Creation of a Comfortable Working Environment**

In order to implement the government guidelines for a comfortable workplace, FHI has been systematically working to improve every item addressed by the guidelines, including working environment, working methods, and environmental



Stamping press equipped with sound insulation (the Second Stamping Section, Yajima Plant, Gunma Manufacturing Div.)

equipment. Also, in order to create a more comfortable workplace, we have been working on improving lounges, restrooms, and dining halls and adopting universal-access designs in our facilities.

In July 2004, FHI started a revision of its working environment standard by

addressing the revision of laws and regulations and reviewing the standard from the employees' perspective. FHI set a standard for every item, and for some items, the FHI standards are five times as stringent as those required by law.

**Traffic Safety**

FHI undertakes various efforts to prevent traffic accidents that could occur in the course of business activities, commuting, and private time. For the major activities in fiscal 2004, outside experts presented traffic safety lectures in all our offices, and we distributed the Safety Driving Manual aiming at skill improvement as employees of transportation machine manufacturer.

Column

**Utsunomiya Manufacturing Division was Honored as a Nationwide Excellent Office for Traffic Safety**



Tsugio Kihara, then manager of Utsunomiya Manufacturing Division's Security Section, holding the certificate of commendation

In January 2005, Utsunomiya Manufacturing Division, by recommendation of the Tochigi Traffic Safety Association, was honored as one of the Excellent Offices for Traffic Safety at the 45th National Traffic Safety Campaign Central Conference. This was because daily efforts for traffic safety in the division were highly evaluated.

**Prevention of Fire and Disasters**

Disasters, including fires and explosions, would negatively influence our business activities, employee safety, and local communities. In order to eliminate disasters, or to minimize the damage in the event of a disaster, we are striving to improve facilities and equipment, to enhance management, and to conduct emergency drills on a regular basis.

Column

**Self-defense Fire Brigades Produced Good Results**

In May 2004, the Self-defense Fire Brigade of the Tokyo Office took second place in both the male and female categories at the 33rd Fire Drill Presentation hosted by the Mitaka Fire Station. In November, the Self-defense Fire Brigade of the Utsunomiya Manufacturing Division won a victory at the 28th Fire Fighting Competition hosted by the Utsunomiya Fire Self-defense Association.



These accomplishments were the result of the enhancement of the fire prevention system in recognition of the importance of early fire extinguishing and training executed to prepare for the contingency.

The Fire Brigade of the Tokyo Office produced good results