

YOKOGAWA ELECTRIC CORPORATION AND EMPLOYMENT OF PERSONS WITH DISABILITIES

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Businesses of Yokogawa Electric Corporation: Manufacturing and sales of devices and systems for measurement, control and information processing such as electric measurement instruments, test instruments, industrial instruments, scientific and analytical instruments; and manufacturing and sales of space and aeronautical equipment and other business equipment.

Number of Employees: 6,410

Number of Employees with Disabilities: 73

Disability	Number
Visual impairment	2
Hearing impairment	32
Physical disorders	31
Internal disorders	8
Intellectual disabilities	0
Mental disabilities	0

(June 1, 2005)

1. Background

In 1991, our employment rate of persons with disabilities was 0.98%, substantially lower than the legally-set employment quota rate (1.6%). At the time, there was an initiative that our corporation must become socially responsible by observing the Law for Employment Promotion, etc. of the Disabled. In 1992, a project team was formed to promote employment of persons with disabilities and 25 persons with severe physical disabilities were employed within a year. As a result, the employment rate, 1.22% in 1992, increased to 1.66% in 1993, surpassing the employment quota rate and the project team was dissolved. In 1997, the Law for Employment

Promotion, etc. of the Disabled was amended (to include the persons with intellectual disabilities, which increased the employment quota rate from 1.6% to 1.8%). In response to this amendment, “Yokogawa Foundry Corporation” was established and was approved as an exceptional subsidiary. Upon establishment, 6 persons with intellectual disabilities were employed. At present, the number increased to 21 and we maintain the employment rate above the employment quota rate. Our basic philosophy for personnel management is summarized in the following four points. When recruiting an employee, the company still welcomes all applicants.

- [1] Belief in the innate goodness of man;
- [2] Aim at true equality (do not judge a person by his/her sex, age, nationality, academic background, disabilities, etc.);
- [3] Bring out strong points (focus on merits, abolish penalty-oriented approach); and
- [4] Pay attention to important matters without being particular about trifles.

As for the employment of persons with disabilities, we do not categorize our employees for their disability, even though we give due consideration to the limitations imposed by their disabilities. As for the Yokogawa Group as a whole, in order to cope with the changes brought by division and integration as well as to promote the employment of persons with disabilities, we obtained an approval as a group of seven companies upon amendment of the law in October 2002. The amendment allows that “a parent company with an exceptional subsidiary company can apply the employment quota rate system to other subsidiaries (affiliated companies) in the same manner as the parent company when the requirements for approval are satisfied.” In April 2003, the group was expanded to 13 companies and we try to maintain and surpass the employment quota rate of 1.8%.

2. Reasons for the Introduction of Grouping

The primary policy of our corporation regarding the employment of persons with disabilities is “observance of the law” as a group, regardless of the duties of individual company according to its size towards its employment and efforts. The companies in the group which had been

reluctant to employ persons with disabilities were urged to follow the group policy as the result of the request by the NPO. The NPO “Kabunushi (Shareholders) Ombudsman” requested the Tokyo and Osaka Labor Bureaus to release the data such as the status of employment of persons with disabilities based on the Law Concerning Access to Information Held by Administrative Organs. On the other hand, there have been companies which face difficulties in continuing employment of persons with disabilities due to factory relocation and other reasons in the midst of active reorganization (division, integration, etc.) of the group as a whole. In consideration of the above situations, we decided to introduce grouping of our companies in order to achieve the said policy.

3. Process of Introducing Grouping

(1) Basis of Selecting Companies for Grouping

For the time being, the companies with above 301 regular employees (companies subject to levy) are to be selected. Ultimately, all the companies in the Yokogawa Group will be included. During the first phase, the companies subject to levy which had already exceeded the employment quota rate were to be selected. Of these companies, one company expressed the desire to postpone their inclusion till the second phase. As such, seven companies were selected for grouping.

