

Sustainability Report 2017



Sustainability
Report
2017

Create...Connect...Into the Future

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Our Information Disclosure Policy

Our Approach to the Disclosure of Nonfinancial Information

Fuji Xerox and its affiliates are closely observing the current trends in legal regulations that encompass the disclosure of nonfinancial information, with European countries leading the way, and we are preparing a system as well as ways of using the system to properly disclose nonfinancial information. This includes not only disclosing our results, but also ensuring the transparency of our decision-making processes and the soundness of our Plan-Do-Check-Act (PDCA) cycle, while also increasing our compliance with international reporting standards such as those in the Global Reporting Initiative.

The primary medium that we use to report our nonfinancial information is through this annual Sustainability Report.

Although Fuji Xerox is not a listed company, we advance the disclosure of information to reflect the interests of investors, given that we are a consolidated affiliate of FUJIFILM Holdings (listed on the First Section of the Tokyo Stock Exchange).

Our Approach to What Information to Disclose

- Information on sustainability for Fuji Xerox and its consolidated affiliates is provided in this report and on our website.
- Our affiliates in each country or region will prepare and issue separate sustainability reports where required to do so under local legislation or in response to the needs of the local market.

Features of Sustainability Report 2017

- **Reporting Period**
Sustainability Report 2017 focuses on the CSR efforts of Fuji Xerox during fiscal 2016 (April 2016 to March 2017) and also covers some policies and activities for fiscal 2017
- **Organizations Covered**
Sustainability Report 2017 covers Fuji Xerox and its domestic and overseas affiliates. When we report on matters restricted to specific regions or corporations, we specify that in the report.
- **Guidelines Consulted**
Our sustainability reports (this report and disclosures on our website) are prepared in accordance with the Core option of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative.
We also consulted the 2012 edition of the Japanese Ministry of the Environment's Environmental Reporting Guidelines.
- **Next Release of Our Sustainability Report** September 2018
- **Report to the Global Compact**
In our capacity as a corporate signatory to the Global Compact, we have submitted this report to the Stakeholders as our Global Compact Communication on Progress in the four areas and ten principles of the Compact. Please see page 24 for our activities regarding the Global Compact.



Sustainable Development Goals (SDGs): 2030 Agenda for Sustainable Development

The Sustainable Development Goals contained in the 2030 Agenda for Sustainable Development were adopted by the United Nations General Assembly in September 2015. Fuji Xerox engages all of the seventeen goals to ultimately achieve SDG 8 on decent work and economic growth.



web info

• **The United Nations** <http://www.un.org/en/index.html>

The Fujifilm Group's Corporate Slogan

Value from Innovation

To celebrate the 80th anniversary, the Fujifilm Group founded its new corporate slogan, "Value from Innovation," which seeks to continue creating new technologies, products and services that inspire and excite people everywhere, and empower the potential and expand the horizons of tomorrow's business and lifestyle. We established VISION 2016, our Medium-Term Management Plan and Sustainable Value Plan 2016, our Medium-Term CSR Plan based on this slogan.

We believe that creating new value through our unique and advanced technologies and solving social issues through our business activities, present opportunities for our business growth and at the same time we can contribute to society.

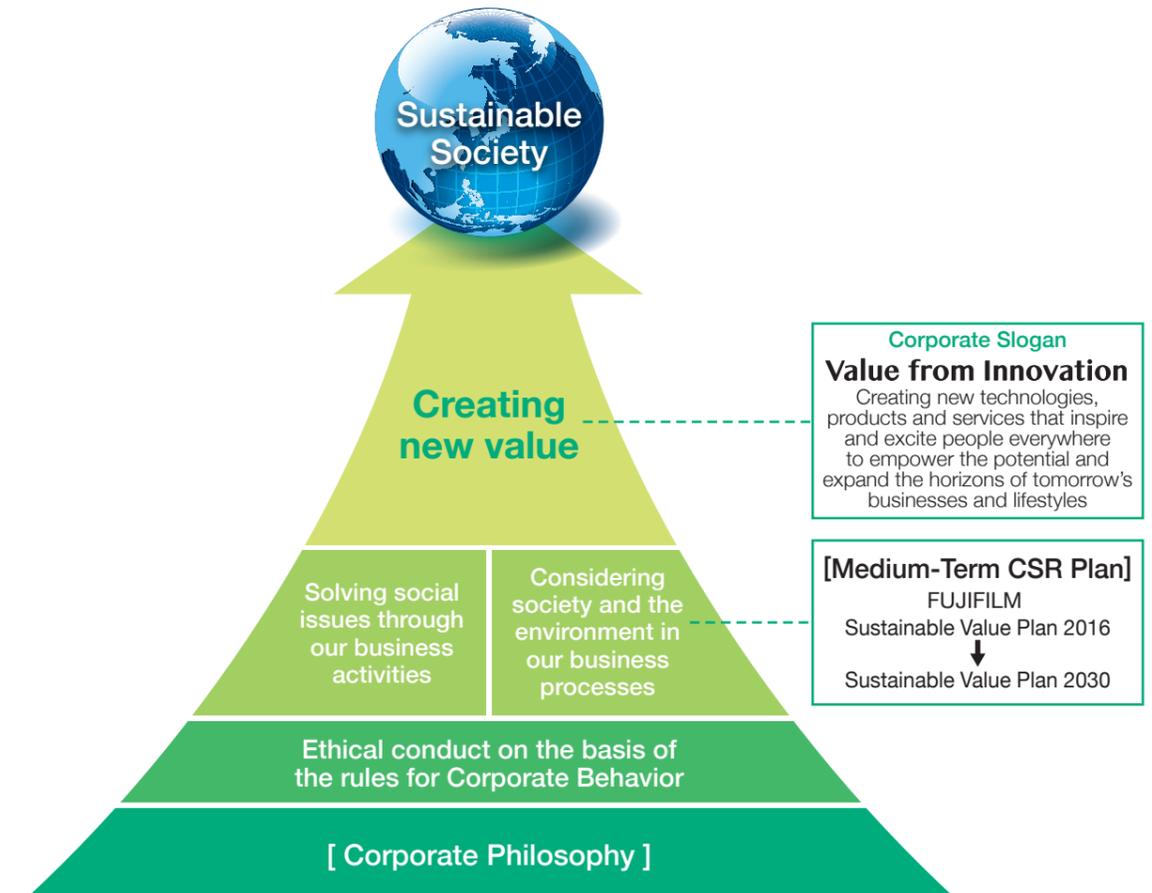
The Fujifilm Group aims at being a corporation that contributes to the sustainable development of society through creating "new value."

The Fujifilm Group's Approach to CSR

The Fujifilm Group's approach to corporate social responsibility is to contribute to the sustainable development of society by putting our Corporate Philosophy into practice through sincere and fair business activities.

We will not only fulfill our economic and legal responsibilities, but also:

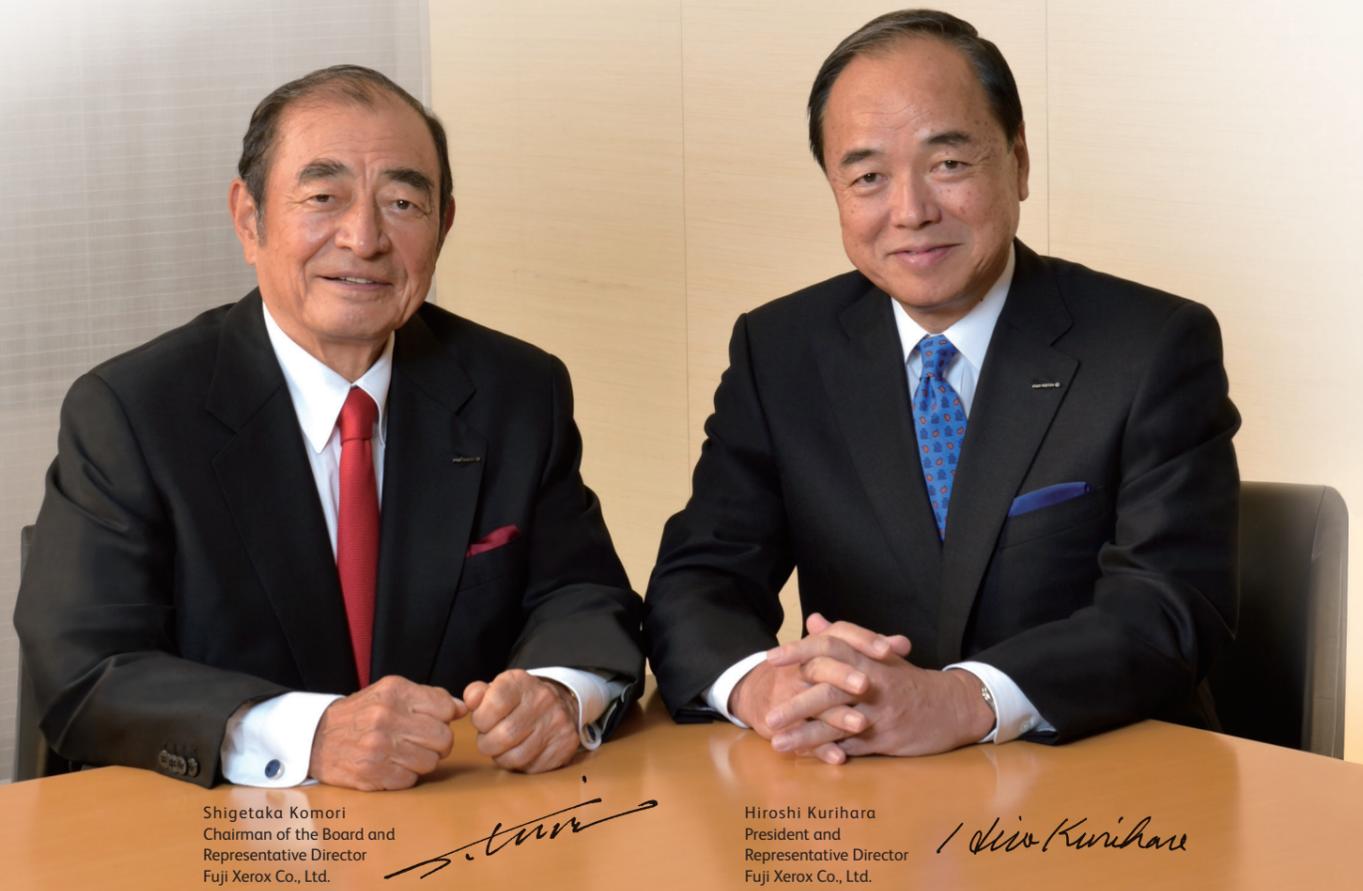
1. endeavor to understand global as well as local environmental and social issues and create value to address these issues through our business activities.
2. continue to evaluate the environmental and social impact of our business activities and strive to improve the performance while increasing our positive impact on society.
3. constantly reassess whether our activities are responding adequately to the demands and expectations of society through proactive stakeholder engagement with our stakeholders.
4. enhance corporate transparency by actively disclosing information.



web info

• **Fujifilm Holdings Our Approach to CSR and Related Policies** <http://www.fujifilmholdings.com/en/sustainability/vision/index.html>

Top Commitment



Shigetaka Komori
Chairman of the Board and
Representative Director
Fuji Xerox Co., Ltd.

Hiroshi Kurihara
President and
Representative Director
Fuji Xerox Co., Ltd.

We will do our utmost to regain trust by ensuring that our business operations are open, fair, and clear, while remaining committed to the creation of a society where people can demonstrate creativity and engage in fulfilling work.

Issue Relating to Inappropriate Accounting Practices

This year, Fuji Xerox found that two of its overseas affiliates had employed inappropriate accounting practices over a period of several years in the past. We would like to express our sincerest apologies to our customers, suppliers, employees, shareholders, investors, and all other stakeholders for the tremendous concern and trouble this issue has caused.

FUJIFILM Holdings Corporation set up an Independent Investigation Committee to verify the appropriateness of accounting practices at Fuji Xerox's overseas affiliates, and on June 12, 2017, the committee released its investigation report. The report was extremely critical of certain inappropriate accounting practices employed at Fuji Xerox New Zealand Limited and Fuji Xerox Australia Pty. Ltd., and of corporate governance (in relation to internal controls) at Fuji Xerox.

Fuji Xerox has for a long time advocated the principle that CSR is synonymous with corporate management and has cherished its Mission Statement and Shared Values, striving to put them into practice in its day-to-day business operations. Regrettably, however, such efforts have proved to be inadequate, and those of us in

senior management positions at Fuji Xerox are keenly aware of our responsibility for that.

We are therefore taking this incident extremely seriously. We reorganized our management team in June, and implemented a range of other measures to prevent similar issues from recurring and to regain trust (see the section headed "Issue Relating to Inappropriate Accounting Practices" on pages 5–8). Both in Japan and globally, we are ensuring that our senior management teams face the situation head-on, demonstrating responsibility and determination so that the business operations they lead conform to governance and compliance requirements. At the same time, we are educating all our employees about these requirements so that they each feel a strong sense of responsibility and ethics as corporate representatives and perform their roles in accordance with the rules that must be observed.

We learned a valuable lesson from this accounting issue, and we are now pulling together as a company to once again ensure open, fair, and clear business operations as advocated in the Fujifilm Group's vision. By making such an approach integral to our corporate culture, we hope to win back the trust of all our stakeholders.

Fuji Xerox's Medium-term Aims as Part of the Fujifilm Group

This incident is a powerful reminder to us of the need to go beyond a focus on short-term profits. We realized how important it is that we seriously ask ourselves what types of value Fuji Xerox should provide to society in order to justify its own existence over the medium to long term, and then take the necessary action.

In August 2017, Fujifilm Group announced its new medium-term management plan, VISION2019, and its long-term CSR plan, FUJIFILM Sustainable Value Plan 2030 (SVP2030). SVP2030 is positioned as the basis for the medium-term management plan and describes a vision of what the Group aims to achieve by 2030. It illustrates how Fujifilm Group will realize sustained growth by helping to resolve social issues via its business operations based on a robust management foundation. The plan's overarching aim is to empower the Group to spearhead the transformation necessary to create a sustainable society.

Within this context, Fuji Xerox, as the operator of the Group's Document Solutions segment, will aim to make greater contributions to solving customers' management issues, as well as social issues. This aim is drawn from our business philosophy "Better Communications", which entails building an environment for the creation and effective utilization of knowledge, as our Mission Statement advocates. This means we will be striving toward a society where people can demonstrate creativity and engage in fulfilling work by helping to achieve the eighth United Nations Sustainable Development Goal (SDG), which calls for decent work and economic growth.

In specific terms, we will dramatically improve productivity by means of work process automation employing document technologies. Simultaneously, we will support the creativity of the human intellect by using technologies such as artificial intelligence (AI) and big data analysis to extract and exploit valuable information. In the long term we will use groundbreaking communication technologies to help transform the way society works (the "social ecosystem") in terms of healthcare, education, stimulation of SME-based business, regional revitalization, and other aspects. Since last year, Fuji Xerox's senior managers have been discussing what our CSR management should aim to achieve by 2020 or 2030 in line with our Mission Statement. In light of these discussions, we will continue integrating CSR into our business operations on two fronts: our efforts to solve social issues through our business, and our business processes.

Achieving Fuji Xerox's Own Medium-term Management Goals

Fuji Xerox will embody the concept of Smart Work Gateway announced in October 2016, providing a communication environment in which every member of society can safely and easily use the information they need in the optimal format and share it with anyone, anytime and anywhere.

We are addressing market opportunities that offer growth potential by enhancing our expertise to respond to the needs of customers and society at large. To that end, at the beginning of fiscal 2017 we established new specialist units including the New Business Creation Department, the Security Business Department, the Healthcare Business Department, the Tourism & Cloud Business Department, and the Regional Revitalization Sales Department. As

we create new value and supply products and services to the market, our firm partnerships with FUJIFILM Holdings Corporation and Xerox Corporation will provide a foundation enabling us to generate synergies in our Production Services business domain's inkjet business and elsewhere to expedite our business growth on a global scale. For this purpose, we introduced a division-based organization in April 2017 to allow us to understand our customers' expectations more thoroughly and respond to them promptly. Furthermore, we intend to go beyond simply boosting our competitive edge using the R&D, procurement, and production resources we already command as a manufacturer. We will also undertake focused investments for the future that will enable us to supply products, solutions, and services offering higher added value that promote new work styles and reduce environmental impact.

By implementing these measures, we aim to achieve the following management goals in fiscal 2019: consolidated revenue of 1,100 billion yen, operating income of 95 billion yen (with an operating income ratio of 8.6%), and zero increase in CO₂ emissions (compared with fiscal 2013).

Our Promise to Stakeholders

During fiscal 2016, we pushed ahead with transforming our business structure, placing greater emphasis on solutions and services, and pursued a range of measures to develop businesses aimed at solving social issues. In our efforts to provide solutions for customers, we made progress with initiatives to facilitate changes in the way our customers work. One such initiative was our innovative promotional campaign using direct mail, which earned plaudits, winning a Gold Award in the 31st All-Japan Direct Marketing Awards organized by Japan Post Co., Ltd. In another initiative, our document handling software solution, DocuWorks, reached a cumulative total of 5 million licenses sold in Japan. Fuji Xerox also received the Minister's award in the Japanese Ministry of Economy, Trade and Industry's New Diversity Management Selection 100 project for fiscal 2016. In addition, Fuji Xerox earned the further accolade of being identified in the J.D. Power Asia Pacific customer satisfaction study as the first company in the industry to rank highest in customer satisfaction for eight successive years.

Our corporate direction in fiscal 2017 is expressed by the phrase "Turnaround Toward New Sustainable Growth." In addition to bolstering our business on the financial front, we are also targeting nonfinancial aspects to strengthen our environmental, social, and governance (ESG)-related CSR foundation throughout our entire supply chain to address such areas as the environment, human rights, and ethics.

We intend to enhance Fuji Xerox's ability to deliver unique value to society by going beyond the strong, kind, interesting company described in our Good Company Concept. We will generate innovations to guide future members of society toward more fulfilling ways of working, viewing the changes that AI and other technological innovations bring to society and the economic structure as the expansion of market opportunities.

We promise that we are ready and determined to take Fuji Xerox right back to basics in order to recreate it as a new company that can be trusted by the public and grow sustainably in tandem with society.

Issue Relating to Inappropriate Accounting Practices

The following four pages outline the facts and the course of events relating to the inappropriate accounting practices discovered at Fuji Xerox's overseas affiliates; they also describe measures FUJIFILM Holdings Corporation (FUJIFILM Holdings) and Fuji Xerox are implementing to avoid recurrence.

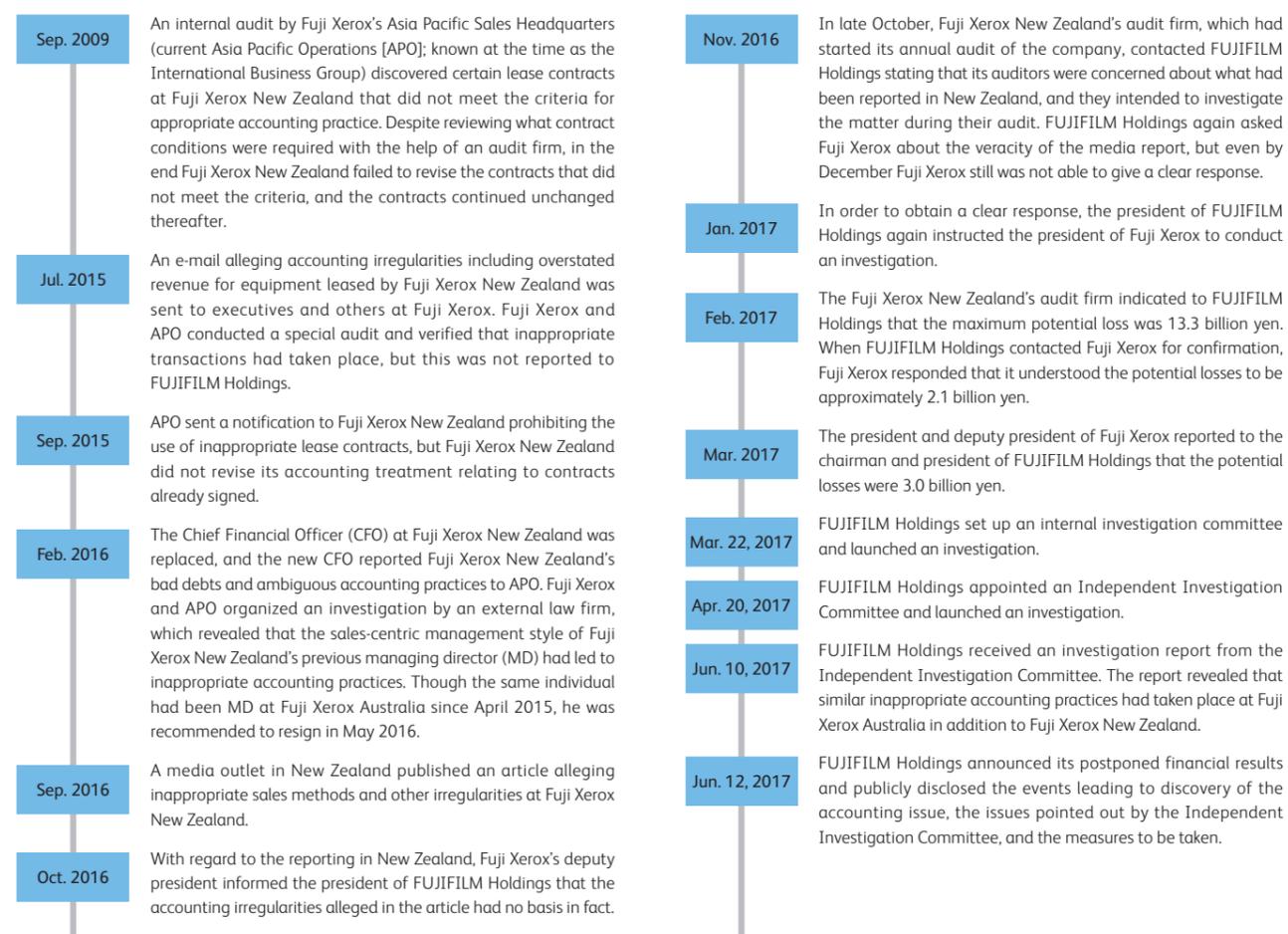
1. Overview

When closing its accounts for the fiscal year ended in March 2017, FUJIFILM Holdings discovered that two of Fuji Xerox's overseas sales affiliates, Fuji Xerox New Zealand Limited (Fuji Xerox New Zealand) and Fuji Xerox Australia Pty. Ltd. (Fuji Xerox Australia), had engaged in

inappropriate accounting practices in the past. An investigation report released on June 12, 2017, by an Independent Investigation Committee set up by FUJIFILM Holdings, Fuji Xerox's parent company, revealed the following:

- 1 Fuji Xerox New Zealand had performed certain accounting practices inappropriately during the period from fiscal 2010 to 2015.
- 2 Upon review of other affiliates a similar situation was found at Fuji Xerox Australia.
- 3 Restatements of results for past fiscal years (cumulative totals for fiscal 2010–2015) were as follows :
— Impact on shareholders' equity* — * The cumulative total impacts on net income over the past six years
Fuji Xerox New Zealand : 24.7 billion yen Fuji Xerox Australia : 12.8 billion yen Total : 37.5 billion yen
- 4 There were issues with regard to Fuji Xerox's internal controls.
- 5 FUJIFILM Holdings' systems for managing Fuji Xerox had been flawed.

2. Course of Events



3. Inappropriate Accounting Practices at Fuji Xerox New Zealand and Fuji Xerox Australia

- Fuji Xerox New Zealand had introduced Managed Service Agreement (MSA) contracts that combined the sale of equipment with maintenance services, enabling it to collect monthly copy charges covering payment for the equipment itself, as well as charges for consumables and maintenance, interest, and other charges.
- MSA contracts took the form of capital leases that permitted revenue equivalent to the sale price of the equipment to be recorded in a lump sum for the fiscal year in which equipment was installed, after which payments would be collected in the form of monthly copy charges. Copy charges comprised a unit price per copy determined according to a monthly target copy volume, multiplied by the actual number of copies made.
- For a lease contract to be treated as a capital lease for accounting purposes, it must meet certain accounting criteria,* but in Fuji Xerox

New Zealand's case, all lease contracts were treated as capital leases, including those that did not originally meet the accounting criteria that would qualify them as capital leases subject to lump-sum recording of revenue.

* For example, it should be reasonable to anticipate collection of the total minimum lease fee payment and there should be no risk of incurring additional costs that cannot be collected from the lessee.

- However, copy volume sometimes failed to reach the target originally set, or a minimum monthly usage charge was not always clearly stipulated in the contract. For these and other reasons there were some transactions which made it impossible to collect the total copy charges anticipated when the contract was originally executed. This situation then became the norm.

- Similar accounting practices were employed at Fuji Xerox Australia.

4. Background to the Problem and Issues Pending

Background to inappropriate accounting practices

- Sales companies outside Japan usually offer their employees incentives such as commissions or bonuses according to the employees' achievement of sales targets. At Fuji Xerox New Zealand the senior management set excessively sales-centric rules for employees, but they themselves then ignored these rules, continually employing inappropriate accounting practices whereby revenue was recorded early.
- The Board of Directors at Fuji Xerox New Zealand did not function effectively; authority was concentrated excessively in the hands of the company's MD and there was a lack of transparency in business management processes.
- There were internal control-related problems, such as flaws in APO's systems for managing subsidiaries, and deficiencies in Fuji Xerox's auditing system and in regulation by its administration department. Consequently, the internal reporting processes within Fuji Xerox were subject to blockages in the flow of information and appropriate information regarding the reality of the situation was not reported to Fuji Xerox's chairman or president.
- There were flaws in FUJIFILM Holdings' systems for monitoring

Fuji Xerox, in the audit department's auditing systems, and in systems for sharing information. Consequently, Fuji Xerox did not report appropriate information regarding the reality of the situation to FUJIFILM Holdings.

Management issues pending

Fuji Xerox New Zealand's measures to address issues pending

- Review incentives offered to employees in order to correct the "sales at any cost" mindset whereby rules are ignored
- Put internal systems in place to correct the centralization of operational reporting lines

Fuji Xerox's measures to address issues pending

- Enhance systems for managing subsidiaries and affiliates
- Improve the sharing of information within Fuji Xerox and enhance the transparency of business management processes
- Enhance supervision by the Board of Directors and auditing by corporate auditors and the Internal Audit & Analysis Department
- Enhance checking by the Corporate Finance Department
- Improve awareness of compliance
- Enhance systems for risk management

Communication Meetings

The president of Fuji Xerox, Hiroshi Kurihara, held communication meetings to personally explain to employees in Japan and overseas the course of events that led to the accounting issues described. He visited Fuji Xerox New Zealand in July 2017, and Fuji Xerox Australia the following month, promising to support the companies fully as they work to overhaul their management and recover customers' trust. Whilst acknowledging the serious nature of the recent incidents, the president also looked to the future, engaging in vigorous debate with both companies' management teams about how they could recover trust and move on to the next stage of growth.



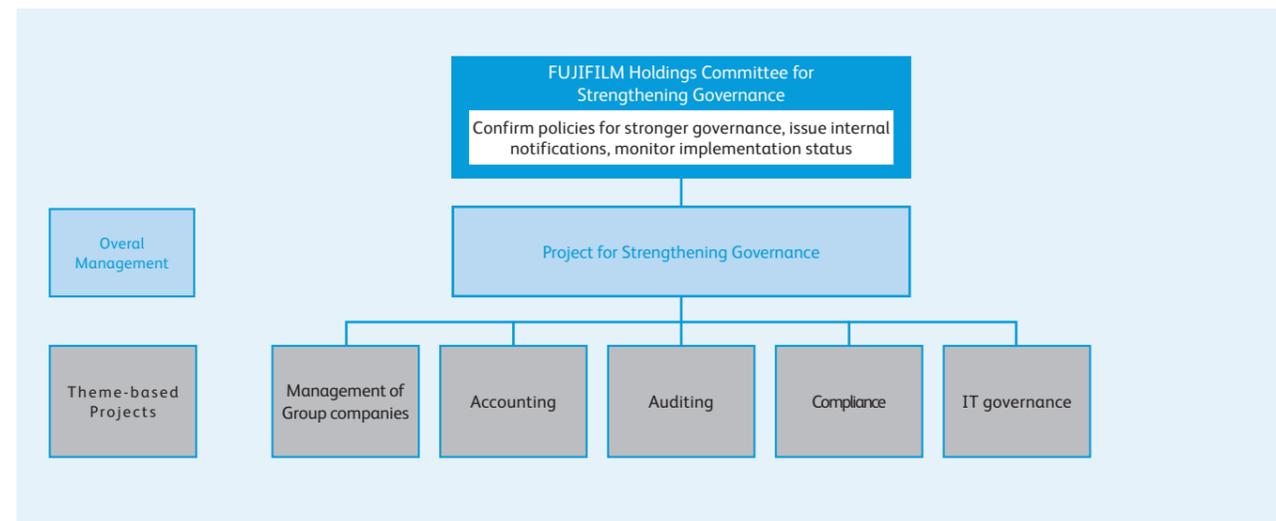
5. Measures to Prevent Recurrence

Both FUJIFILM Holdings and Fuji Xerox take the results of the Independent Investigation Committee's investigation extremely seriously, and are implementing measures to prevent similar issues from recurring.

In June 2017, FUJIFILM Holdings seconded its chairman, deputy president, an executive vice president and a senior vice president to Fuji Xerox to strengthen its governance of Fuji Xerox. Furthermore, in July 2017, FUJIFILM Holdings set up a Committee for

Strengthening Governance (chaired by its president) and launched five individual theme-based projects that together constitute an integrated Project for Strengthening Governance. Three companies, comprising FUJIFILM Holdings, FUJIFILM Corporation, and Fuji Xerox, will analyze the causes of the issue and formulate measures to prevent recurrence, in a thorough and sustained effort to strengthen governance across the entire Fujifilm Group.

Framework for Strengthening Governance



~ Details of Measures under Each Project ~

Management of Group companies project

FUJIFILM Holdings is enhancing management and supervision across the entire Group by restructuring the systems whereby Group companies report important matters, as well as authorization processes and other procedures. On August 1, 2017, FUJIFILM Holdings set up a new Subsidiaries Administration Division to review reporting lines and approval rules with the aim of putting a structure in place to ensure appropriate information sharing within the Group.

Accounting project

FUJIFILM Holdings is ensuring that its management accounting functions separately from its financial accounting and integrating the Group's financial accounting in order to ensure the appropriateness of accounting practices and establish systems that provide effective control.

Auditing project

FUJIFILM Holdings is enhancing auditing across the Group by building systems for global deployment of internal Group audits based on integrated auditing, as well as improving auditing capability and efficiency through use of IT, among other measures.

Compliance project

In addition to the education it has already provided for management personnel, FUJIFILM Holdings is providing re-education on compliance to all employees. It is also overhauling its risk management systems, most notably by establishing an internal whistleblowing system that encompasses all Group companies.

IT governance project

FUJIFILM Holdings is making effective use of IT in creating a monitoring structure to keep abreast of the situation in each Group company in an appropriate and timely manner. It is also putting in place the IT infrastructure necessary to facilitate communication throughout the Group.

~ Measures to Be Implemented by Fuji Xerox ~

Responses to inappropriate accounting practices

- Ensure a total ban on the execution of MSA contracts that do not meet the criteria for appropriate accounting practice (implementation complete)
 - Implement performance appraisals and incentive rules rigorously and consistently at sales affiliates (implemented in October 2017)
 - Enhance internal control by restructuring the leasing business (implementation planned for April 2018)
 - Enhance internal control and improve productivity for the Group by integrating accounting and auditing departments across the Group (implemented in September 2017)
- Ensure independence and enhance business management processes by integrating Fuji Xerox's management control units such as accounting and auditing departments with those of FUJIFILM Holdings

Remedial measures for management issues pending

- Restructure systems for governance of overseas affiliates (implemented in October 2017)
 - Appoint personnel responsible for governance at overseas affiliates
 - Clarify chains of command
 - Restructure HR procedures at overseas affiliates
 - Restructure systems for escalation of concerns and improve sharing of information with FUJIFILM Holdings
- Enhance auditing and supervision by Boards of Directors at overseas affiliates (implement in stages from August 2017)
 - Increase the frequency of Boards of Director's meetings from once per year to four times per year
 - Add individuals with auditing experience to the Board of Directors
- Ensure consistent implementation of criteria for handling internal requests for approval (the process whereby important matters are approved), and ensure that a communication matrix is employed consistently (implemented September 2017)
- Enhance auditing of directors by corporate auditors (implementation planned for March 2018)
 - Increase the number of auditing staff
- Enhance systems for risk management (implemented in October 2017)
 - Set up risk management committees at Fuji Xerox and its affiliates
- Extend and enhance the internal whistleblowing system (implementation planned for December 2017)
 - Improve the way the existing internal whistleblowing system operates and ensure that all employees are aware of the system
 - Set up a parallel internal whistleblowing route from affiliates and business units directly to FUJIFILM Holdings
- Ensure compliance requirements are observed (implement in stages from July 2017)
 - Provide compliance education
 - Conduct an awareness survey among all employees (to verify the effectiveness of compliance education)
 - Revise the code of conduct for Fuji Xerox and its affiliates, and make it applicable to all employees (under implementation since April 2017)
- Restructure and enhance the Group's internal reporting systems (implemented in October 2017)
 - Restructure and enhance the systems for reporting to FUJIFILM Holdings
 - Restructure and enhance the reporting systems within Fuji Xerox and its affiliates
 - Reorganize and enhance the structure of decision-making meetings

The New CSR Plan of the Fujifilm Group Sustainable Value Plan(SVP) 2030

Under the Medium-Term CSR Plan, "Sustainable Value Plan 2016 (SVP2016)" for fiscal 2014-2016, the Fujifilm Group has been creating new values to resolve problems in society. Long-term goals up to fiscal 2030 have been established in the new CSR plan, Sustainable Value Plan 2030 (SVP2030), announced in August 2017. The Fujifilm Group aims to be a corporation able to make a greater contribution to creating a sustainable society through implementing further action to resolve social issues through our business activities, including the launch of innovative technologies, products and services.

Social Background and Basic Approach

In addition to attention to the environment and compliance, our core targets up to now, Fujifilm declared explicitly in SVP2016 for fiscal 2014-2016 that its goal is "solving social issues through business activities." Embracing CSR, not in the passive approach of compliance to laws, but as an opportunity to solve social issues and to grow business, Fujifilm Holdings' aggressive stance is highly appreciated by external organizations.

However, the major goal of solving social issues cannot deliver results easily in a period of only three years. In addition to continuous activities in this area, we decided that we need to revise our perspective on setting our goals.

Long-term targets such as SDGs^{*1} and the Paris Agreement^{*2} have been announced internationally in the drive to solve social issues. In view of these developments, the new SVP2030 aims to contribute to achieving the goals for resolving global social issues set by the SDGs, the Paris Agreement, etc., and is distinguished by its setting of long-term goals to be achieved by fiscal 2030. This establishment of a long-term plan, allows us to set targets not only through forecasting (accumulation approach) but also through backcasting—looking backward from a specified future target to identify action needed for the future—thus enabling aggressive action to face the challenges.

Fujifilm Group's Actions on SDGs	
1 No Poverty	10 Reduce Inequality
2 Zero Hunger	11 Sustainable Cities and Communities
3 Good Health and Well-Being	12 Responsible Consumption and Production
4 Quality Education	13 Climate Action
5 Gender Equality	14 Life below Water
6 Clean Water and Sanitation	15 Life on Land
7 Affordable and Clean Energy	16 Peace, Justice and Strong Institution
8 Decent Work and Economic Growth	17 Partnerships for the Goals
9 Industry Innovation and Infrastructure	

Priority actions that require companywide effort

Priority Issues in SVP2030

Under SVP2030, the two goals of SVP2016 to "solve social issues through business activities (opportunities)" and "remain conscious on the environmental and social impact within business processes (risks)" were combined into one, and "the environment," "health," "daily life" and "working style" were announced as four priority areas to be approached from the two aspects of opportunity and risk. Additionally, in promoting global business, the plan focuses on reinforcing the CSR infrastructure for the environment, ethics, human rights, etc., for the entire supply chain, as well as reinforcing governance for greater dissemination of an "open, fair and clear" corporate culture. Six areas and 15 priority issues were defined to implement these actions.

Especially in the area of the environment, concrete numerical targets for fiscal 2030 were established. With CO₂ emissions, **action will be taken to reduce emissions from the entire product lifecycle of the Fujifilm Group by 30% over the fiscal 2013 level**, along with **contributing to reducing CO₂ emissions in society by 50 million tons through the dissemination of Fujifilm products and services**, established to offset the cumulative CO₂ emission volumes from fiscal 2017 to fiscal 2030. In water resources, **we will reduce the amount of water the entire Group uses for production by 30% over the fiscal 2013 level, dropping below 35 million tons by fiscal 2030**. With the highly functional materials and services we use for water treatment, we also plan to **contribute to the treatment of 35 million tons of water per year used by society and to achieve an environmental contribution that equals or betters the environmental impact generated by our business activities by fiscal 2030**.

In areas outside the environment, we will establish KPIs in the future for all priority issues.

Promoting SVP2030 will allow the Fujifilm Group to create new value through the development of products, services and technology and to contribute to solving social issues, and at the same time, increase its corporate value.

*1 SDGs (Sustainable Development Goals): Goals in sustainable development adopted by the United Nations General Assembly in 2015, to be addressed as social issues by the international community until 2030. There are 17 goals and 169 targets established to address the issues of poverty, inequality and injustice, health, education, fulfillment in work, climate change and the environment, etc.

*2 Paris Agreement: International, multilateral agreement on arresting climatic changes that was adopted by The 21st Session of the United Nations Framework Convention on Climate Change Conference of the Parties (COP 21) held in Paris in 2015. The Agreement calls for holding the global temperature rise to less than 2°C over the level before the Industrial Revolution.

SVP 2030 Slogans and Priority Issues

Environment
Reduce our own environmental impacts and contribute to the resolution of environmental issues
Priority Issue
1. Address climate change.
2. Promote recycling of resources.
3. Address energy issues toward a non-carbon society.
4. Ensure product and chemical safety.

Health
Create a healthy society through the process of prevention, diagnosis and treatment in healthcare.
Priority Issue
1. Fulfill unmet medical needs.
2. Improve accessibilities to medical services.
3. Contribute to identifying diseases at an early stage.
4. Contribute to health promotion and beauty.
5. Promote management of health and productivity.

Daily Life
Support the tangible and intangible aspects of social infrastructure in people's lives through various products, services and technologies.
Priority Issue
1. Contribute to creating a safe and secure society.
2. Contribute to enriching humanity and relationships between people.

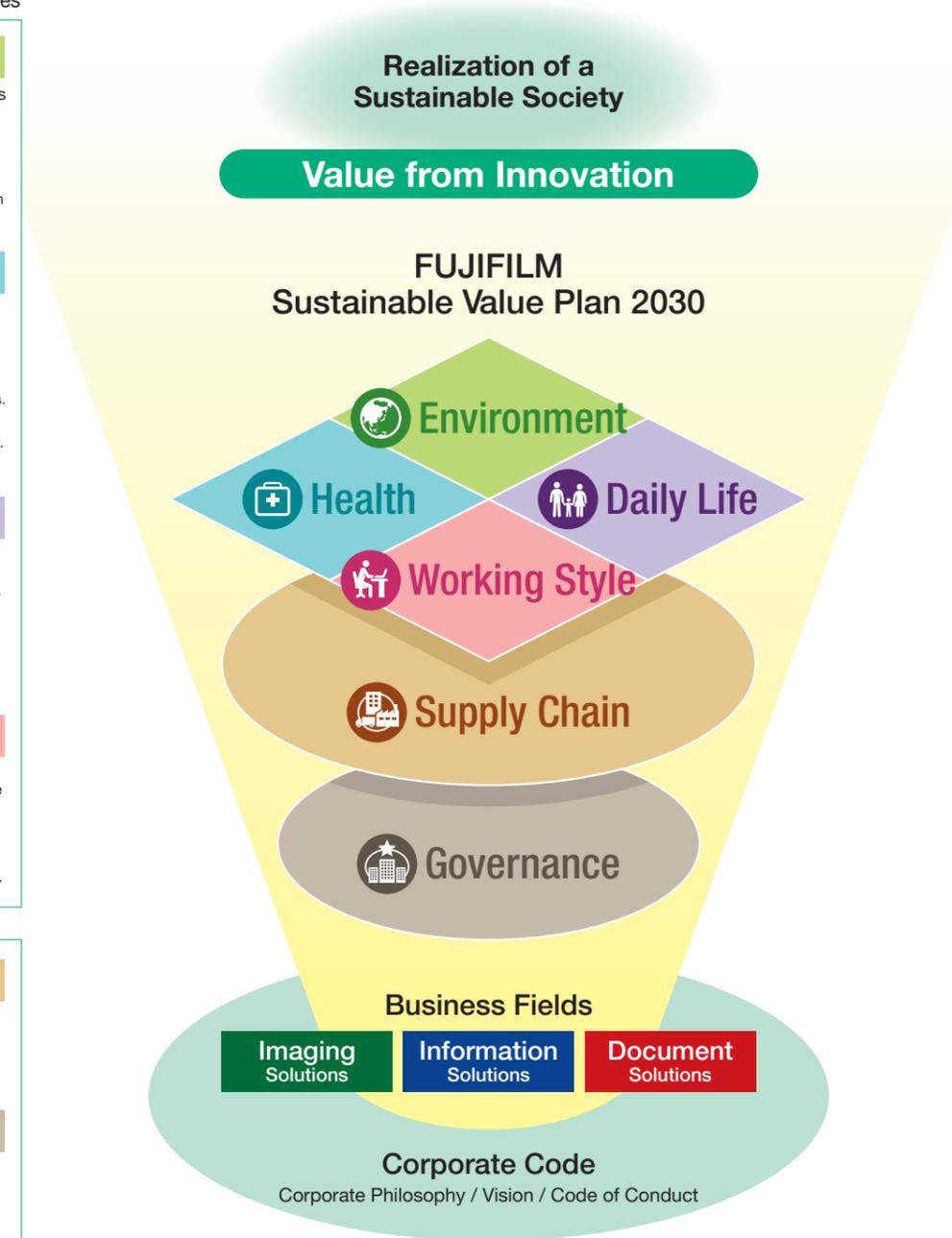
Working Style
Extend in-house work style reforms to change society so that everyone can be satisfied with their job.
Priority Issue
1. Create an environment that leads to job satisfaction.
2. Develop and utilize diverse human resources.

Supply Chain
Priority Issue
Strengthen CSR foundations across the entire supply chain including factors affecting the environment, ethics, and human rights.

Governance
Priority Issue
Disseminate an open, fair and clear corporate culture to further improve and maintain governance structures.

Characteristics of SVP2030

- **Establishment of long-term goals (fiscal 2030)**
· To become a corporation that promotes social revolution through innovation involving all employees and action on social issues from a long-term perspective.
· 2030 was set as the target year for goals which is the base year for international social issues (Paris Agreement and SDGs).
- **Numerical targets for fiscal 2030 defined for global environmental issues**
- **15 priority issues established in the four areas of the environment, health, daily life, working style, and adding supply chain and governance.**
· Priority areas redefined with attention both to "solving social issues through business activities" and "reducing the impact of our business activities."
· With society and customers demanding that as a global corporation we enhance our management of the entire supply chain from the viewpoint of CSR, "supply chain" has been established as a priority area.
· "Governance" is important in preventing inappropriate accounting, and has been added as a priority area.