During the second phase, all companies with above 301 regular employees (i.e., subject to levy) were to be included. However, the compliance with the employment quota was deemed improbable due to the addition of companies which experienced the sudden increase of their workforce following integration. Therefore, of the smaller companies which were planned to be included at the later stage, ones with higher rate of employees with disabilities were included to form the group of 13 companies.

During the third phase onwards, all consolidated companies are subject to inclusion. In order to achieve the quota as a group, we will make efforts to satisfy the legal requirements, lead by a designated employment promoter located at the parent employer, Yokogawa Electric Corporation.

(2) Requirements for Approval to Include an Affiliated Company as a Group Member

There are two conditions for the approval: [1] “that there is a special relationship between the parent employer and an affiliated company”; and [2] “that that there are close relationships on personnel or business between the business carried on by the exceptional subsidiary concerned and by the affiliated company concerned, or the affiliate makes investment to the subsidiary.” In fulfillment of the former condition, the parent employer rules the decision making organs of affiliated companies (condition concerning the ruling power). For the latter, each affiliated company places orders with the exceptional subsidiary of the amount at least more than 600,000 yen per year. As an internal regulation of the Yokogawa Electric Group, each affiliated company is required to place orders with Yokogawa Foundry of the amount equivalent to one employee’s annual workload per year.

(3) Phase I (October 1, 2002)

The numbers of regular employees, employees with disabilities, those with severe disabilities, and the employment rate of the group companies during phase I are as follows:

	Company Name	Regular Employees (persons)	Employees with Disabilities (persons)	Of Which, with Severe Disabilities (persons)	Employment Rate ¹ (%)
1	Yokogawa Electric	5,691	65	47	1.968
2	Yokogawa Foundry	8	7	4	137.500
3	A	522	8	0	1.533
4	B	1,135	13	7	1.762
5	C	300	4	1	1.667
6	D	300	4	2	2.000
7	E	595	8	5	2.185
	Total	8,551	109	66	2.047

* The seconded workers were included in the original employer.

¹ The actual employment rate = (people with severe disabilities x 2 + other people with disabilities) ÷ the number of regular workers x 100.

(4) Phase II (June 1, 2003)

	Company Name	Regular Employees (persons)	Employees with Disabilities (persons)	Of Which, with Severe Disabilities (persons)	Employment Rate (%)
1	Yokogawa Electric	5,697	63	44	1.912
2	Yokogawa Foundry	9	8	5	144.444
3	A	283	4	1	1.767
4	B	309	4	2	1.942
5	C	519	7	0	1.349
6	D	678	8	5	1.917
7	E	1,016	10	5	1.476
8	F	662	2	0	0.302
9	G	243	4	3	2.881
10	H	922	16	5	2.278
11	I	159	1	1	1.258
12	J	134	2	2	2.985
13	K	605	3	0	0.496
	Total	11,136	132	73	1,841

* The seconded workers were included in the original employer.

4. Bodies Related to the Grouping

1. The personnel department of the Yokogawa Electric is in charge of management of grouping. Each affiliated company has assigned a person in charge, who is required to send monthly electronic data on the status of employment of persons with disabilities.
2. Regular meetings are held among members of the group in charge of personnel to discuss the current situation and the issues on the employment of persons with disabilities. At the meeting, information on the employment of persons with disabilities is disseminated by the personnel department of the Yokogawa Electric to each company in the group. The cooperation towards the expansion of business of Yokogawa Foundry is also requested.

5. Effects

(1) New Products and Increased Order for the Exceptional Subsidiary “Yokogawa Foundry”

Due to the reviews of businesses of Yokogawa Electric and affiliated companies, outsourcing has been on the rise. This has led to the expansion of businesses and the increased amount of orders (as below) for “Yokogawa Foundry,” which is the core of Yokogawa Group’s employment of persons with disabilities. In turn, this means increased employment for persons with disabilities.