Fuji Xerox's Philosophy and the goal of CSR medium- to long-term plan

Fuji Xerox will contribute to the development of a sustainable society by fulfilling the Fuji Xerox Mission Statement. Operating at all times on the principle that "CSR is synonymous with corporate management," we aim to help our customers create value by ensuring the unity of words and deeds and to become a company trusted and cherished by all stakeholders.

In the long term, to help achieve Sustainable Development Goal (SDG) 8 "decent work and economic growth," we will promote the provision of solutions and services which improve productivity and creativity of workers, and establish ecosystem to improve productivity of society.

Furthermore, we will contribute to the creation of a society where people can engage in fulfilling work.

► Xerox Philosophy

CSR Management at Fuji Xerox has its origins in the business philosophy of Joseph C. Wilson, founder of Xerox Corporation, who anticipated today's concept of corporate social responsibility. Since then business philosophy of Fuji Xerox has evolved into the Good Company Concept and the Mission Statement.



Joseph C. Wilson

Better Communications

Our business goal is to achieve better understanding among men through better communications.

"Our business goal is to achieve better understanding among men through better communications."

Joseph C. Wilson

► The Good Company Concept

A "strong" company delivers excellent products and services that satisfy customers and is able to reward its shareholders continuously. A "kind" company contributes to local and global communities in terms of environmental conservation, ethical behavior, and social contribution. Employees find their life and work fulfilling at an "interesting" company. Fuji Xerox aims to be a company with a good balance of all three attributes.



Goal of Fuji Xerox CSR medium- to long-term plan



Realize our Mission Statement

Make a valuable contribution to the promotion of decent work and to the realization of sustained economic growth



Our Long-term Goals (for 2030)

Contribute to economic growth by helping our customers to promote new work styles



Leverage innovative communication technologies to help transform the way society works and reduce environmental impact



Enable employees to experience personal and professional growth and fulfillment by boosting motivation



The mid-term management plan (fiscal 2019)

Revenue: **1,100 billion yen** Operating income: **95 billion yen**

Operating income ratio: **8.6%** **CO₂ Emissions** **0** 30% reduction from fiscal 2013 level by 2030
Increase amount compared with fiscal 2013



Fuji Xerox's Medium- to Long-term Aims and Business Activities

Fuji Xerox has declared its intention to make a major contribution to the United Nations Sustainable Development Goal (SDG) 8, which calls for the promotion of decent — that is, fulfilling and humane — work and the realization of sustainable economic growth. Having set this as a goal to target over the long term, we will expedite efforts to accomplish one of the pillars of our Mission Statement: “Build an environment for the creation and effective utilization of knowledge.” In specific terms, we aim to create a society where people can demonstrate creativity and engage in fulfilling work by providing a communication environment in which they can safely and easily use the information and knowledge they need in the optimal format and share it with anybody, anytime and anywhere.

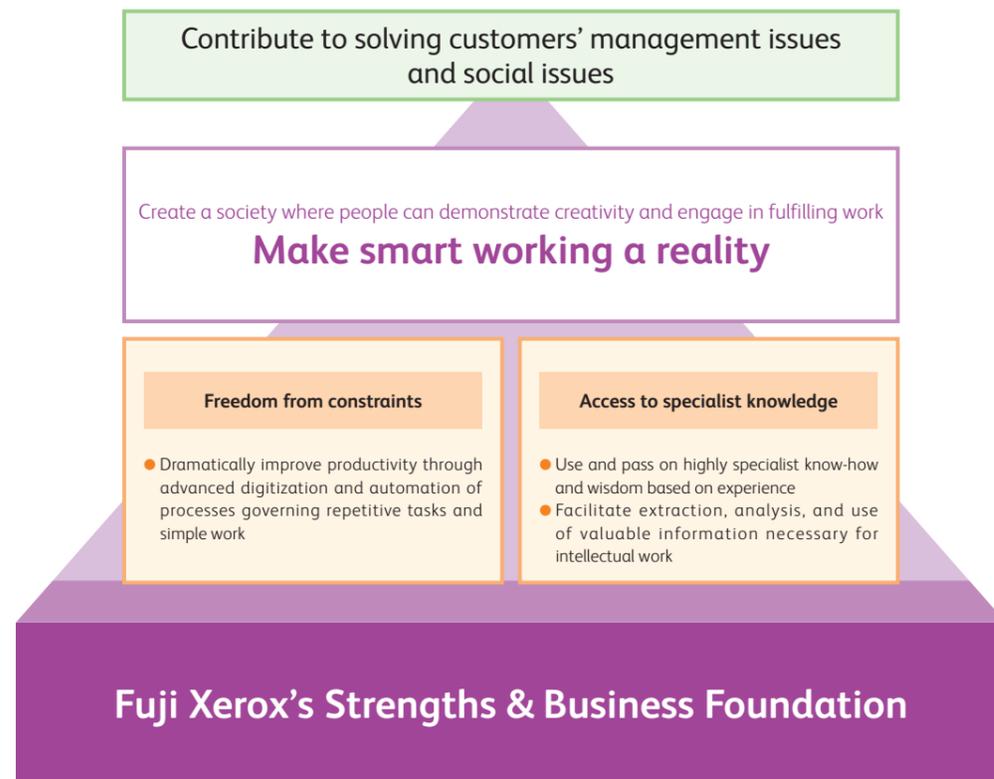
To achieve that aim we need to free people from the simple, repetitive tasks and the burgeoning range of information that impede creative work. We must also create an environment in which anybody can make use of the knowledge and expertise of specialists. Fuji Xerox will draw on the technologies it has cultivated to date, including know-how relating to text analysis, natural language processing, and remote monitoring to automate work processes and systematize specialist knowledge relating to our customers' operations. In this way, we

will dramatically improve our customers' productivity and facilitate the usage and continuity of specialist know-how. We will, moreover, transform our multifunction devices from machines that simply scan and print document-based information as so far into portals that use sensors to collect all kinds of data about people, objects, and the environment within a workplace and converting it into valuable information. Thus our multifunction devices will automatically provide information that supports decision-making in line with the individual's working situation, guiding people toward more creative ways of working.

Fuji Xerox has cultivated a range of competitive strengths. These include an excellent customer base and relationships of trust forged by our ability to solve customers' issues, knowledge and experience in business operations gained in the process of transforming customers' operations, and sales and support systems that respond to a wide range of their needs. In addition to these strengths, we intend to further bolster our advanced technology business, including artificial intelligence (AI) and, the Internet of Things (IoT), to respond to new needs, thereby contributing to our customers' businesses and to sustained development of society.

Fuji Xerox's Medium- to Long-term Aims

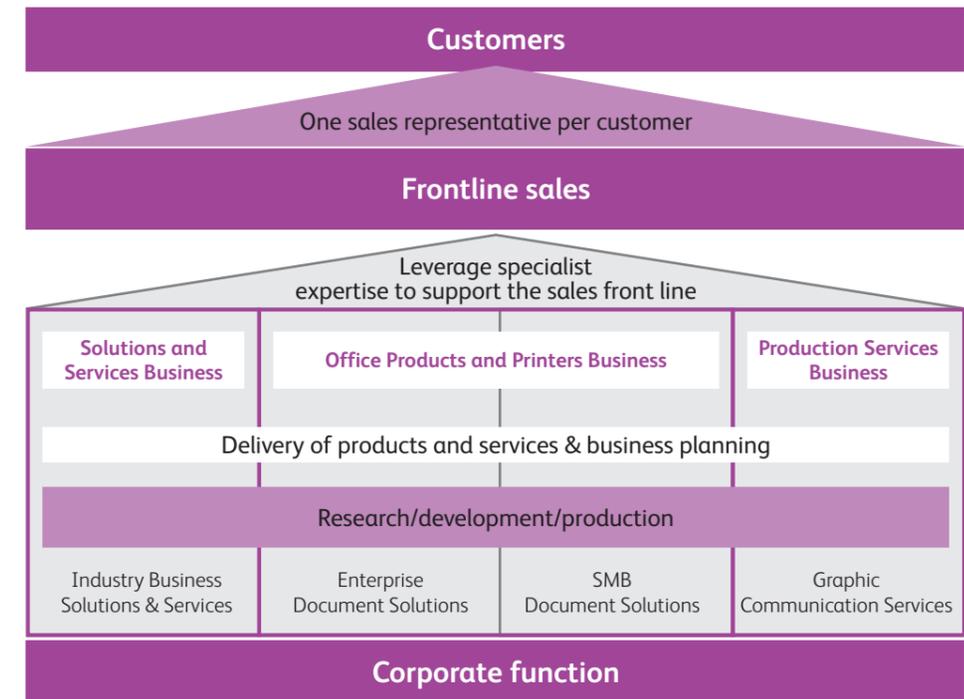
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Business Activities

To help solve the customers' business issues as well as social issues, Fuji Xerox will build up its sales front line so that a single, dedicated sales representative can broadly handle each individual customer's management issues, which are becoming increasingly complex and challenging. At the same time, our highly specialized operating units will support the front line, thereby bolstering the capacity of our operational structure to offer solutions rapidly.

Operational Structure



► Solutions and Services Business

In this business Fuji Xerox provides solutions-oriented document services tailored to the characteristics of a range of industries and businesses. We endeavor to resolve our customers' issues by providing high-value-added solutions employing systems integration and cloud services, as well as business process outsourcing (BPO) for multifunction device monitoring and mission-critical work processes. Thus we contribute to reinforcing and improving our customers' business efficiency and reforming the way their employees work. We intend to introduce advanced technologies such as AI and IoT in providing solutions and BPO services to address our customers' challenges. Our aim in so doing is to reinforce our document services that make use of information and knowledge, thereby creating an environment in which customers can demonstrate creativity and experience a tangible sense of achievement.

► Office Products and Printers Business

Fuji Xerox contributes to solving its customers' issues relating to documents and communication by supplying office equipment including multifunction devices and printers both to large companies and to the SMB market, and by developing solutions geared specifically to input/output operations, as well as solutions and services leveraging cloud and mobile environments.

Guided by our Smart Work Gateway concept, we will create a communication environment suited to individual customers by further expanding our ecosystem based on links between our own multifunction devices and services, and other companies' business cloud services. Thus we will help companies in their efforts to reform work styles by improving workers' productivity and enhancing work efficiency.

► Production Services Business

We target the graphic communications field, which covers the entire process from content creation to processing and delivery, to provide digital (production) printers and printing work flow solutions for commercial printing. Keeping up-to-date with the esthetic sensibilities and preferences of a diverse range of people, we will employ on-demand printing and variable printing technology to seamlessly combine digital media with paper media that convey meaning and information more effectively and efficiently than before. Sometimes collaborating with external partners, we will establish a structure to deliver the content required by individuals in the appropriate format for each person. Thus, we will support our customers as a worldwide partner that works with them to create rich communication facilitating empathy and understanding among people, and between people and companies.

Our Value Creation Process

Fuji Xerox has identified social issues to concentrate on from among a broad spectrum of contemporary issues. The selection was made in line with our Mission Statement and what we consider to be our essential responsibilities to society.

Based on our designated high-priority management themes, we will endeavor to create values through our business activities that will contribute to solving specified social issues and to support value creation by our customers and stakeholders.

► Process of Determining High-priority Management Themes

Step 1 Formulate a basic policy

- Devise a basic policy by reviewing past CSR activities

Step 2 Identify social issues to be tackled

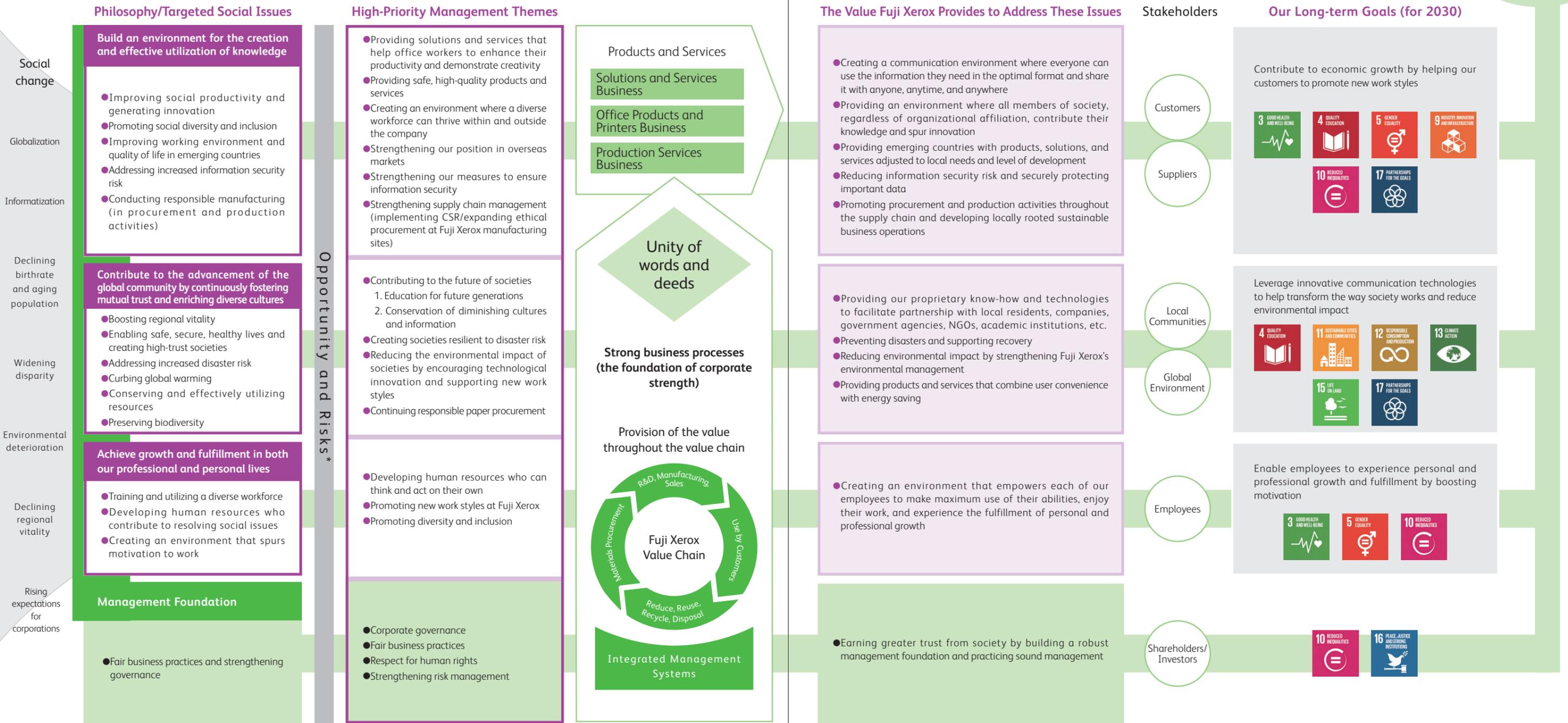
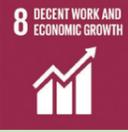
- Use references including a variety of guidelines and the SDGs
- Consider how the social issues relate to Fuji Xerox's management philosophy and business strategies, our products and services, and our technologies.

Step 3 Assess relative importance of themes

- Consider level of demand and interest from society, and level of impact on Fuji Xerox's business, including potential opportunities and risks

Step 4 Plan and review

- Set targets for each organization within Fuji Xerox and internally review and approve the targets



*For more details, refer to the following link. <http://www.fujixerox.com/eng/company/csr/activity/oppriske.pdf>



Yasuaki Onishi
 Senior Vice President
 Executive General Manager of Research
 & Technology Group,
 Fuji Xerox

feature article **1**

Our Research and Technology Group's Initiatives to Make Smart Working a Reality

Companies of all types are pursuing work style reforms to gain benefits including increased work productivity and efficiency, as well as greater diversity in the way people work. At Fuji Xerox we believe that the key to achieving work style reforms is to improve the communication essential in a variety of work situations. Our goal is to create a society in which people can safely and easily use the information they need in the optimal format and share it with anyone, anytime and anywhere. We want to facilitate smart working for as many workers as possible by taking the technologies we have been cultivating to an entirely new level and making use of them in our products and services to transform communication at work.

On the following pages Yasuaki Onishi, who leads our Research & Technology Group, describes what his team is doing to make smart working a reality.

● Rate of Change in Japan's Population Aged 15 to 64 (2015 – 2030) **-10%**
(Philippines: 26%, Vietnam: 8%, United States: 2% and South Korea: -10%)
 (Source: 2017 Databook of International Labour Statistics, Japan Institute for Labour Policy and Training)

● Japan's Labor Productivity Ranked **22** among 35 OECD member states
61.3% of that in the United States
 (Source: International labor productivity statistics (2016) provided by the Japan Productivity Center)

● Forecast for sales in the global cloud service market (in 2019) Up **27%**
relative to 2015
 (Source: IHS Technology)

● Forecast for the global AI market size (in 2025) Expand **55** times
relative to 2015
 (Source: Tractica "Artificial Intelligence for Enterprise Applications")

A Focus on Better Communications Inspired by Our Business Philosophy

As explained at the beginning of this report, Fuji Xerox has always upheld its business philosophy of "achieving better understanding among men through better communications."

That philosophy is epitomized by the copy machines we have been supplying to society ever since our founding in 1962. The wide range of documents produced by using the copy machines help people to exchange information, and in that sense our products have really been supporting "better communications."

But if we consider the current work environment, we find that in Japan especially, the workforce is forecast to decrease in line with the declining birthrate and population aging. With the growing diversification of work places and workers, the nature of communication itself needs to evolve to reflect the changes in that work environment.

Fuji Xerox has dedicated many years to enhancing the value of people's communications through copy machines and a wide array of other products and services. In light of the changing work environment, we intend to further bolster our research and technological development to help bring about smart working predicated on the evolved communication styles.

Sharing Past Experiences and Instilling Them as Knowledge

What roles do you think work-based communication ought to serve from now on?

I personally think that henceforth communication needs to go beyond simply transmitting the obvious information from one person to another. Instead, from now on, communication will have to enable individuals to impart their experiences, deeply instill those experiences as shared knowledge, and then link this knowledge swiftly and effectively to action. What Fuji Xerox's smart working policy aims to achieve is a situation in which work processes, workplaces, and work styles based on this form of communication have become firmly entrenched.

In order to make smart working happen, it will be essential to upgrade technologies relating to the information we exchange when we communicate and to make use of those technologies for new products and services. In this context, incidentally, "information" includes not only written information, but also all forms of digital data such as images and audio. It also includes information that used to be difficult to monitor in real time, such as workers' behavioral traits, health, and mental state.

Building on Superior Technologies

Fuji Xerox is well versed in all types of work-based communication and we have honed our expertise concerning the characteristics particular to information exchanged when communicating. This familiarity and expertise is grounded in the strong trust we have earned by providing document management solutions to customers in a wide range of industries and businesses. As a result, we have been able to cultivate unique technologies enabling us to extract, process, and analyze valuable information from among unstructured data that is difficult to use as it is.

For example, Fuji Xerox was the first to develop reliable image recognition technology, as well as character recognition technology that could decipher even hand-written characters with a high degree of accuracy. We have already succeeded in using these technologies for applications including our form data entry system. Another example is our multifunction device monitoring service (EP-BB) that can constantly monitor how our customers' multifunction devices are functioning via the Internet, picking up on signs of malfunction or other problems and promptly arranging the necessary response. Furthermore, we use technologies such as natural language processing to conduct automated analysis of feedback received from customers through call centers or by other means. We can then use the insights gained for product development and for measures to further enhance customer satisfaction. And when it comes to analyzing large volumes of data using AI, our in-depth knowledge of our customers' work enables us to go beyond mere data extraction to use the data obtained for transforming work processes.

Fuji Xerox will continue to make the most of these technological assets to move closer to putting the smart working ideal into practice.

The "Human-centered" Approach Typical of Fuji Xerox

So, precisely what form will Fuji Xerox's smart working take? One example among many is peripheral devices that continuously monitor and analyze parameters such as workers' environment, the tasks they are performing, and their health. This would enable automatic provision of information that could be useful not only to their work, but also to their physical and mental wellbeing. It could also help workers to transmit such information to other parties. Perhaps it is easiest to understand if you imagine workers as having a virtual concierge that constantly keeps an eye on them, helps them with everything when there is a need, and anticipates the next move to recommend the best options.

Nonetheless, the fundamental approach governing Fuji Xerox's smart working ideal is to always stay human-centered. In fact, it would be no exaggeration to say that putting people first is the policy that has continuously guided research and technological development at Fuji Xerox ever since the Company's founding, when it made sure that its copy machines were user-friendly for everybody.

Using Collaboration With Stakeholders as a Source of Strength

To gather a diverse range of insights and ideas for putting smart working into practice, Fuji Xerox is bolstering collaboration on research and technological development among its research centers in Japan, the United States, and Singapore (see p.19 for details).

During that process, however, we anticipate facing challenges that cannot be resolved by Fuji Xerox alone. Consequently, collaboration with others is likely to prove essential. That means collaborating not only with companies possessing unique technologies and know-how, but also with members of the general public as we conduct wide-sample data collection or trial products and services.

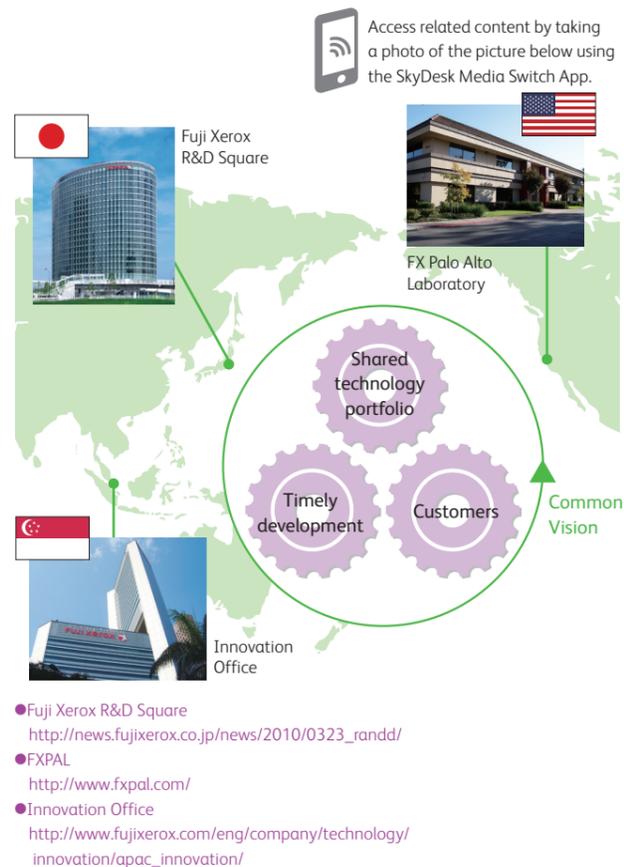
Smart working can benefit people engaged in every field of endeavor. We at Fuji Xerox want to collaborate with our stakeholders in ways that come naturally to create more products and services that facilitate smart working as soon as we can and provide them to society.

Pursuing Smart Working via the Tripartite Research System

Fuji Xerox's three research centers, Fuji Xerox R&D Square (in Minato Mirai 21, Yokohama, Japan), FX Palo Alto Laboratory (in Palo Alto, the United States), and the Innovation Office (in Singapore) are collaborating to bolster research aimed at generating new products and services.

The three research centers share Fuji Xerox's overall research strategy, while at the same time tackling their own distinct research topics. These topics reflect characteristics particular to their locations, including social issues, industrial structure, and technological trends. The Yokohama researchers are studying a fully customer-oriented approach to create new customer value. In Palo Alto, the focus is on advanced R&D involving multimedia technologies and information-related technologies. Meanwhile, the Singapore research center is collaborating with partner companies in the Asia-Pacific region that are also its customers to verify the value of products and technologies aimed at resolving customers' business issues. We are also taking steps to assimilate insights and ideas across the three research centers promptly and effectively through personnel exchanges and regular meetings, among other means.

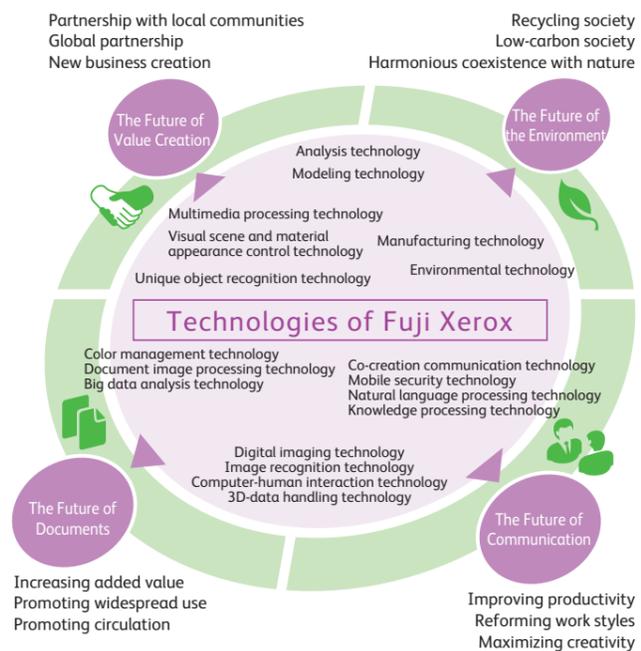
Going forward, we will respond to global customer needs by expediting the type of collaboration that would enable Singapore to carry out proof of concept activities using prototypes developed in Japan based on research performed in the United States.



Enabling High-value Communication

Since its founding Fuji Xerox has developed technologies relating to documents and communication with the aim of forging a comfortable relationship between people and information based on comfortable communication environments. This approach is based on the philosophy handed down from Joseph C. Wilson (the founder of Xerox Corporation), who said, "our business goal is to achieve better understanding among men through better communications." One of our mission statements is, "Build an environment for the creation and effective utilization of knowledge." Accordingly, we are aiming to enable higher-value communication by creating environments in which everybody can use and share the information they need in the format they need anytime and anywhere.

That is why Fuji Xerox is now shifting away from the information-copying culture it fostered in the past toward technological development enabling use of information and communication technologies (ICT) and cloud technologies to convert information into the required format before transmitting it to others.



Initiatives

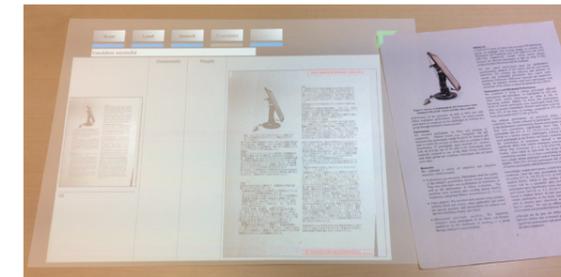
► Delivering Better Communications via Remote Communication Technologies

Our researchers in Japan, Silicon Valley, and Singapore are far away from each other, but they have created an environment enabling them to interact just as if they were face-to-face, using it to make rapid decisions.

In meetings, for example, they use robot-based control technology to give them full control of a display mounted with a small camera, even at a distance. A screen allows them to see the other person's surroundings in real time, and the display showing their counterpart's face delivers the sense of immediacy that comes with meeting someone's eye while talking.

Fuji Xerox's remote communication environment benefits from innovations such as technology to correct distortions in scanned images. It allows a document on a desk to be scanned by camera and projected as slides onto the desk of another person far away, enabling that person to send documents and images on to others by simply pointing to specific slides. Documents are automatically translated, enabling joint work to proceed smoothly even when using multiple languages, thereby delivering a tight-knit communication environment.

Access related content by taking a photo of the picture below using the SkyDesk Media Switch App.



Remote Communication Technology Applying Robot Control Technology

► Automatic Calculation of CO₂ Emission Volumes Throughout Product Life Cycles

To minimize impact on the environment when creating its products, Fuji Xerox ensures that CO₂ emissions volumes are taken into account when products are designed. That applies not only to the designers, but to everybody involved in development.

We have now enabled automatic calculation of CO₂ emission volumes for each individual component throughout the entire process from raw materials procurement through disposal and recycling. We achieved this by structuring and correlating CO₂ emissions data calculated using a vast amount of data relating to all types of components, as well as information on the materials from which they were made and their mass. Previously, the relevant data had been dispersed throughout the Company and aggregating it had been a huge task. We have now automated that work using AI to analyze the characteristics of a large volume of relevant documents and data. The result is that total worker-hours per product have been reduced by 75 percent, including the time required for preparation of application forms.

Looking ahead, we will create more products adapted to the various laws and regulations in each individual country and field. We will apply these technologies and methods not only in the manufacturing industry, but also in finance and other industries as a means of making the preparatory work when applying for official approvals more efficient, and otherwise helping to establish a common ecosystem throughout society.

► Using IoT to Visualize the Workplace for Optimal Decision-making

IoT (the Internet of Things) brings improvements in productivity and quality by assimilating information about things via the Internet. Accordingly, Fuji Xerox's production and maintenance are experiencing changes in work processes.

Our production and quality information control system, SCQM¹, brings together time-linked production data including data on the operational status of factory facilities, and information regarding inspections and manufacturers. When an anomaly occurs, workers can use the system's database of past results to establish the cause and make an immediate decision regarding action to be taken, thereby preventing defective products from being shipped.

Furthermore, our multifunction device monitoring system, EP-BB², links customers' multifunction devices to our EP Center, transmitting information about meter counts, automatic delivery of office supplies, malfunctions, and other relevant matters. The system also serves a role in further enhancing post-sales services: Remote "inspections" can discover signs of malfunction ahead of time, so that when a machine actually develops a fault, a customer service engineer can deal with the issue quickly and appropriately based on the remote diagnosis.

1. An abbreviation for Supply Chain Quality Management, SCQM is a registered trademark (SCQM®) and trademark (SCQM™) of Fuji Xerox Co., Ltd. in Japan and other countries.
2. EP stands for Electronic Partnership, and BB stands for Broad Band.

► Contributing to Customers' Businesses Through Human-centered Total Design

We at Fuji Xerox believe that, rather than people having to adapt to machines, it is important to take a people-oriented perspective to deliver the necessary information and functions in the form best suited to human traits and activities.

Our Human Interface Design Development team is designing products holistically, addressing hardware and software in parallel to conduct total design based on a Human-centered Design approach.

By interviewing customers, observing work processes, and analyzing how people interact with our products, the division picks up on latent issues and needs to design in a way that supports customers as they communicate and perform their work. As a result of this approach, our A4 color printer and multifunction device (see photograph) won the 2016 Good Design Award. Our aim in launching this product was to offer an intuitive machine that would become even more intuitive the more it was used.

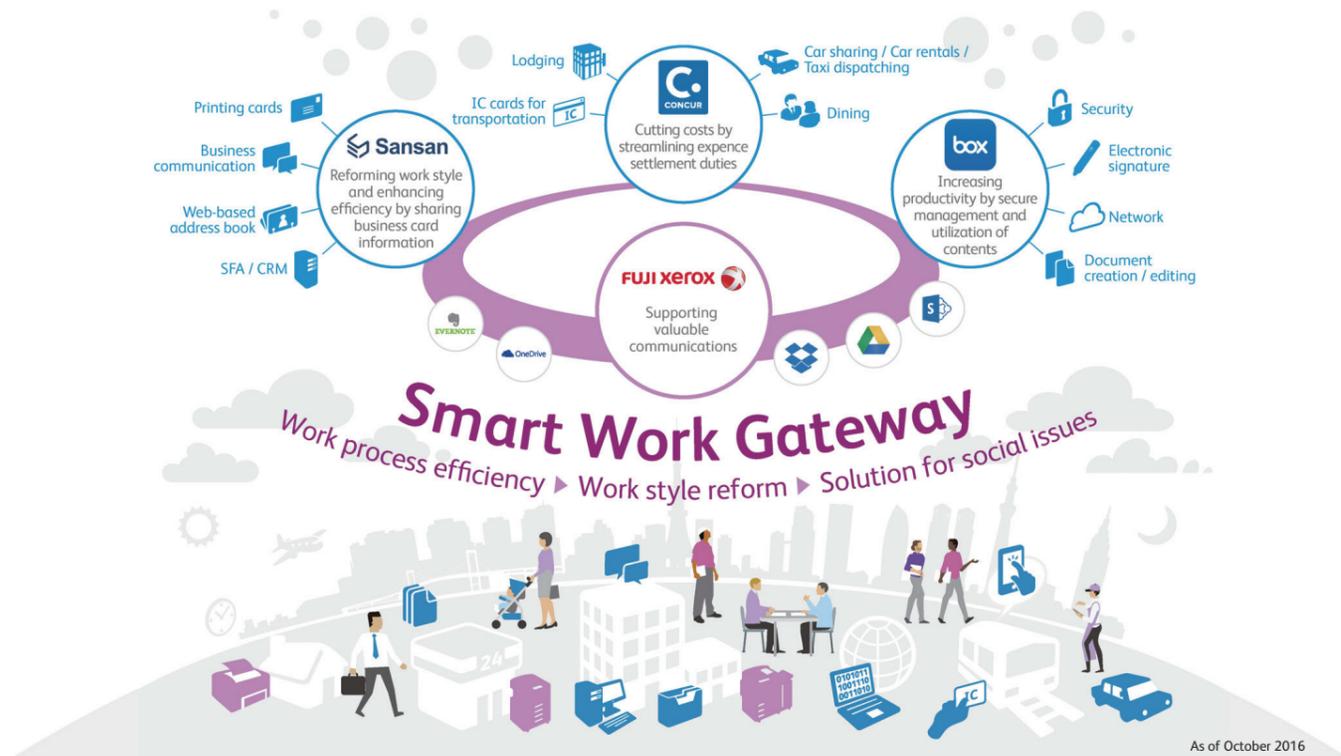
Looking ahead, we will continue dedicating ourselves to anticipating changes in the way our customers work to produce ever more compelling products and services.



Smart UI of multifunction devices (User Interface)

Smart Work Gateway to Take Work Styles to the Next Level

The Smart Work Gateway Global Concept



Fuji Xerox creates a secure, open communication environment where all participants understand each other. To that end, we collaborate with our cloud service partners to offer customers a variety of communication tools in the forms that best suit them. In this way we aim to enable diverse work styles that empower individuals to perform at their best.

Companies Face Increasingly Demanding and Complex Social Challenges

The operating environment for companies is undergoing major transformation as globalization accelerates and business models diversify. In these circumstances, companies need the ability to stay accurately informed about the rapid changes around them. That is why they are constantly on the lookout for communication models that deliver outstanding advancements in productivity, enabling massive volumes of information to be used efficiently in the required format and shared with anyone, anytime and anywhere. Communication-related innovation is a never-ending challenge for companies as they strive to enhance productivity.

Nowadays the social challenges facing companies in Japan and throughout the world are increasingly demanding and complex.

Particular issues include promoting social diversity, improving work environments and quality of life, and achieving work-life balance. Consequently, companies need to shift to more diverse, flexible work styles as they improve the efficiency of their work processes.

Supporting Our Customers in Reforming Work Styles

Fuji Xerox facilitates high-value communication that meets the needs of the times, enabling its customers to generate corporate value more effectively and efficiently. To fulfill that role, we provide solutions and services that contribute to resolving customers' management issues. Given the changing times, however, it has now become impossible for us to rely solely on our own multifunction devices and services to continue supporting diverse work styles that empower our individual customers to perform at their best. So it was partly in response to the

wishes of these customers that we initiated the global roll out of our new Smart Work Gateway concept.

With Smart Work Gateway, we are supplementing our own multifunction devices and services by pursuing collaboration with a range of partners. Our aim is to reflect feedback received from customers seeking to transform their work processes and work styles. Fuji Xerox is taking the lead in establishing a platform, or ecosystem, that provides a communication environment suited to individual customers and reforms work processes. To achieve this, we are forging holistic links between our multifunction devices and cloud services operated by Fuji Xerox and our partner companies. Thus we will help companies in their efforts to reform work styles by improving workers' productivity and enhancing work efficiency.

In addition, we will identify optimum solutions to customers' issues using the variety of information amassed through our IoT

(Internet of Things) technology and through linkage with various cloud services. This will entail big data analysis employing AI, and use of our technologies cultivated to date, including those for processing language, images, and knowledge. Such analysis will be the means to deliver greater value to customers and take office work to the next level.



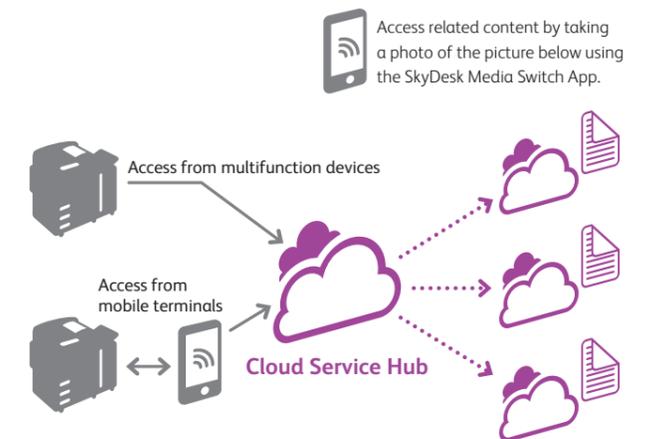
Announcement of the Smart Work Gateway concept and partnership with three cloud service providers (October 2016)

Cloud Service Hub

- ▶ Help customers transform their work styles by linking multifunction devices to cloud services
- ▶ Use Cloud Service Hub to enable access to a variety of cloud services from multifunction devices

The Smart Work Gateway concept facilitates increased efficiency in work processes, as well as work style reform. By linking our multifunction devices and services to a wide range of business cloud services provided by other companies, we enable more efficient business operations, quicker responses, and more effective communication.

The Cloud Service Hub connects key cloud services using a single interface. It eliminates unnecessary complications, enhancing work efficiency and improving convenience for the user. But Cloud Service Hub is more than just a service that connects devices to the cloud. Its ability to easily integrate complex cloud systems makes work more efficient and enables users to take full advantage of what the cloud has to offer.



Cloud services available to use

- Box®
- Dropbox®
- Evernote®
- Google Drive™
- OneDrive®
- SharePoint® Online
- Working Folder
- Concur
- free
- Sansan

As of August 2017

Example of Our Partnerships

▶ We joined forces with cloud-based expense management company Concur Japan, Ltd. to enhance efficiency in expense reimbursement procedures

Nowadays, enhancement of work efficiency to make workers more productive is recommended as a way of reforming work styles. Against this backdrop, Japan's e-Document Law was relaxed to recognize digitized images as electronic receipts, allowing the paper originals to be discarded. Reimbursement of expenses is expected to become more efficient as a result of this change. It is, however, time-consuming to upload individual receipts to an electronic expenses system using a smartphone or similar device, and the differing sizes of receipts make processing them in paper form arduous.

Fuji Xerox's Cloud Service Hub for Concur links Concur Expense, a cloud-based expense management solution, to our digital multifunction devices to provide a one-stop service. The user needs only to scan receipts using one of our multifunction devices for each receipt to be recognized separately and recorded automatically on Concur Expense.

Thanks to this collaboration-based service, employees are freed from arduous expense reimbursement procedures. In addition to raising productivity, moreover, it can significantly reduce transportation, storage, and administration costs as removal of the obligation to store original receipts allows companies to shift to a paperless process.

●Remarks on Behalf of Concur Japan

Concur Japan assists businesspeople in boosting their productivity and helps Japanese companies to become more competitive. Japan's e-Document Law stipulated demanding rules that led to inefficient expense reimbursement procedures requiring workers to spend time applying glue to paper receipts. However, we revolutionized efficiency in this work by adding new features to Concur Travel & Expense and lobbying for relaxation of the rules. Then, last year, we were able to link Concur Travel & Expense to other related solutions through Fuji Xerox's Smart Work Gateway. Combining our service with multifunction devices allows a large number of receipts to be digitized all at once, enabling even greater efficiencies to be achieved in expense reimbursement and other back-office operations. In future, if companies are to become more competitive globally and achieve sustained growth, it will be essential for them to develop new life stage-appropriate work styles rooted in a diversity of values. The Smart Work Gateway coordinates different life stages, such as childbirth, parenting, and caregiving, as well as different workplace environments such as a regular office, a home office, and a remote office. Through our links with the Smart Work Gateway we will continue helping to bring about a better society.



Masamune Mimura
Chief Executive Officer
Concur Japan, Ltd.

Activity report in fiscal 2016

This chapter reports our business activities during fiscal 2016 with detailed explanation of measures.

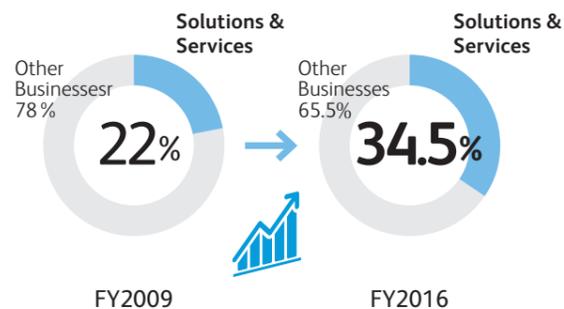
The Fujifilm Group Medium-Term CSR Plan (FY2014 to FY2016) FUJIFILM Sustainable Value Plan 2016



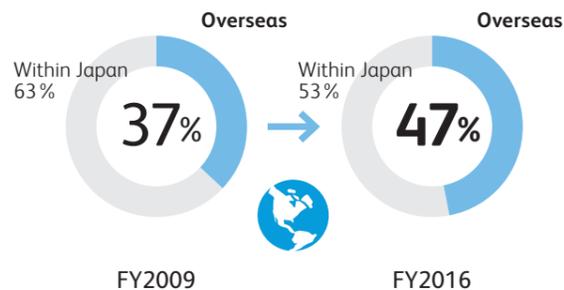
▶ Achieving Growth by Solving Social Issues

Fuji Xerox contributes to the solution of customer management challenges in the field of document services and communication, and globally delivers solutions and services supporting value creation for overcoming social issues. Through these activities, Fuji Xerox contributes to the sustained growth of customer businesses and of society, and aims in this way to achieve further growth of its own business.

Ratio of Sales from Solutions & Services* to Total Domestic Sales



Ratio of Foreign Sales to Total Sales



*Total sales from Global Services, Production Services, and Office Solutions, including solutions & services and excluding products

▶ Build an environment for the creation and effective utilization of knowledge.

Engagement with Customers

Providing solutions and services that help office workers to enhance their productivity and demonstrate creativity	26	
Providing safe, high-quality products and services	26	
Creating an environment where a diverse workforce can thrive within and outside the company	27	
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Strengthening our measures to ensure information security	28	

Engagement with Suppliers

Strengthening supply chain management (implementing CSR/expanding ethical procurement at Fuji Xerox manufacturing sites)	29	
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▶ Contribute to the advancement of the global community by continuously fostering mutual trust and enriching diverse cultures.

Engagement with Local Communities

Contributing to the future of societies 1. Education for future generations ~Offering Learning Materials in Emerging Countries~	31	
Contributing to the future of societies 2. Conservation of diminishing cultures and information ~Reproducing Historical Documents~	32	
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Engagement with Global Environment

Reducing the environmental impact of societies by encouraging technological innovation and supporting new work styles	34	
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CSR Initiatives by Our Affiliates around the World

Major CSR initiatives by our affiliates and organization	37	
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▶ Achieve growth and fulfillment in both our professional and personal lives

Engagement with Employees

Developing human resources who can think and act on their own	39	
Promoting new work styles at Fuji Xerox	40	
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Participating in the UN Global Compact

▶ Spearheading Activities as a LEAD Company

Fuji Xerox supports the UN Global Compact* and became a signatory in fiscal 2002. We became a signatory to the Global Compact CEO Statement in fiscal 2008 with the signature of then and nominated a UN Global Compact LEAD company (there are now 44 such companies throughout the world as of September 2017) in fiscal 2010 in recognition of the commitment of Fuji Xerox top management and the company's proactive measures in this field.