1. Personnel Related Work

- Issuance and sending of pay slips
- Issuance of various certificates (the year-end tax adjustment, social insurance; tax-related documents, certificate of employment)

2. Data management related to receiving and placing orders for parts to be reformed/ abolished (data input into computers)

Scan the data faxed from partner companies and send them to the concerned departments within the group. Then, scan the responding documents from concerned departments and fax the answers to partner companies after processing and printing.

3. Dismantling and Data Management of Trade-in Instruments

Dismantling, separating various trade-in products brought directly by customers; management of product-related data such as the type and number.

4. Filing and management of applications for expenses for congratulations and condolences made by companies in the group

5. Increased amount of orders for name card printing and rubber stamps

(2) Training for Employees of Exceptional Subsidiary “Yokogawa Foundry”

To attend to the orders for the new items mentioned above, practical training is provided as below.

[1] Personal Computer (Manufacturing rubber stamps, name plates; data input for accounting materials, bills; etc.)

Manufacturing rubber stamps: typing (onto the rubber)

Manufacturing rubber stamps: pasting the rubber onto the block

Manufacturing name plates: inputting the name, model number, specifications, etc.

Data input for bills

[2] Dismantling Instruments

Dismantling the board of measuring instruments

Dismantling measuring instruments

In addition to the practical education, comprehensive education opportunities are available through regular events including lectures on management by the president (on relationship among sales, cost and profit), health education by an Outside Lecturer, and environmental education.

By providing the education mentioned above, employees' motivation is increased, which lead to the better awareness and work capacity of the individual, resulting in the expansion of work items, increased efficiency, etc.

(3) On Employment Rate

The table below compares the employment rates of the group (13 companies) before and after the introduction of grouping mentioned above (3. Process of Introducing Grouping (4) Phase II). During this one year, the rate was maintained despite changes caused by division, integration and reorganization within the group, due to the raised awareness of the companies in the group regarding "law observation."

	Regular Employees (persons)	Employees with Disabilities (persons)	Of Which, with Severe Disabilities (persons)	Employment Rate (%)
June 1, 2002	12,222	144	81	1.841
June 1, 2003	11,136	132	73	1.841
June 1, 2004	11,013	213	75	1.934
June 1, 2005	11,097	216	79	1.946

6. Future Issues and Prospects

It is expected that our company's activities for survival under the recent tight economic environment such as company division and relocation of an integrated factory will be further expedited. Under such circumstances, it will be an issue to find ways to continue employment of the persons with disability and to promote new recruitment with due respect for economic principles.

On the basis of our company's "Spirit of Law Observation," we as a group will need to be creative and come up with ideas by using all available means. This will lead to the creation of new kinds of jobs, fundamental review and redesigning of the present work flows as well as a possible introduction of diverse employment/work system such as working at home. Also needed is continued provision of training opportunities for the employees to cope with new orders.

7. Summary

In the age of technological innovation, with the help of our unique technology, our company has become a trusted partner in the industrial world through years of provision of a wide range of products including electric measurement instruments, test instruments and information systems. We will continue developing our unique technology and move into new fields utilizing information technology.

As for the employment of persons with disabilities, our efforts are based on the spirit of "law observation," rather than "social contribution." It is our intention that their employment will be embedded in our management.

8. Activities for Fiscal 2006

[1] 6S

The following 6S are thoroughly followed, during work and upon departure from the company.

1. Seiri (tidy)
2. Seiton (neat)
3. Seisou (clean)

- 4.Seiketsu(cleanliness)
- 5.Shitsuke (good manner)
- 6.Safety

[2] Better quality and speed

We keep in mind to improve the “accuracy” to maintain the quality and “speediness” to keep the due date and to work efficiently.

[3] Better attitude and motivation

Always bear in mind greetings, wording and attitudes towards the customers. Act following the rules. Concentrate when working.

[4] Make efforts to achieve the goals

Bear in mind the goals set in the interview and make your own efforts towards realization.