Former Fuji Xerox President Toshio Arima presently serves as a member of the Global Compact Board in New York City, and manages the Global Compact

Network Japan (GC-NJ), which currently comprises some 250 companies and organizations. We also actively support the UN Global Compact Office in New York City and GC-NJ by seconding employees.

In fiscal 2016, we participated in new project "Breakthrough Innovation Challenge" and presented the outcomes of the project activities over the year at the UN Global Compact Leaders summit 2017.



UN Global Compact Leaders summit 2017 in New York (Fuji Xerox participated)

web info

• The UN Global Compact <http://www.unglobalcompact.org/>

• The United Nations <http://www.un.org/en/index.html>

Build an environment for the creation and effective utilization of knowledge

Targeted Social Issues

- Improving social productivity and generating innovation
- Improving working environment and quality of life in emerging countries
- Promoting social diversity and inclusion
- Addressing increased information security risk
- Conducting responsible manufacturing (in procurement and production activities)

Our Long-term Goals (for 2030)

Contribute to economic growth by helping our customers to promote new work styles

Engagement with Customers



Our Approach

In order to continuously provide customers with safe and high-quality products, we are committed to driving innovations for product safety in a continuous and bold manner as our basic policy. We will listen to and seek to deeply understand our customers' opinions to constantly deliver value which can meet their needs and expectations, thereby increasing their satisfaction, earning more trust from them, and contributing to the sustainable development of our customers as well as society at large.

2017 Customer Satisfaction Ranked
(J.D.Power Asia Pacific Customer Satisfaction Index Studies)

Highest **8 Highest for consecutive years**

- Japan Color Copier Customer Satisfaction Study (with over 30 employees)
- Japan Color Printer Customer Satisfaction Study (with over 30 employees)

Granted a gold prize
at the 31st DM Award

Gold prize
Granted

Commitment

Fuji Xerox engages in various activities to become the "True Number One in CS." Moreover, throughout 2017 we will develop global activities to achieve the number one in royalty in line with our CS guidelines, in which we are upholding "Always the Number One Choice" as a new goal. We are committed to understanding both the present and future issues faced by our customers and to sharing in their resolution. In this way, we

plan to remain our customers' partner of choice through our CS activities, creating and utilizing knowledge hand in hand with our customers and, in turn, helping to solve social issues.

Tomoyuki Matsuura
Corporate Vice President and Executive General Manager of Customer Satisfaction Quality Assurance Group, Fuji Xerox



Creating Values Based on Customer Satisfaction

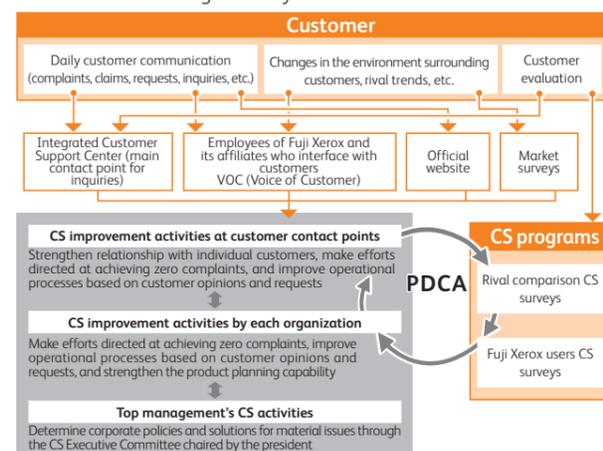
Fuji Xerox regards customer satisfaction (CS) as the starting point of all its corporate activities. Understanding what customers want and what they expect is crucial to being able to satisfy their requirements. Fuji Xerox places importance on interactive communication with customers at all points of contact and aims to build long-term customer relationships based on trust and achieve mutual growth by continuously meeting their needs and expectations. In 2001, Fuji Xerox formulated the CS Guidelines. They require all employees in Japan and overseas, including those engaged in sales/maintenance, call center, R&D, and headquarters, to constantly strive, with a strong sense of

CS Guidelines for Fuji Xerox and its affiliates

- Listening to the "Customer's Voice" is the **beginning** of our job.
- Thinking of the "Customer's Viewpoint" is the **basis** of our job.
- Meeting the "Customer's Expectation" is the **responsibility** of our job.
- Earning the "Customer's Deep Trust" is the **joy** of our job.
- Receiving the "Customer's Evaluation" is the **measurement** of our job.

ownership, to solve the issues customers face and to create new value through cross-organizational and cross-functional cooperation.

Overview of CS Management System



Creating a communication environment where everybody can use the information they need in the optimal format and share it with anyone, anytime and anywhere.

High-Priority Management Themes at Fuji Xerox

Providing solutions and services that help office workers to enhance their productivity and demonstrate creativity

Case Study

► **Creating Future Together with All Stakeholders Supporting a university's sustainable marketing**
Granted a gold prize at the 31st DM Award in recognition of the effective use of direct mail for promotional purposes

Against the backdrop of market shrinkage due to a dramatic decrease in the population of people aged 18 and the intensification of competition with overseas universities as globalization progresses, many Japanese universities are beginning to implement new measures to enhance and clearly demonstrate their value. To this end, these universities are required to build relationships with a wider range of stakeholders, including companies and national and local governments in addition to their own students and their students' guardians.

One such institution, Waseda University, is implementing various reforms under its medium- to long-term plan, "Waseda Vision 150," toward its 150th anniversary. In particular, the university is fostering the development of highly ambitious global leaders and working to enhance its ties with graduates throughout their lives as well as with local communities.

The Waseda University Alumni Association (WUAA) plays the role of maintaining the university's ties with its graduates, which tend to weaken over time. For the WUAA to continue receiving membership fees from graduates, it is necessary for the association to help them deepen their understanding in WUAA activities and their interest in the university. To this end, Fuji Xerox and the WUAA formed a joint project team and conducted a questionnaire survey of graduates to analyze differences in their recognition, understanding and love of the university by classifying them into types and identifying methods of encouraging them to keep paying their membership fees going forward. Targeting those who graduated from the university 10 years ago, the team sent direct mails optimized for each classified type and posted related information on the WUAA website to urge them to pay the membership fees. As a result, the payment rate increased to about 30%, far beyond the expected rate of 5%, and Fuji Xerox received a gold prize at the 31st DM Award held by Japan Post Co., Ltd. in recognition of its one-stop support service including both pre-analysis and post-evaluation, the process to encourage ongoing payment, and the achievements made through the project.



Many Japanese universities are just now facing an issue that Japanese companies have been struggling with for decades. That is, they are required to manage themselves on a long-term basis and from a global perspective. We would like to dramatically increase both the quality and quantity of our education and research by partnering with leading companies and other universities with a view to mutually supplementing resources.



Naoto Onzo, Ph.D.
Vice President for Public Relations and Admissions
Professor, Faculty of Commerce Waseda University

I think the DM project was highly applauded because of the teamwork based on the relationship of trust between Fuji Xerox and the association. I hope that the joint team will continue to deliver even more impressive information to graduates of the university.



Mitsuhiro Fukuda,
Managing Director,
Waseda University Alumni Association

High-Priority Management Themes at Fuji Xerox

► **Providing safe, high-quality products and services**

Fuji Xerox has established the Basic Policies on Quality Assurance and the Fuji Xerox Product Safety Key Principles to ensure that all products we bring to market are safe to use.

Throughout the lifecycles of our products we conduct quality assurance activities in line with the international standards and by adopting advanced technologies. If a product safety incident does occur, we respond swiftly and work to prevent any recurrence of the incident.

We regularly hold the Quality and Safety Forum in Asia-Pacific region. Quality and safety managers from our production facilities and sales companies in Japan and overseas come together to exchange opinions on ways to provide safe, reliable products.

Moreover, as a company contributing to the product safety program implemented by the Ministry of Economy, Trade and Industry, we are participating in a range of initiatives, including the exchange of opinions with related companies, with the goal to promote the culture of product safety in Japan and to raise customers' awareness of safety issues.

Activities and future initiatives

We had no serious product accidents as defined in the Consumer Products Safety Act of Japan for our own developed products in fiscal 2016. Further, we implemented preventive measures against non-compliance with product-related laws and regulations, which are being implemented more widely across various countries every year. Also, for quality assurance, we have been providing its affiliates in Japan and production companies outside the country with e-learning for basic quality education since fiscal 2014. In fiscal 2016, 30,659 employees received this education.

In response to increasing demand for safety, we will continuously conduct activities to prevent and eventually eliminate product safety accidents, while continuing to raise the safety awareness of employees and foster the governance of product safety.

Providing an environment in which all members of society, regardless of organizational affiliation, contribute their knowledge and spur innovation

High-Priority Management Themes at Fuji Xerox

Creating an environment where a diverse workforce can thrive within and outside the company

We aim to provide a range of people, including those of various age groups and people with disabilities, with an environment that helps them participate more proactively in society. Internally, we value Cultural Diversity as one of our Shared Values and are working to create workplaces and a corporate culture that help employees demonstrate their abilities regardless of whether or not they have a disability.

For example, we are utilizing information support systems that convert speech into text on a trial basis at departmental meetings attended by employees with hearing difficulties, and make such systems available to all. Also, we hold workshops for departmental managers who have subordinates with disabilities as part of our effort to increase everyone's awareness of the importance of workplaces where people both with and without disabilities can work together, and to improve the quality of such workplaces. We deem it important to help all employees develop themselves based on an understanding of mutual differences, including those pertaining to disabilities.

Case Study

► Universal Design

Fuji Xerox regards accessibility, usability, and user diversity as the key considerations in universal design, and is conducting manufacturing activities based on this idea. The ApeosPort-VI C series of multifunction devices, released in the fall of 2016, includes a model whose scanner bed is positioned at a height of 83 cm, which is 17 cm lower than that of the standard model, for use by people in wheelchairs. This improvement was made in response to feedback received from wheelchair users, who reported that the cover became inaccessible to them when raised. The model is also equipped with a large color control panel and a sound navigation system for users with audiovisual impairments and the elderly.



ApeosPort-VI C3371 PFS-2TS



Designers simulation testing operations for people with weak eyesight and in wheelchairs

● Activities on universal design
<https://www.fujixerox.com/eng/company/social/ud/>

Providing emerging countries with products, solutions, and services adjusted to local needs and level of development

High-Priority Management Themes at Fuji Xerox

Strengthening our position in overseas markets

Fuji Xerox has worldwide business operations, directly marketing its products and services in China and Asia-Pacific region, and serving Europe, the Americas, and emerging markets via Xerox Corporation. In the Chinese and Asia-Pacific markets, Fuji Xerox has direct-sales networks in large urban centers and works with local dealers in all other areas. The company has steadily bolstered its product planning and development capabilities in China and expanded its service business to provide products and services that meet their specific needs of local markets in the region and have a good balance of functionality, cost, and quality. By doing so, Fuji Xerox continues to meet the expectations of its customers.

● Activities

To develop and supply products that meet the needs of local customers, we have been strengthening our local product development functions in China since 2012 in order to promptly address the demands of the dramatically changing and growing Chinese market and uncover potential needs in the local market that our teams in Japan would be unable to identify. Capitalizing on our local value chain, which has all functions including planning, development, procurement, production, sales, marketing support and reuse, and by increasing the engagement of employees working in various departments in China, we have been conducting development activities from more diversified viewpoints. The development function enhancement measures have led to the establishment of a system to develop two models in China simultaneously.

Case Study

► Expanding the lineup of monochrome multifunction devices for the Chinese and other Asia-Pacific markets

Release of the DocuCentre S2110, which was planned and developed under the leadership of Chinese employees

Fuji Xerox released a new lineup of monochrome multifunction devices developed to meet market needs in emerging countries including China in the Asia-Pacific region. The new model is equipped with a function to copy both sides of an ID card on one sheet of paper, which is a function frequently used by Chinese customers, as well as with a function to allow users to operate the control panel via their smartphone – an industry first. This machine, to which functions for smarter office work have also been added, has an external appearance with a premium feel, which is also needed by the market.

Fuji Xerox will continue to bolster the supply of products based on the concept "Built by Market" reflecting various requirements of the market more quickly and accurately by implementing the cycle of a series of product planning and development process within the region where the product is used.



DocuCentre S2110

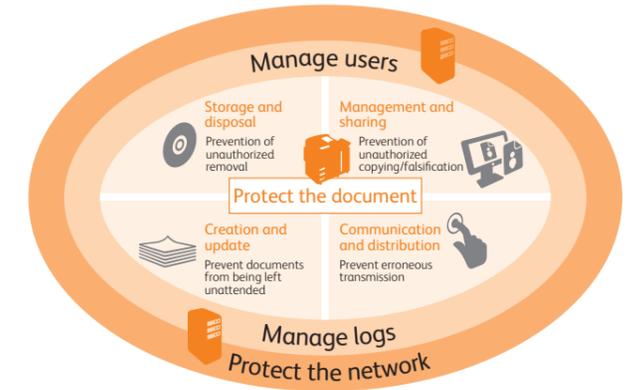
Reducing information security risk and securely protecting important data

High-Priority Management Themes at Fuji Xerox

Strengthening our measures to ensure information security

For Fuji Xerox, which aims to continue to contribute to society as a solution service provider, information security to deal with external attacks and internal data breaches is an important risk management theme. To help our customers use our services with a sense of security, we are implementing various information security measures for the services we deliver to them. Office documents entail the risk of information being leaked or falsified during the various life cycle stages—from creation and update to communication and distribution to management and sharing and finally to storage and disposal—and so we need to prepare security solutions from a comprehensive viewpoint. Also, it is important to ensure network security to enhance the security of our document distribution channels.

Document life cycle and security



Case Study on Solution

► Solution to ensure security for new work styles

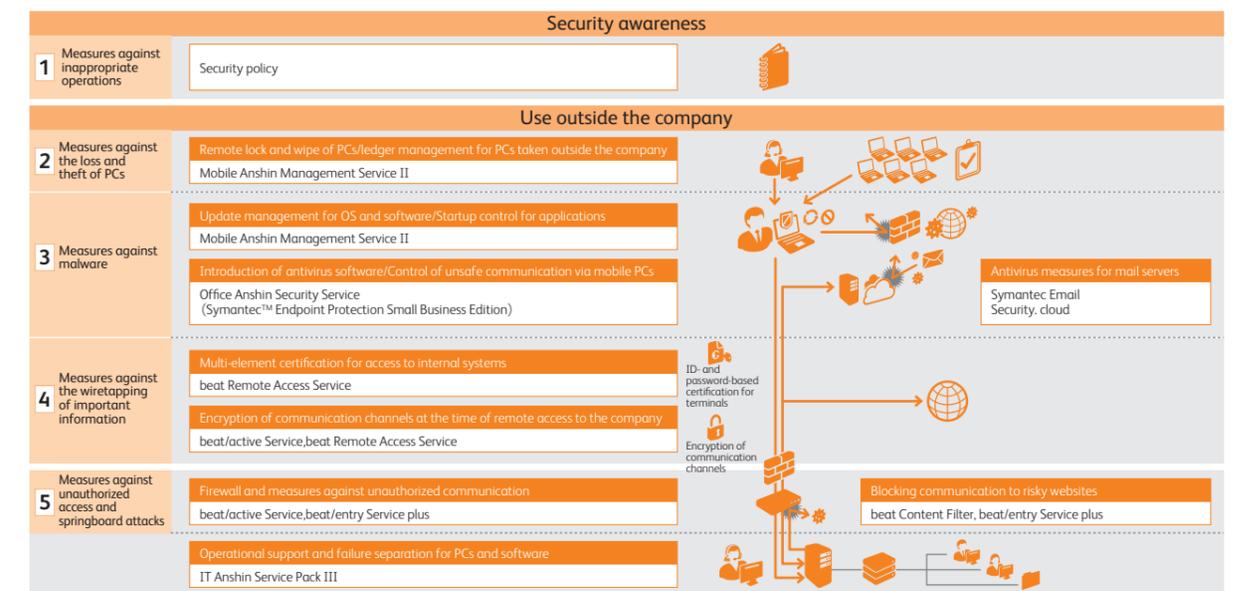
Fuji Xerox has been promoting new work styles since 2009 for both quantitative (actions and speed) and qualitative (quality of proposals and abilities to make proposals) maximization targeting its sales forces.

To this end, telework, including mobile work and working from home, is essential. The social environment has also been advancing for telework due to the improvement of communication lines and the spread of smart devices. However, cybercrime is also increasing at an accelerated pace, posing more security risks regarding the leaking or loss of information stored on terminals

taken outside the company. Mobile work and working from home involve a range of security issues, such as those related to document handling and mail viewing and these risks hinder the promotion of new work styles.

Based on the above practice, Fuji Xerox is providing a starter pack of security measures to help customers ensure security for connections from outside the company, including from employees' homes, and for the protection of confidential information so that their employees can start working while at home and on the go in a safe manner.

"New work styles" Starter pack of security measures



5 key security measures for telework

- 1 Measures against inappropriate operations
- 2 Measures against the loss and theft of PCs
- 3 Measures against malware
- 4 Measures against the wiretapping of important information
- 5 Measures against unauthorized access and springboard attacks

Engagement with Suppliers



Our Approach

By procuring with considerations to financial and other economic aspects as well as CSR aspect such as environment, society, and corporate governance, we at Fuji Xerox contribute globally to the solution of social issues including those concerning the environment, human rights, labor, and corporate ethics.

At Fuji Xerox, we view our suppliers as partners who we share our philosophy and policies with. By sharing CSR-related values and discussing the environment, human rights, labor and corporate ethics with the aim of minimizing related risks, we promote ethical procurement globally to build mutually beneficial relations with these partners and enhance both their competitiveness and ours.

Suspensions of production lines caused by suppliers' CSR risks Achieved 0 for the second consecutive year.



Ratio of production materials suppliers with compliance rate of 90% or higher on "very important" items (among those completing Ethical Procurement Self-checklist)



Ratio of suppliers submitting conflict minerals report



Commitment

For the establishment of a robust supply chain, it is critical to reduce suspensions of production lines and ensure stable operation and supply. In fiscal 2017, we will expand our on-site support to suppliers to help them foster ethical procurement by taking the same approach as Fuji Xerox does. Moreover, we will

continue to evaluate suppliers' risks not only in terms of CSR but also BCP for the enhancement of related measures.

Yoshikazu Sato
Corporate Vice President and Executive General Manager
of Procurement Group, Fuji Xerox



Promoting procurement and production activities throughout the supply chain and developing locally rooted sustainable business operations

High-Priority Management Themes at Fuji Xerox

Strengthening supply chain management (implementing CSR/expanding ethical procurement at Fuji Xerox manufacturing sites)

In order to make its supply chains more competitive, Fuji Xerox wants to ensure that its suppliers understand the importance of CSR management and continue to make improvements.

We therefore closely communicate with our suppliers at all levels, from top management to those directly carrying out the work, and seek their understanding of the importance of CSR and the need for improvements as we strive to take our CSR engagement to a higher level throughout the supply chain.

To foster ethical procurement, Fuji Xerox supports its suppliers in conducting improvement activities more proactively and effectively by providing them with briefings and executive seminars, introducing the management guidelines and CSR self-checklists, and carrying out onsite inspections at their sites.

The CSR Assessment System



Activities and future initiatives

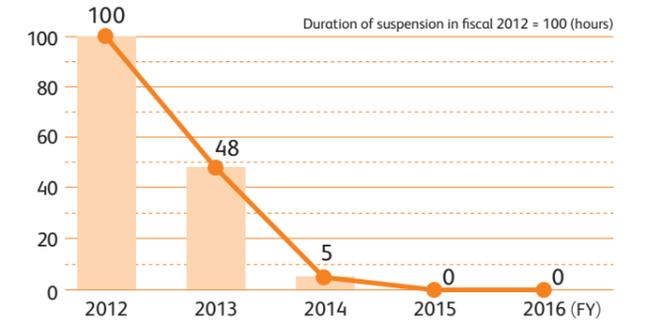
Fuji Xerox has a high rate of overseas production (around 90%), with its overseas bases located mainly in China and Vietnam. It is often said that in areas of Asia where production bases are concentrated, on-site labor issues and insufficient environmental measures tend to result in labor disputes and factory fires. Not being immune to this rule, Fuji Xerox of Shenzhen has faced issues regarding stable operation and supply, including suspension of the company's production line due to delayed delivery of components, which was caused by suppliers' CSR risks regarding environment, labor affairs, human rights, and corporate ethics.

To help minimize these risks, Fuji Xerox has been implementing measures for ethical procurement since 2007. As a result of suppliers having made improvements to their CSR management thanks to our ethical procurement activities, the number of production line suspensions caused by suppliers' CSR risks was reduced to zero in fiscal 2015 and remained at zero in fiscal 2016 at Fuji Xerox of Shenzhen. Fuji Xerox of Shanghai and Fuji Xerox Hai Phong also cut suspensions of their production lines caused by

suppliers' CSR risks down to zero, too.

We will enhance measures to minimize suppliers' CSR management-related risks and achieve coexistence and co-prosperity with suppliers.

Suspension of Fuji Xerox of Shenzhen's Production Line Caused by CSR Risks Faced by Suppliers



Case study

Environment, Safety and Health and Practical Labor Management Seminars for Suppliers

A team of experts in the environment, personnel affairs and other areas at the suppliers of Fuji Xerox of Shenzhen visited their suppliers and provided advice for improvement and many of the suppliers did make improvements. We now receive requests from the suppliers for advice for further improvement in a timely manner. However, it was difficult for the team to give them more advice only by revisiting each of them again.

Accordingly, in fiscal 2014, Fuji Xerox of Shenzhen began holding environment, safety and health, and practical labor management seminars for the suppliers under a three-year plan, in addition to visiting their sites. Fuji Xerox of Shenzhen completed implementation of the plan in fiscal 2016. Executives and managers at the suppliers' production sites are invited to the seminars to learn from the staff of the company.

In the first year, we held three seminars on safety and health and invited managers of the suppliers to it. The suppliers highly appreciated the seminars as being useful to make improvements.

In fiscal 2015 we held 11 seminars (for a total of 13 times) on labor management, environmental conservation and over 1,000 managers from the supplier companies participated in the seminars.

In fiscal 2016, we briefed about 1,800 participants on legal requirements and introduced examples of improvement on 4 themes, including the management of corporate ethics.

Engaging with the Conflict Minerals Issue

Our policy is to avoid business activities that support conflicts or human rights abuses, whether directly or indirectly. In response to the issue of conflict minerals¹, the mining of which represents a leading cause of conflict and human rights abuses, we conducted research and confirmed that there were no conflict mineral issues in our supply chain. The result has been reported to our OEM customers since 2013 to make it possible to respond to requests from customers, as required under the final rules adopted by the U.S. Securities and Exchange Commission pursuant to Article 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

In fiscal 2016, the ratio of suppliers submitting conflict minerals report was 96.5%, and the rate of smelters with conflict-free certification² in our supply chain was 40%, up 20.5 percentage points from the previous fiscal year.

In fiscal 2017, we will strive to improve the survey response rate to 95% or higher and improve data accuracy in order to further respond to customer requests.

¹: Minerals considered problematic due to human rights violations at mining sites or unethical actions supported by funds earned from mining.

²: The ratio of conflict-free smelter in our supply chain, which is certified by the third party assurance organizations.

web info

• The Basic Procurement Policy for Fuji Xerox and its Affiliates <http://www.fujixerox.com/eng/company/policy/purchase.html>

Contribute to the advancement of the global community by continuously fostering mutual trust and enriching diverse cultures

Targeted Social Issues

- Boosting regional vitality
- Enabling safe, secure, healthy lives and creating high-trust societies
- Addressing increased disaster risk
- Curbing global warming
- Conserving and effectively utilizing resources
- Preserving biodiversity

Our Long-term Goals (for 2030)

Leverage innovative communication technologies to help transform the way society works and reduce environmental impact

Engagement with Local Communities

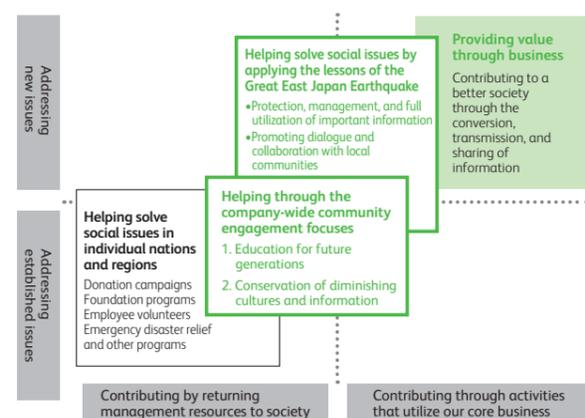


Our Approach

In addition to providing excellent value to customers, Fuji Xerox and its affiliates are attuned to their communities' expectations and motivated by high ideals, and are thus committed to supporting cultural development and helping create a better society through farsighted and groundbreaking initiatives from a long-term and wide-ranging perspective.

In fiscal 2012, based on the management discussion at the CSR Committee, Fuji Xerox decided to strengthen its activities in order to make a visible and characteristic contribution to society as a communications business company. Accordingly, based on our Mission Statement, in which we are committed to "Contribute to the advancement of the global community by continuously fostering mutual trust and enriching diverse cultures", we have identified the following two as our key community engagement themes: "Education for future generations" and "Conservation of diminishing cultures and information." We will support the development of a sustainable society by making community engagement using our competencies, including helping to solve social issues based on the lessons learned from the Great East Japan Earthquake, while generating synergy effects between these activities and our business operations.

Overview of Social Initiatives



Community engagement spending

= 643 million yen

Number of learning materials distributed (cumulative)

= 75,289 copies

Mirai Zukuri Colleges Number of participants in the activity (cumulative)

11,200

Providing our proprietary know-how and technologies to facilitate partnership with local residents, companies, government agencies, NGOs, academic institutions, etc.

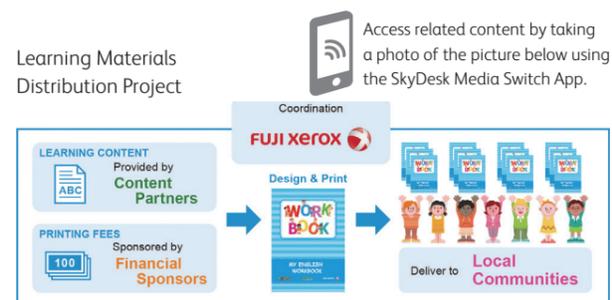
High-Priority Management Themes at Fuji Xerox

Contributing to the future of societies 1. Education for future generations ~Offering Learning Materials in Emerging Countries~

In the Asia-Pacific region, where Fuji Xerox is doing business, there are many children who have limited access to primary education. This project contributes to narrowing educational gaps among children in emerging countries through the distribution of learning materials for primary education.

We launched the project first in the Philippines in 2014 and then expanded it to include Myanmar and Thailand in fiscal 2015, and

Learning Materials Distribution Project



Vietnam and Indonesia in fiscal 2016.

We aim to use the project to distribute materials to 100,000 children in the Asia-Pacific region by 2023, gradually expanding the support target through cooperation with more companies and NGOs.

Activities and future initiatives

We have supported about 71,000 children, with the participation of 300 employees in total.

In 2016, we prepared 60,000 copies of a special workbook imprinted with the emblem of the Thai royal family to commemorate HRH Princess Maha's 60th birthday, and the president of Fuji Xerox (Thailand) visited the palace to present them to the princess. The donated copies are being delivered to children by the NGO.

In fiscal 2017 we plan to continue and expand the activity in the aforementioned five countries and to start the activity also in Malaysia. We will continue to operate a sustainable support system in each country and region by flexibly addressing the differences in

educational systems, learning culture and social issues among the countries.



Workbook distribution ceremony (Thailand)



Children delighted with their new work books (Myanmar)

High-Priority Management Themes at Fuji Xerox

Contributing to the future of societies 2. Conservation of diminishing cultures and information ~Reproducing Historical Documents~

Using our multifunction devices and advanced technologies in combination, Fuji Xerox helps reproduce historical and other traditional documents. By creating and donating highly accurate reproductions, this initiative aims to help conserve diminishing cultures and irreplaceable historical documents for the future and make them fully accessible to a wider community.

The initiative was launched by Fuji Xerox Kyoto in 2008 as part of its social contributions. For wider use of traditional documents possessed by old families, temples and shrines, we create reproductions that look like the originals down to every last detail, including color tone, paper type and texture, and bookbinding. We have so far donated a total of 200 or more such replicas to shrines, temples, educational facilities, companies, and old families that own the originals.

Access related content by taking a photo of the picture below using the SkyDesk Media Switch App.



A replica of the picture scroll titled "Hedaura-ni-okeru Rokoku Gunkan Kenzo Zukan," The picture scroll depicts Japanese people helping Admiral Jewfimi Putjatin and his men build a replacement ship in which to return to Russia after their own vessel was lost in the tsunami following the Great Ansei Earthquake, which hit Japan while the delegation was visiting Shimoda to conclude a treaty to initiate official relations between Russia and Japan. The picture scroll is a highly important cultural asset both for its historical value in relation

to the Japan-Russia relationship and also as an artistic work. The picture has color tones and gloss typical of old historical documents as well as a unique texture that has been acquired over the years. Advanced technologies are required to accurately reproduce such delicate colors on washi (traditional Japanese paper). Fuji Xerox utilized its proprietary color management technologies to deliver colors and tones that are faithful to the original after first digitizing the original image and converting it into color data suitable for printing.

Preventing disasters and supporting recovery

High-Priority Management Themes at Fuji Xerox

Creating societies resilient to disaster risk

Amid the constantly changing needs of the Tohoku area from emergency relief to recovery and reconstruction support, Fuji Xerox places great emphasis on maintaining dialogue with community members in our community engagement activities. As part of them, we have also identified issues and challenges for all parts of Japan, not limited to the affected areas, such as medical problems and depopulation. Based on the approach that “recovery from the disaster is still under way, and there must be unique contributions, solutions and services that we can deliver as a document service and communication provider,” we will continue helping the affected areas meet their challenges, while establishing internal systems and mechanisms to provide them with support more promptly.

● Activities and future initiatives

We have been holding market to support recovery from the disaster, presenting and selling local merchandise from the affected areas at our business facilities in Japan since fiscal 2013. In fiscal 2016 we held a “Tohoku and Kumamoto reconstruction market”, inviting stall-holders from Kumamoto Prefecture, which was hit by a large earthquake in April

2016 in addition to Tohoku area. Furthermore, we started the Kita Sanriku Net in Iwate Prefecture to support local medical institutions in providing home healthcare services. Using the dialogue method developed based on our communications technologies, we are also expanding our support activities to include new community building in Onagawa Town, Miyagi Prefecture and the future creation activity in Minamiashigara City, Kanagawa Prefecture in the support target. We will consider what we can do in the activities by communicating with the disaster-affected areas, NPOs, volunteers and university communities and continue our support for those areas with two major initiatives: supporting recovery through employees’ volunteer activities and other social contribution activities; and facilitating reconstruction through projects that aim to solve social issues and achieve business success.



Meeting with local residents by Onagawa Town project

Case study

Supporting Reconstruction Efforts through Projects Aiming to Solve Social Issues through our core business

▶ Contributing to Solve the Issues of Regional Medical Services in Aging Society Discovered in Recovery Support Activities

Kita Sanriku Net for seamless medical services across four municipalities in the Kuji medical district in Iwate Prefecture

We launched the Kita Sanriku Net in March 2016 in partnership with an NPO named Kita Sanriku Juku (president: Toshimitsu Takeshita; based in Kuji City, Iwate Prefecture). Through this system we aim to connect and back up a range of information used in the medical, nursing care and welfare domains for the improvement of related services. The Net serves as an information basis for improved services, promoting data linkages among 67 facilities located in four municipalities in the Kuji district, including hospitals, clinics, pharmacies and nursing care facilities, for seamless services based on the shared use of patients’ medical records, prescriptions at pharmacies, and care records at nursing care and welfare facilities. We will contribute to building more disaster-resistant communities by digitizing information currently stored on paper-based materials and backing up the data.

▶ Future Creation with Local Communities by the Use of Communication Technologies

Mirai Zukuri College

Tono City in Iwate Prefecture was hit by the disaster but began to serve as a recovery support center soon after. In April 2014, working together with Tono

City, we opened Tono Mirai Zukuri* College within the premises of a closed local junior high school, with a view to contributing to regional industrial and human resource development for Tono City and surrounding areas. In 2016 the College made a fresh start as a general incorporated association for more localized management. Based on the concept of “hands-on education,” we are planning 11 programs in the three fields of exchange, lifestyle culture, and industrial creation, making use of our communication technologies and techniques.

We will make use of the communication method as well as the project planning and management know-how accumulated in the future creation activity for the project in Iki City (Nagasaki Prefecture), Tokunoshima Town (Kagoshima Prefecture), Shiraoi Town (Hokkaido), Minamiashigara City (Kanagawa Prefecture).

*Mirai Zukuri, which is one of Fuji Xerox’s activities on boosting regional revitalization by collaborating with local communities, is a registered trademark of Fuji Xerox Co., Ltd. in Japan.

Access related content by taking a photo of the picture below using the SkyDesk Media Switch App.



Citizen dialogue at Minamiashigara City Hall



Workshop at Daiyuzan Saijoji Temple, Minamiashigara City

Engagement with Global Environment



Our Approach

“Environment Consciousness” is one of our Shared Values. Fuji Xerox is involved in the three areas of curbing global warming, conserving and effectively utilizing resources, and mitigating the risks posed by chemical substances in both our products and our business activities.

Our business operation measures extend far beyond the confines of our own business facilities. At Fuji Xerox we acknowledge our responsibility to minimize our environmental impact at every stage of the product lifecycle, including the sourcing of parts and materials, assembly, processing, logistics, and end-user power consumption, as well as product recycling and disposal.

Meanwhile, cognizant of growing concerns worldwide, we have added a fourth goal, that of preserving ecosystems and biodiversity.

Contribution to CO₂ reductions at the customers’ offices



Achieved



“Trust-Eco 1500” received a 3Rs Promotion Council President’s Prize



Reducing environmental impact by strengthening Fuji Xerox’s environmental management Providing products and services that combine user convenience with energy saving

High-Priority Management Themes at Fuji Xerox

Reducing the environmental impact of societies by encouraging technological innovation and supporting new work styles

Reducing CO₂ emissions throughout product life cycles

At Fuji Xerox, we are helping to reduce the human impact on the environment through changes and improvements in the way all our employees work. At each stage of the product life cycle, our employees contribute to an overall reduction in the lifecycle impact—sales personnel by solving customers’ problems, engineers by developing energy-saving technologies and lowering total costs, and so forth.

Our company-wide campaign to support new work styles has also been instrumental in reducing the environmental impacts of our business operations.

● Activities and future initiatives

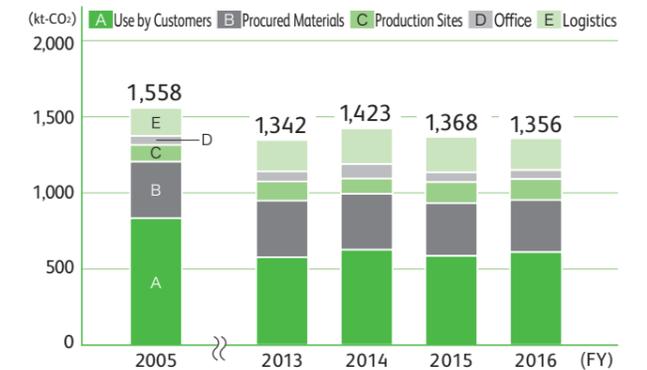
Amount of CO₂ emitted throughout the life cycle of a Fuji Xerox product decreased from 1,368 kt-CO₂ in the previous fiscal year to 1,356 kt-CO₂ in fiscal 2016, as a result of our having reduced CO₂ emissions from our production and transportation activities with

operational improvements.

We expect that our CO₂ emissions will increase due to business expansion. In order to offset this increase, we will promote work style reforms across the company and improve our operational efficiency for further CO₂ emission reductions.

Whole-life-cycle CO₂ emissions of Fuji Xerox products

Access related content by taking a photo of the picture below using the SkyDesk Media Switch App.



web info

• Sustainability Report 2015, Highlights 2: Creating a Future for Local Communities <http://www.fujixerox.com/eng/company/sr/2015/highlight/02.html>

Reducing customers' CO₂ emissions

Our goal is to provide products and services that allow customers to meet their office challenges while simultaneously reducing their environmental impact. The guiding force behind these efforts is the RealGreen concept, which seeks to maximize environmental performance without compromising user convenience.

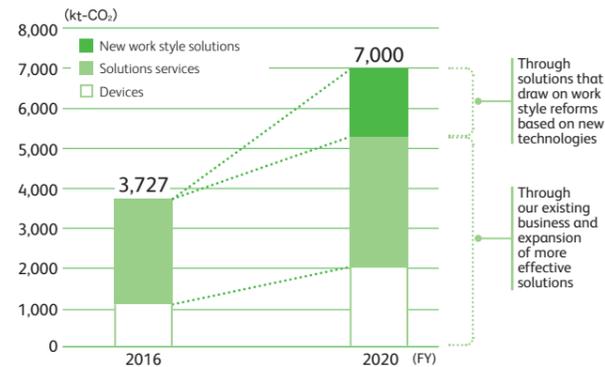
The goal is to achieve "Comfortable Eco," an ideal rooted in our conviction that to achieve true environmental performance, our products must be stress-free for customers as well as earth-friendly.

With this goal in mind, we are creating new value by developing products that seamlessly integrate our environmental technologies.

● Activities and future initiatives

In fiscal 2016, our contribution to reduction of CO₂ emissions from customer sites rose by about 265 kt-CO₂ to 3,727 kt-CO₂ due to growth in sales of energy-saving solutions. In fiscal 2017, we will continue helping customers achieve business growth while reducing CO₂ emissions by leveraging our strength in solutions and services and by offering the ultimate eco-friendly products incorporating the energy-efficient technologies.

Contribution to CO₂ reductions at the customers' offices



Case study

▶ ESG Information Management Solution: iESG

In Hong Kong, all companies listed on the Stock Exchange of Hong Kong are required to issue environmental, social and governance (ESG) reports as of 2016. The disclosure of ESG information will be increasingly required not only in Western countries but also in Asian markets.

In September 2016, Fuji Xerox (Hong Kong) achieved an industry first when it started selling the "iESG" data management and reporting system ahead of other companies in Hong Kong. This cloud-based service developed by the company's internal expert team, allows users to collect and analyze a range of ESG-related data such as CO₂ emissions or electricity usage quantity around the clock. Users scan their slips using Fuji Xerox multifunction devices, and the data are automatically registered with the system through optical character recognition (OCR). The iESG system also helps enhance data management, being equipped with approval flow and audit trail log functions. Used within the company, the iESG system reduced the workload and errors, and cut the time required for the process by about 50%. Likewise, the system will help customers increase their productivity, particularly when combined with other solutions.

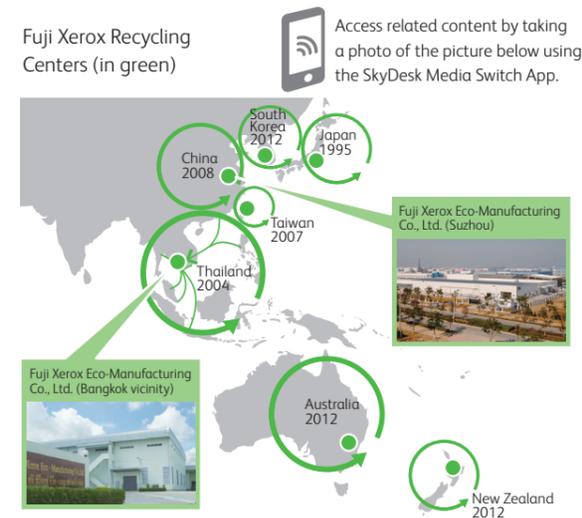
● https://www.fujixerox.com.hk/en_us/services/sustainability-management-services/iesg

Case study

▶ International Resource Recycling System Contributing development of sustainable society

To fulfill our responsibilities as a manufacturer, Fuji Xerox has been involved in building a resource recycling system that extends through the life cycle of our products. Being a global company, we also have responsibility to reduce environmental impact in our sales territories of the Asia-Pacific region and China. Led by this conviction, in December 2004, we started operating a resource recycling system in Thailand that collects used products and cartridges from the Asia-Pacific area, which are then thoroughly dismantled and separated for recycling. In January 2008, we started operating a resource recycling system in China. This operation collects used products and cartridges from throughout China¹ and completely disassembles the collected products to sort out the recyclable from the non-recyclable parts, aiming to achieve "zero landfill," "zero pollution," and "zero illegal disposal." In fiscal 2012, we transferred the recycling operation to our local sites in South Korea, Australia, and New Zealand.

While maintaining zero landfill in our operating area as a whole, we aim to enhance the quality of our recycling program through improvements in the work environment of our dismantling and processing centers, and to expand the reuse of parts and materials to achieve even more effective utilization of resources and further reduce our environmental impact.



¹ Hong Kong and Macao are covered by the recycling system of the Asia-Pacific region. Taiwan has established its own recycling system within its area because of its restrictions on the crossborder movement of used electrical and electronic equipment.

High-Priority Management Themes at Fuji Xerox

Continuing responsible paper procurement

At Fuji Xerox, we believe that forests are a shared global asset to be protected in perpetuity, not only because they support our ongoing business activity, but also because of their environmental and cultural value. With this in mind, we have adopted rules for sourcing paper exclusively from suppliers that practice sustainable forest management and operate in a socially responsible manner. We also ask our suppliers to ensure the traceability of their paper materials and maintain environmental management system at their factories. The Committee for Socially Responsible Paper Procurement, chaired by the corporate officer for environmental affairs, conducts regular reviews to verify compliance.

● Activities and future initiatives

In fiscal 2016 we conducted a regular survey of paper suppliers both in Japan and abroad. Specifically, in the Asia and Oceania regions, we conducted a regular survey of 23 suppliers and carried out on-site audit for two of them. Also, we held our second paper procurement conference with the participation of our paper procurement managers from 12 Asian countries to provide them with an opportunity to reach consensus

about ensuring compliance with our rules and about sustainable paper procurement activities. The results of this meeting were reported at the fifth meeting of the Committee for Socially Responsible Paper Procurement, where the continuance of the activities was approved.



Audit at UPM

Awards-Winning

▶ Named Best Green Company of the Year 2016

Fuji Xerox Asia Pacific (Singapore) was named the Best Green Company of the Year at the 2016 Asia Corporate Excellence & Sustainability Awards (ACES). The award was given in recognition of the fact that across the company, employees are proactively conducting the Challenge Eco No. 1 activity at their workplaces to help reduce environmental impacts by reviewing their business activities in consideration of the entire life cycles of products, while the company as a whole is making more contributions to global environmental conservation and the sustainable development of society through its business activities, including developing an international resource recycling system.

▶ "Trust-Eco 1500" received receives a 3Rs Promotion Council President's Prize

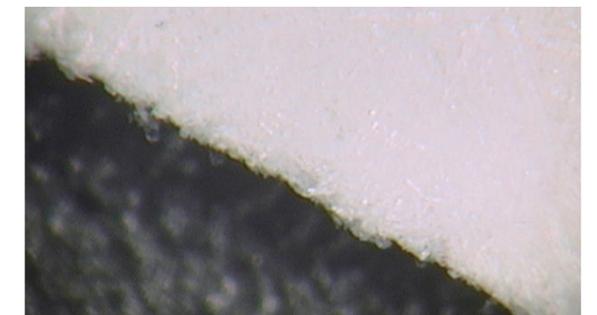
Fuji Xerox and Fuji Xerox Advanced Technology received a 3Rs Promotion Council President's Prize at the FY 2016 3Rs (Reduce, Reuse, and Recycle) Promotion Merit Awards hosted by the 3Rs Promotion Council. The prize was given in recognition of the promotion of paper resource recycling by the development and sales promotion of the Trust-Eco 1500 shredder, in which the unique "tear and crush" system is adopted.

The system, thereby: (1) makes it easier to recycle documents into new paper due to the paper fibers sustaining relatively less damage compared to a conventional shredder; (2) provides a high level of security by making it virtually impossible to recover documents, and (3) compresses the torn pieces to 1/3 to 1/4 of the volume of paper shredded by conventional shredders, thereby facilitating transportation. The use of the Trust-Eco 1500 significantly contributes to the reduction of our environmental impact by reducing the incineration of wasted paper resources in the amount equivalent to 900 million sheets (estimate for fiscal 2015), which in turn reducing CO₂ emissions from the incineration of such waste by 2,200 tons.

Access related content by taking a photo of the picture below using the SkyDesk Media Switch App.



Enlarged image of paper fibers crushed by Trust-Eco 1500 (fibers are left intact to facilitate easier recycling)



Enlarged image of paper fibers cut by an ordinary shredder (fibers are broken)

CSR Initiatives by Our Affiliates around the World

Fuji Xerox Is the Stage Where We Interact with Society

Fuji Xerox does business in Japan, China and the Asia-Pacific region, and the officers and employees of our affiliates in various countries and regions around the world who share the basic values of Fuji Xerox are implementing CSR initiatives in line with the needs of local communities.

Major CSR initiatives by our affiliates and organization

Fuji Xerox Asia Pacific Myanmar Branch

► Ensuring Daily Mail Delivery with a Japanese-Style Postal System

The Japanese Ministry of Internal Affairs and Communications has been supporting the Myanmar government in improving its postal service since 2014. Under this support project, Advertising NAGATA Co., Ltd. is conducting an activity to install Japanese-style postboxes at about 250 locations across Myanmar, with sales of advertising space on the boxes paying for the cost of their installation. We began supporting this activity to improve the local postal infrastructure at minimal cost to the country.

The establishment of a social system able to cope with the country's rapid economic development and increase in population is urgently required in Myanmar, which was under military rule for over half a century. Due to government censorship, the post has traditionally not been viewed as a reliable means of communication and exchanging mail has therefore not taken root in the community. Furthermore, due to local traffic conditions, about one-third of mail that is sent does not reach its intended addressee. In areas where the postal system has been improved, however, including the improvements made by the installation of the postboxes, the delivery rate has been lifted to around 90%, and the period required for delivery has been shortened from three days to one.

It is four years since Fuji Xerox Asia Pacific Myanmar Branch started operations in Yangon. Through this office we will continue to contribute to the development of Burmese society through our daily business operations and various other activities.



Fuji Xerox Hai Phong

► Helping Children Embrace New Dreams by Donating Books

Hai Phong is the third largest city in Vietnam. It is also the largest port city in Northern Vietnam, which is rapidly developing under an industrial urban development project. Fuji Xerox Hai Phong began operation as a new production base for Fuji Xerox in 2013 with about 400 employees. As of August 2017, it had 3,792 employees.

In response to the rapid increase in the number of local employees, Fuji Xerox Hai Phong is fostering the development of workers who can design and implement solutions for the growth of both the company and Vietnamese society as a whole. Fuji Xerox Hai Phong regularly supports employee-initiated activities, such as the tree-planting activity aimed at creating a green and lush production plant and a charity walk event. Since 2016 Fuji Xerox Hai Phong has been donating books to local elementary school libraries to support disadvantaged children. This initiative was launched by employees who wanted to help children learn about the wider world and embrace new dreams through books. In 2017 the company donated 514 books, such as children's stories and volumes of old tales, to Thuy Trieu elementary school in the province of Thuy Nguyen. The company also donated school supply sets each comprising a bag, pens, a ruler and other stationery items so that children from poor families would be better able to study.

Fuji Xerox Hai Phong hopes that these small but warmly offered gifts will help children have a brighter future as well as help enhance unity and a spirit of mutual support among its employees.



Fuji Xerox Kumamoto

► Ganbarubai Kumamoto! Reconstruction Markets to Support Kumamoto's Recovery

The earthquake that hit Kumamoto in April 2016 caused damage to the production lines of many local manufacturers. In response, in July of the same year, Fuji Xerox Kumamoto began holding a fair to support the recovery of Kumamoto by selling local specialties to Fujifilm Group employees, thereby supporting local companies in the prefecture in maintaining their level of sales. To support as many companies as possible and ensure even sales of their products, Fuji Xerox Kumamoto drew on the experience of holding reconstruction markets to support recovery from the Great East Japan Earthquake and included a number of assortments among the items sold, such as a "keen drinker's set of seven products from seven manufacturers." Orders were received from across Japan for the products, which were then packaged and delivered, helping companies afflicted by the disaster to publicize their goods.

Upholding the idea of an "innovation-led recovery," Kumamoto Prefecture is seeking to recreate itself through learning lessons from the disaster. Fuji Xerox Kumamoto will work hard with its customers to assist in such recovery, thereby putting down firm roots in the prefecture.



Fuji Xerox Advanced Technology

► Supporting future entrepreneurs in learning the basics of manufacturing

Fuji Xerox Advanced Technology is tasked with developing products for Fuji Xerox. Since fiscal 2015 Fuji Xerox Advanced Technology has also been supporting Hino Chuo Special Needs High School in the City of Yokohama in providing its students with vocational education. Specifically, Fuji Xerox Advanced Technology hosts students at its facilities, where they receive vocational training to improve their skills. Fuji Xerox Advanced Technology also designed and implemented a program on profitable manufacturing in response to a request from teachers, who want their students to learn about quality, cost and delivery (QCD) as part of the basic knowledge needed for their future jobs, which the students will start after they finish high school. Under the program, a total of six lessons presented by Fuji Xerox Advanced Technology employees were given at the school.

Students who received the on-site training by Fuji Xerox Advanced Technology made a presentation at a meeting held as part of the Hamakko Mirai Company Project* promoted by the education board of the City of Yokohama. In the presentation, the students showed how they had developed themselves through the training. Fuji Xerox Advanced Technology will further advance the program in order to support more schools.

*Under the project, the City of Yokohama cooperated with schools and other organizations including companies and governmental agencies to provide children with opportunities to independently solve real-life social issues. A total of 27 schools in the city and about 2,000 people participated in the project.



Achieve growth and fulfillment in both our professional and personal lives

Targeted Social Issues

- Training and utilizing a diverse workforce
- Developing human resources who contribute to resolving social issues
- Creating an environment that spurs motivation to work

Our Long-term Goals (for 2030)

Enable employees to experience personal and professional growth and fulfillment by boosting motivation

Engagement with Employees



Our Approach

People are the foundation of Fuji Xerox's success. To remain sustainable as a going concern, we believe it is important for the company to respond to social changes ahead of others and to maintain a diverse workforce of independent and autonomous individuals with different personal characteristics and backgrounds who will continue to take on challenges and self-innovate.

Companies have financial, social, and human assets, and employees are required to demonstrate their financial, social, and human value for their companies. Fuji Xerox will give priority to establishing an environment where employees can work with higher motivation, including by helping them improve their health and ensuring their occupational safety, and will develop employees who can think and act on their own by increasing their value through learning.

Employee Satisfaction Survey

Since **1978**
Continuing ongoing
• Fuji Xerox (unconsolidated)

All Fuji Xerox Genko-Itchi Forum Teams participating

about **4,000**
Teams

Ministry's New Diversity Management Selection 100 project in fiscal 2016

Commended
by Japanese Ministry of Economy, Trade and Industry

Female turnover rate (Voluntary quit)

1.9
%
• Fuji Xerox (unconsolidated)

Commitment

We are focusing on nurturing a corporate culture that encourages employees to take on challenges and meet them in order to help the company achieve growth and increase its profitability, while also enjoying their own professional development.

We of course respect diversity among our employees in terms of gender, age, whether or not they have a disability, their nationality, whether or not they are LGBT. Furthermore, we will implement measures to foster more productive work styles in

consideration of the results of our past employee satisfaction surveys so that all employees of Fuji Xerox and its affiliates will be able to work energetically and foster open, fair and transparent business activities. We will enhance our unity of words and deeds (Genko-Itchi) through these initiatives so that we can provide our customers with more value and help them solve their issues.

Toru Yamada
Director and Senior Vice President, Fuji Xerox



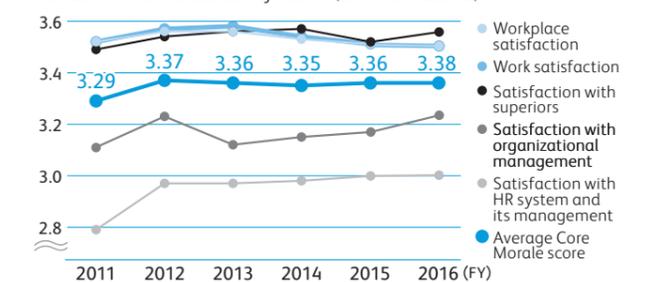
Improving Employee

Fuji Xerox considers it important to have an accurate understanding of the mindset and values that each and every employee has toward the company and their work, and to improve employee satisfaction (ES) as well as reflecting these findings into the management of the company, in order to bring out the full potential of each and every employee and to create a lively workplace environment.

Based on this approach, in 1978, Fuji Xerox began conducting a questionnaire-based "Morale Survey (current ES Survey)" of all employees in our company. In fiscal 2016, we updated the survey, renaming it the Regional Employee Engagement Survey, to make it possible to not only identify the employees' satisfaction but also compare the level of local employees' satisfaction confirmed in the survey with the level of employee satisfaction at other companies in each country.

In fiscal 2017, we will make even greater effort to create a workplace where employees are encouraged to proactively take on

Trends in Core Morale at Fuji Xerox (unconsolidated)



challenges, aspiring to attain higher targets. We set a goal of "achieve results by fostering a corporate culture that encourages challenges to change" as one of our corporate directions and uphold the "No Try, No Success" motto, while recognizing the importance of effective workplace communication between employees and managers.

Creating an environment that empowers every one of our employees to make maximum use of their abilities, enjoy their work, and experience the fulfillment of personal and professional growth

High-Priority Management Themes at Fuji Xerox

Developing human resources who can think and act on their own

Fuji Xerox seeks employees who can think and act on their own, with ability to adapt to changes and initiate innovation. We are implementing a series of measures to ensure that every employee can develop their competency autonomously, enabling them to strengthen their abilities which are directly related to the career in which they can actually experience their own growth.

— **The company itself is a place of education.**

Growth of the individual and organization as a whole will lead to the development of Fuji Xerox and its affiliates.

— **The job itself contributes to personnel growth.**

Centered on development through practice at work, integrate knowledge and experience, as well as theory and front line.

— **Personnel development is the role of management.**

The most important role of a manager is to nurture people who can think and act on their own.

● **Activities and Future Initiatives**

In fiscal 2016, in job-type-based education programs, we strengthened the organization's capabilities by enforcing training for sales managers and by addressing uneven management quality.

In employee level education, we changed our training program to a continuous program providing support for each employee as he or she tackles various challenges all year long. These and other efforts have been made to develop a system wherein individual employees, their managers, and the Human Resource Development Department work together as one in human resource development. Also, we implemented issue-solving training throughout the company in order to foster a workplace culture that encourages everyone to take a scientific approach toward their work. At workplaces engaged in development and production, we have been developing the type of people that are capable of accurately identifying the causes of the issues and responding appropriately to prevent their recurrences. For sales, we have been training human resources that are able to find solutions to issues that customers face.

As support for individual career development, we established the Career Consultation Office in 2002. Since its establishment, nearly 4,700 employees have used its services.

In fiscal 2016, those in their 50s accounted for nearly 40% of employees visiting the Career Consultation Office, indicating that older employees are becoming more interested in career development as an integral element of their life plans.

In fiscal 2017, Fuji Xerox will continue with efforts to develop human resources that contribute to sustainable growth for the Company, focusing specifically on the following areas:

1. Strengthen management capabilities
2. Strengthen issue-solving capabilities that can identify solutions to business issues
3. Strengthen global human resource abilities

We will continue to support the career development of employees across a wide range of age groups, from younger to older workers.

Case Study

▶ All Fuji Xerox Genko-Itchi Forum

"Unity of words and deeds" (Genko-Itchi) represents the commitment and shared idea of our employees.

They solve their own issues related to their daily operations and make practical proposals to customers faced with similar issues based on their own experiences.

This activity is designed to enable individual employees to make efforts to identify and solve issues in their respective positions to: (1) improve their own company, (2) enhance their ability to identify and solve issues, and (3) make proposals and attract customers based on the value that they have gained by actually implementing the proposals and demonstrating the results internally within their own companies. In other words, employees are expected to "practice what they preach and preach what they practice" by drawing on their own experience to help customers solve their issues.

"Unity of words and deeds"(Genko-Itchi) provides a growth engine for sustainable management.

- 1 Make our company stronger
 - 2 Help employees increase their ability to identify and solve issues
- Provide customers with more value

This year marks the 10th anniversary of the All Fuji Xerox Genko-Itchi Forum, an event we launched in 2008 as a more developed version of the past All Fuji Xerox Improvement and Innovation Forum. At the 2017 Forum, 10 teams who had won the preliminary competitions in Japan and abroad made presentations on their case studies, competing to become the top team among the roughly 4,000 teams participating from across the Company. Questions were enthusiastically raised by the more than 1,200 audience members, including those at the venue and those linked by online relay systems, making the regular event a learning opportunity.



Commendation of the Fuji Xerox team that received the top prize



The Fuji Xerox Hong Kong team won the prize for excellence

High-Priority Management Themes at Fuji Xerox

Promoting new work styles at Fuji Xerox

Believing it is essential to foster new work styles to allow employees to have a better work-life balance, Fuji Xerox has been raising awareness about new work style options available to employees, aiming to improve the entire organization's productivity through the enhancement of its human resources and to assist individual employees to get the most out of both their work and private lives.

Fuji Xerox also proactively encourages employees to improve their performance by adopting new work styles and providing their customers with related solutions and services based on their own experience as part of their "unity of words and deeds" activities.

● **Activities and Future Initiatives**

Since launching the New Work Way management innovation

Case Study

▶ Given a range of commendations in recognition of the measures taken to provide even more comfortable workplaces

Under the slogan, "From Hustle to Beautiful," Fuji Xerox has since the 1970s been communicating new work style ideas to society at large while supporting employees in diversifying their own ways of working. For examples, we offered flextime, childcare leave, long-term nursing care and various other employee benefits incorporating their opinions ahead of other companies. Also, since fiscal 2013, we have been fostering new work styles to increase operational productivity and diversity, and to improve work-life balance.

In recognition of these measures, we were commended by the Japanese Minister of Economy, Trade and Industry under the Ministry's New Diversity Management Selection 100 project in fiscal 2016. Furthermore, among sales companies in Japan, three companies were commended in recognition of their motivational and awareness-raising activities for employees: Fuji Xerox Shizuoka was commended as a parent-friendly company; Fuji Xerox Shikoku, at the first commendation event held in fiscal 2016, was commended as a company that empowers women; and Fuji Xerox Fukushima, also in fiscal 2016, was commended as a company promoting gender equality in Koriyama City. We will continue to respect and utilize the diversity of its people and provides customers with diversified ideas and ways to create value.

Access related content by taking a photo of the picture below using the SkyDesk Media Switch App.



High-Priority Management Themes at Fuji Xerox

Promoting Diversity and Inclusion at Fuji Xerox

We uphold Cultural Diversity in our Shared Values. Regardless of their gender and whether or not they have a disability, Fuji Xerox is proactively employing and promoting a diverse range of people, offering flexible work style options to provide all individuals with an environment in which they can fully demonstrate their abilities, helping employees improve their skills to respond to globalization and increasing needs for service.

As a result these efforts now allow employees to maintain a good work-life balance even after they get married or their spouses are transferred.

●Activities and Future Initiatives

For the women empowerment, Fuji Xerox is promoting a range of initiatives, aiming to develop a corporate culture in which highly productive way of working is evaluated, develop an environment and corporate culture which enable employees to continue to work without career interruption due to life events, and promote women to managerial positions as routine and have them participate in management.

In fiscal 2016, Fuji Xerox and its affiliates including sales companies introduced a relocation system for employees whose spouses are transferred, under which employees can request a transfer to a base located near their spouse's new workplace or residence. Female turnover rate (Voluntary quit) increased to 1.9%. At Fuji Xerox and its affiliates, the number of companies whose percentage of female managerial position is 0% decreased from 16 (fiscal 2014) to 5 (fiscal 2016). Moreover, the number of female managers increased, with the percentage of female managers rising to 6.4% in fiscal 2016.

In strengthening global human resource abilities, since fiscal 2011, we have roughly tripled the number of employees dispatched from Japan to undergo overseas business training. In fiscal 2016, we dispatched 27 employees from Japan to overseas affiliates in the Asia-Pacific region and Xerox Corporation in the US. While we conduct human resource rotation from overseas affiliates with Fuji Xerox in Japan, a total of 13 trainees from overseas gained hands-on experience at the departments to which they were assigned for two years by the end of fiscal 2016.

For employees retiring at the mandatory retirement age, we introduced the Second Life Program. This program has been implemented as part of our efforts to make better use of their capability, and to assist and support employees to realize various ways of working and living that match their life plans. As of March 31, 2017, 1,332 people who officially retired after reaching the mandatory retirement age continue to work at Fuji Xerox and its affiliates (the increase of 115 people compared to the previous year).

This fiscal year, we will facilitate understanding of LGBT-related issues and build related systems toward the development of a corporate culture that allows all people to demonstrate their abilities.

Case Study

▶Making use of the relocation system for employees whose spouses are transferred

In anticipation of my husband's transfer, I was actually thinking about using the reemployment system offered to former employees who resigned to take up childcare duties and for other reasons when I heard about the launch of this new system. Having reached my 40s, I was more concerned about continuing to work rather than about progressing my career and enhancing my expertise. Luckily for me, at present I am still engaged in the field of information security, which I used to be in charge of at the headquarters, albeit from a slightly different angle as a front line employee.

However, it took a lot of time and energy to keep up with the school-related procedures for my three children and move to a new place, and in the process I frequently felt that society had not advanced sufficiently for me to make use of the system provided by the Company, which was ahead of its time. The Company and those at my previous and present workplaces are very kindly supporting me, and I would like to make contributions to the Company and society based on this experience.

Kayoko Nemoto, Human Resource & General Affairs Group, Human Resource & General Affairs Department, Fuji Xerox Kyushu



▶Becoming the world champion in the Deaflympics!

Saki Ugaya from Fuji Xerox's Solution and Service Sales Reinforce Department participated in the 2017 Summer Deaflympics held in Turkey as the captain of Japan's national women's volleyball team and led the team to victory. Composed of hearing-impaired members ranging in age from 16 to 33, the team showed overwhelming strength, winning all its games without dropping a single set.

"It is great that the team won the gold medal," says Ms. Ugaya's manager, Manager Itakura. "But what should be more appreciated is the process by which Ms. Ugaya led the team while also working at the Company over the last four years since the previous Deaflympics, in which the national team had a regrettable experience." Ms. Ugaya's colleagues also offer high praise. "She strives to not miss a single ball, even those that are very difficult to hit," says one. "She's not one to give up easily, and she works hard at work too. We usually forget that she even has a hearing impairment." Ms. Ugaya has been fulfilling her duties at work while spending her free time and money on volleyball, thereby maintaining a good work-life balance as well as winning a gold medal.



Hideto Itakura
Saki Ugaya
Solution and Service Sales Reinforce Department, Fuji Xerox

Management Foundation



Operating on the principle that "CSR is synonymous with corporate management," Fuji Xerox strives to contribute to the betterment of society by creating new value for the stakeholders while continuously improving its business processes to boost the company's competitiveness.

We understand that to achieve these aims, we need to create ever-evolving value that reflects changes in the social and business environment. In order to increase its value, the company has introduced into its management process the mechanisms, which help to incorporate stakeholder expectations into business decisions and implement the PDCA (plan-do-check-act) continuous improvement cycle.

In response to the recent incident of partially inappropriate financial accounting that happened at our overseas sales affiliates Fuji Xerox New Zealand and Fuji Xerox Australia, we implement a range of measures to conduct our business activities in a more transparent manner by adhering to the basics, thereby improving our internal control system.

Corporate Governance

Fuji Xerox and its affiliates enhance management and supervision across the entire company by restructuring the systems whereby affiliated companies report important matters, as well as authorization processes and other procedures. Furthermore, enhancing auditing across the company by building systems for global deployment of internal audits based on integrated auditing, as well as improving auditing capability and efficiency through use of IT, among other measures.

CSR Governance

In April 2010, Fuji Xerox instituted the CSR Committee as part of our ongoing effort to fully integrate CSR into business operations.

The CSR Committee is one of several "function-based

committees" established under the Board of Directors and the Corporate Executive Committee. In addition Fuji Xerox has developed a management process under which the CSR Committee plays a leading role in translating the policies and plans adopted by top executives into concrete action by each business unit and also receives and responds to the feedback from the front line as part of the PDCA continuous improvement process.

In fiscal 2016 the CSR Committee met 17 times to identify and discuss the challenges to be met by Fuji Xerox for each stakeholder. At the meetings held in the first half of the year, the Committee made commitments on the targets (CSR indicators).

Fuji Xerox places high priority on communication and monitoring to help management incorporate stakeholder evaluations and feedback into the management process.

Communication



Fuji Xerox promotes dialogue with stakeholders by providing access to CSR information through the Sustainability Report, website, and other channels. Fuji Xerox regards the Sustainability Report as a particularly important tool for customers and employees alike. The process of actively explaining company policies and activities to customers puts our employees in closer touch with the rest of society and heightens their awareness of conditions and issues on the ground, stimulating ideas that help us provide better value to our stakeholders.

Communication methods

- Sustainability Report
- Official website
- Employee website
- Messages from the president
- Environment & community engagement campaign
- CSR education

Monitoring

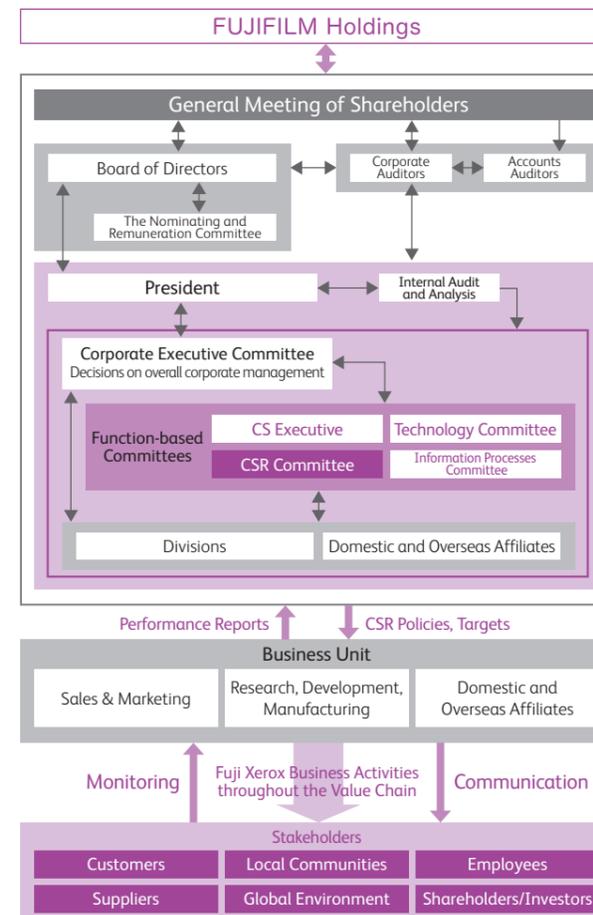


We recognize the importance of monitoring its achievement against stakeholder expectations and incorporating the feedback into our management decisions so as to ensure the ongoing development of management at Fuji Xerox. For this purpose, we periodically hold Stakeholder Dialogues in which top executives discuss management topics with outside experts, conduct stakeholder satisfaction surveys, and distribute an internal CSR questionnaire to assess progress and identify issues among our affiliates in Japan and overseas.

Monitoring methods

- Customer satisfaction surveys
- Brand surveys
- Self-evaluation by suppliers for ethical procurement
- Dialogue with CSR experts
- Employee satisfaction survey
- CSR questionnaire for affiliated companies (PDCA survey)

CSR Governance



Key CSR Indicators

Integrated Management Systems

Fuji Xerox has been integrating the certification and implementation processes for the information security management systems and the quality/environmental management systems. In fiscal 2016, we are additionally certified six affiliates in Japan and one in overseas (Fuji Xerox Hai Phong) by the Japan Audit and Certification Organization for Environment and Quality, which means that we have been evaluated at the scale of 47 companies and 32,000 employees to continuously promote activities on improving effectiveness of the system. In order to further strengthen the corporate constitution, we will monitor the operation throughout the value chains of development, production, and sales from the viewpoint whether the system is functioning effectively and link up with improving the process.

Fair Business Practices(Compliance)

Complying with laws and regulations to conduct fair and honest business activities is one of the fundamental values that Fuji Xerox holds dear. In fiscal 2016 we integrated the Ethics and Compliance Committee into the higher-level CSR Committee, enabling it to function more effectively. Thus we switched to a structure that allows the leaders of all functional areas to more promptly and reliably implement important corporate ethics and compliance measures that the CSR Committee has deliberated and decided on.

Fuji Xerox endeavors to build a global ethics and compliance management system, having appointed employees in charge of promoting ethics and compliance in all affiliates including those overseas. Affiliates are also using checklists reflecting the laws and regulations in their respective countries to evaluate their own ethics and compliance on a regular basis. In terms of compliance education, in fiscal 2016, 22,521 employees took the Legal Risk Assessment Test, which accounts for approximately 95 percent of all eligible employees at Fuji Xerox and its domestic affiliates.

In response to the recently revealed issue of inappropriate accounting at our overseas affiliates, we will improve the operation of our internal whistleblowing system for the employees of Fuji Xerox and its affiliates, and once again ensure that all employees are aware of how the system works. In addition, we will provide compliance education for all employees, including those at overseas affiliates, and pursue measures to further enhance employees' awareness and understanding of the importance of compliance, and their interest in it. Such measures will include inculcating our basic policy and rules throughout the Company by administering the Legal Risk Assessment Test, and continuing to regularly post the Easy Legal News newsletter on our intranet. The newsletter covers selected topical issues and explains their legal aspects in simple language.

Strengthening Risk Management

Fuji Xerox takes managing risks globally in line with the All Fuji Xerox Risk Management Rules seriously. It does so not only through emergency preparedness, but also through management of ordinary risks, especially potential risks, according to their frequency and the severity of their possible impact on business.

Fuji Xerox executives hold CSR Committee meetings to identify high-priority risk management items, which they discuss and make decisions on regularly. They assign risks to different categories—such as accidents, natural disasters, or scandals—determining escalation criteria and initial actions to be taken in each case, and setting these down in the form of guidelines. High-priority risk management items are determined in light of such factors as likelihood of occurrence and severity of potential

impact on business, and have been tackled on an annual basis.

In fiscal 2016, the CSR Committee deliberated on progress in dealing with risks including major natural disasters, new strains of influenza, and information security. In response to the recent issue of inappropriate accounting at our overseas affiliates, we are restructuring our risk management systems by establishing risk management committees in Fuji Xerox itself and in all affiliates including those overseas. In conjunction with this move, we will redouble efforts to ensure that when a crisis occurs the matter is always escalated to a higher organizational level.

With progress in the service and solutions domain, the occasions on which Fuji Xerox deals with customers' personal or confidential information are increasing. Under these circumstances, ensuring information security is one of Fuji Xerox's management priorities. In fiscal 2016, we established an information security center within the General Affairs Department. This center is now pursuing countermeasures to address internal and external threats, both to prevent such threats from causing an incident, and to deal with incidents once they have occurred. Furthermore, our inter-organizational cybersecurity response team (Fuji Xerox CERT) is addressing the cybersecurity threat that has arisen in recent years by acting on three fronts: prevention, detection, and response. This entails collecting information on threats, detecting unauthorized access by hackers, and—when unauthorized access does occur—containing the damage, preserving evidence, and preventing recurrence. Meanwhile, we have ensured that valuable information assets entrusted to our business partners are handled properly by arranging for an external organization to audit our partners' procedures and by holding seminars to raise awareness of information security. We will continue to further bolster our efforts to prepare for a range of potential events by addressing disaster management and mitigation, as well as business continuity measures.

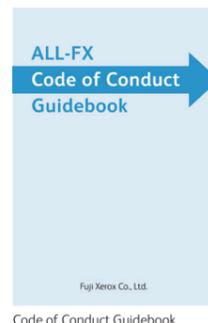
● Information Security Report
<http://www.fujixerox.co.jp/eng/company/public/security.html>

Respect for Human Rights

Respect and support for human rights and nondiscrimination are deeply embedded in the Fuji Xerox Code of Conduct. Moreover, the Fujifilm Group Charter for Corporate Behavior and Code of Conduct identify "respect for human rights" as the fundamental spirit guiding the human rights related activities of the Fujifilm Group.

To enable employees to understand the codes of conduct more accurately and reflect them in their behavior, in March 2017 we revised the All Fuji Xerox Code of Conduct Guidebook published in 2007. The revisions followed the approach adopted in the latest international standards, changing the guidebook's content so that it could be used globally. We now provide online education for employees of Fuji Xerox and its affiliates to ensure that they are all made aware of the new content.

Furthermore, given international trends in human rights over recent years, the Fujifilm Group as a whole is currently drawing up a new human rights policy. Where the supply chain and overseas suppliers in particular are concerned, we strive to prevent human rights violations, such as child labor and forced labor, by requiring compliance in ethical procurement and through rigorous evaluation by Fuji Xerox. Going forward, Fuji Xerox is committed to preventing human rights violations and to further raising awareness of human rights.



Fuji Xerox has formulated CSR indicators to gauge its quantitative progress and improve CSR programs and activities. The CSR Committee sets targets for each indicator, and top management reviews the company's progress toward those goals semiannually as part of the plan-do-check-act (PDCA) cycle.

This section reports on the performance of Fuji Xerox on indicators pertaining to the challenges identified as high-priority management themes by the CSR Committee, based on the consideration of the needs and expectations of society, the company's management goals, and the nature of the business. Information on other CSR indicators is available on the company's website.

Build an environment for the creation and effective utilization of knowledge

Customers

Number of serious product incidents



Definition Number of product incidents during the fiscal year that were brought to the attention of Fuji Xerox as the manufacturer, and which caused or had the potential to cause major consequences, such as death, serious illness, injury, aftereffects, or fire, and which were not deemed isolated incidents.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox and affiliates (including OEM sales)	0	0	0/0	0

Notes on fiscal 2016 performance As in fiscal 2015, there were no reports of major product incidents in fiscal 2016. In its continuous effort to deliver safe products to customers and prevent major product incidents, we have enhanced risk assessments and measures to ensure compliance with product-safety laws and regulations. Furthermore, as part of our product safety enhancement activity, we began providing customers with information to promote safe use of the products.

Goals/challenges Through utilization of the CS program, we will enhance our measures so that we can continually deal with a wide range of customer groups across regions based on our existing high-level CS.

Customer loyalty index based on Fuji Xerox CS program surveys



Definition In fiscal 2016, we clarified the issues related to our relationships with customers based on the results of the CS program surveys, and worked to meet the expectations of more customers. As a result, our customer loyalty index improved from that of the previous fiscal year.^{*1}

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox and sales companies in Japan	99.9	101.0	- / 103.0	-

Notes on fiscal 2016 performance In fiscal 2016, we clarified the issues related to our relationships with customers based on the results of the CS program surveys, and worked to meet the expectations of more customers. As a result, our customer loyalty index improved from that of the previous fiscal year.

Goals/challenges Through utilization of the CS program, we will enhance our measures so that we can continually deal with a wide range of customer groups across regions based on our existing high-level CS.

*1 In fiscal 2015, the elements of the survey results were changed to assess the real situation more accurately.

Results of ethical procurement self-assessment by production sites



Definition [Very important items] Percentage of production sites achieving a compliance rate of 90% or higher on "very important" items on the Fuji Xerox Ethical Procurement Self-checklist.
 [Important items] Percentage of production sites achieving a compliance rate of 90% or higher on "important" items on the Fuji Xerox Ethical Procurement Self-checklist.

Companies	Items	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Production sites of Fuji Xerox affiliates (Production sites of new machines, components, chemical products and recycled products)	Very important items	100% (8 facilities)	100% (10 facilities)	100% / 100% (10 facilities)	100% (10 facilities)
	Important items	87.5% (7 of 8 facilities)	100% (10 facilities)	100% / 100% (10 facilities)	100% (10 facilities)

Notes on fiscal 2016 performance In fiscal 2016, we strived to improve the CSR management situation of Fuji Xerox Eco Manufacturing (Thailand), which had started the CSR self-check in the previous fiscal year and the assessment result (compliance rate) was below the levels attained by other production sites. We thereby promoted improvements across the sites.

Goals/challenges We will continue to improve the CSR management situation at all our production sites for new machines, components, chemical products and recycled components in Japan and overseas. We will also consider raising the attainment target for this indicator to a higher level.

Definition Percentage of production sites achieving a "green" rating on the EICC^{*2} self-assessment carried according to customer requests.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Production sites of Fuji Xerox affiliates (plants of new-machines, components, and chemical products)	100% (8 facilities)	100% (8 facilities)	100% / 100% (8 facilities)	100% (8 facilities)

Notes on fiscal 2016 performance All the production sites for new machines, components and chemical products in Japan and overseas continued to make improvements in cooperation with Fuji Xerox's production headquarters. As a result, all the targeted sites increased their scores (by 1.6 points on average) and continued to achieve a "green" rating as planned.

Goals/challenges We aim to continue achieving a "green" rating at all our production sites for new machines, components and chemical products in Japan and overseas, although the level of requirements has been getting higher year by year.

*2 The Electronic Industry Citizenship Coalition (EICC) is a business coalition dedicated to social responsibility in the electronics manufacturing industry. The EICC Code of Conduct is a set of standards on CSR issues in the electronics industry supply chain. The EICC's self-assessment tool uses the color green to indicate a low-risk supplier. The questions are revised almost every year, making it difficult to pass the assessment.

Suppliers

Ratio of production materials suppliers with compliance rate of 90% or higher on “very important” items and “important” items (among those completing Ethical Procurement Self-checklist)

GRI EN33, LA15, HR11, SO10 GC Principle 1-10 SDG5 Goal 17

Definition [Very important items] Percentage of production materials suppliers completing the Ethical Procurement Self-checklist that achieved a compliance rate of 90% or higher on “important” and “very important” items.¹¹
[Important items] Percentage of production materials suppliers completing the Ethical Procurement Self-checklist that achieved a compliance rate of 90% or higher on “important” items.¹

Companies	Items	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Suppliers in Japan and overseas	Very important items	82.7 %	83.1 %	100 % / 94.1 %	100 %
	Important items	38.8 %	54.1 %	90 % / 56.9 %	90 %

Notes on fiscal 2016 performance In fiscal 2016, the ratio of suppliers achieving a compliance rate of 90% or higher increased by 11 percentage points year on year to 94.1% for “very important” items and by 2.8 percentage points year on year to 56.9% for “important” items. The ratio of suppliers who had made and submitted improvement plans increased by as much as 31 percentage points from 67.4% in fiscal 2015 to 98.4% in fiscal 2016, proving the progress of improvement.

Goals/challenges We must increase the compliance rate for “important” items. We will visit the sites of suppliers to urge them to make improvements with a view to making our entire supply chain meet the CSR-related requirements, which have been becoming more demanding year by year.

*1 Existing suppliers include companies that achieved a compliance rate of 90% or higher by devising and implementing improvement plans for the items of noncompliance in the previous year (i.e., not for all “important” or “very important” items).

Ratio of product logistics² partners with compliance rate of 90% or higher on “very important” items (among those completing Ethical Procurement Self-checklist³)

GRI EN33, LA15, HR11, SO10 GC Principle 1-10 SDG5 Goal 17

Definition Percentage of first-tier logistics partners and sites completing the Ethical Procurement Self-checklist that achieved compliance rate of 90% or higher on “very important” items.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
First-tier logistics partners and sites in Japan	100 %	100 %	100 % / 100 %	100 %
First-tier logistics partners and sites overseas	93.8 %	98.4 %	100 % / 97.6 %	100 %

Notes on fiscal 2016 performance In Japan, we continued to achieve the target of 100% for the ratio of logistic partners with a compliance rate of 90% or higher for “very important” items. Outside Japan, we have been continuously supporting the improvement activity of the logistic partner whose compliance rate did not reach 90% in the self-check of fiscal 2015.

Goals/challenges Also in fiscal 2017, we will continue to achieve the target regarding the delivery of our products to customers in Japan, and will encourage logistic partners outside Japan to foster improvements.

*2 Delivery from warehouses/branches to customer sites in each country and region of operation.

*3 The Ethical Procurement Self-checklist for product logistics partners consists of relevant questions from the checklist for production materials suppliers supplemented with items specifically tailored to the logistics field.

Ratio of indirect-materials suppliers with compliance rate of 90% or higher on “very important” items on the Ethical Procurement Self-checklist⁴

GRI EN33, LA15, HR11, SO10 GC Principle 1-10 SDG5 Goal 17

Definition Percentage of indirect-materials suppliers achieving a compliance rate of 90% or higher on “very important” items on the Ethical Procurement Self-checklist.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Suppliers in Japan and overseas	71.4 % ^{*5}	81.6 % ^{*6}	90 % / 90.7 %	95 %

Notes on fiscal 2016 performance For indirect-materials suppliers, we conduct ethical procurement activities with a focus on suppliers who are critical for our business continuity. In fiscal 2016, we visited the suppliers who were included in the target of self-checks as a buyer of their products, with an eye to further enhancing governance not only from the viewpoint of CSR but also in relation to business continuity planning (BCP).

Goals/challenges We will continue to respond to different challenges for indirect-materials suppliers in various industries, while helping them to make further improvements to build win-win relationships with them.

*4 The Ethical Procurement Self-checklist for indirect-materials suppliers is compiled from relevant questions from the checklist for production materials suppliers.

*5 Suppliers in Japan and Vietnam *6 Suppliers in Japan, Vietnam, and China (Shanghai, Shenzhen)

Ratio of suppliers worldwide in full compliance with requirements of Fuji Xerox for paper procurement

GRI EN33, LA15, HR11, SO10 GC Principle 1-10 SDG5 Goal 15, 17

Definition Percentage of suppliers determined to be in full compliance with Environmental, Health and Safety Requirements for Paper Procurement.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
All companies supplying paper to Fuji Xerox and affiliates in Japan and overseas	100 %	100 %	100 % / 100 %	100 %

Notes on fiscal 2016 performance Fuji Xerox requires all its paper suppliers to conduct their business operations in accordance with the standards for social responsibility outlined in its paper procurement regulation standards (revised in 2012). Since 2012, the managers in charge of paper purchasing and sales in Japan and overseas have been meeting regularly as a committee to review and confirm compliance with these standards. In fiscal 2016, the committee again confirmed full compliance by 100% of our paper suppliers.

Goals/challenges We will continue to monitor our suppliers' compliance with our requirements for paper procurement as part of our commitment to sustainable paper sourcing.

Ratio of suppliers submitting conflict minerals report

GRI HR11 GC Principle 1-6 SDG5 Goal 17

Definition Percentage of suppliers subject to conflict minerals reporting that completed and returned the Electronics Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI) conflict minerals reporting template.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Suppliers of components of key Fuji Xerox products	92.4 %	97.3 %	95 % / 96.5 %	95 %

Notes on fiscal 2016 performance The response rate slightly decreased in fiscal 2016, but the ratio of suppliers who are certified as conflict-free smelters increased by 20.5 percentage points year on year to 40%.

Goals/challenges Also in fiscal 2017, we will work to attain a response rate of 95% or higher, while collecting more information about trends in Europe and the United States.

Local content ratio for raw materials and parts at overseas production sites (China)

GRI EC9 SDG5 Goal 17

Definition Percentage of raw materials and parts procured by Fuji Xerox of Shenzhen, Ltd. and Fuji Xerox of Shanghai, Ltd. that are purchased from companies within China, by transaction value.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox of Shenzhen, Fuji Xerox of Shanghai	67.7 %	67.9 %	- / 71.6 %	Maintain a consistent level of local procurement

Notes on fiscal 2016 performance In China, the local content ratio increased by 3.7 percentage points year on year to 71.6%. We will continue our responsible procurement practices toward the future.

Goals/challenges We will continue to emphasize local content as we pursue responsible procurement and production aimed at maximizing our contribution to the development of the local economies where we operate.

Local content ratio for raw materials and parts at overseas production sites (Vietnam)

GRI EC9 SDG5 Goal 17

Definition Percentage of raw materials and parts procured by Fuji Xerox Hai Phong Co., Ltd., that are purchased from companies within Vietnam, by transaction value.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox Hai Phong	23.6 %	34.5 %	- / 45.0 %	Maintain a consistent level of local procurement

Notes on fiscal 2016 performance In Vietnam, as a result of implementing intensive measures for the development of local suppliers, the local content ratio increased by 10.5 percentage points year on year to 45%.

Goals/challenges We will continue to emphasize local content as we pursue responsible procurement and production aimed at maximizing our contribution to the development of the local economies where we operate.

Contribute to the advancement of the global community by continuously fostering mutual trust and enriching diverse cultures

Local Communities

Community engagement spending

GRI EC1, EC7 SDG5 Goal 17

Definition Total spending by Fuji Xerox and its affiliates on social initiatives and activities that contribute to the community.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox (unconsolidated)	320 million yen	372 million yen	- / 394 million yen	Continue community engagement at a set level
Affiliates in Japan	72 million yen	72 million yen	- / 109 million yen	
Overseas affiliates	176 million yen	174 million yen	- / 141 million yen	
Total	550 million yen	617 million yen	- / 643 million yen ^{*1}	

Notes on fiscal 2016 performance Total community engagement spending came to approximately 643 million yen as a result of continuously making donations and giving support in the fields of recovery from the Kumamoto earthquake, academic research and sports while conducting community engagement activities across regions.

Goals/challenges Moving forward, we plan to promote greater involvement in social initiatives of all our companies in Japan and overseas, with an emphasis on education for future generations, conservation of diminishing cultures and information, and measures to address social issues specific to given local communities or regions.

^{*1} Because expenditures were rounded off to the unit of one million yen individually for Fuji Xerox, its domestic affiliates, and overseas affiliates, the sum of each item does not match the total amount.

Employee participation in volunteer programs²

GRI EC7 SDG5 Goal 17

Definition Aggregate number of employees (including repeat participants) participating and cooperating in volunteer programs sponsored by Fuji Xerox and its affiliates.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox (unconsolidated)	903	656	- / 626	Increase number of participants
Affiliates in Japan	4,756	4,023	- / 2,911	
Overseas affiliates	11,018	10,429	- / 14,225	

Notes on fiscal 2016 performance The number of employees who had participated in volunteer activities increased substantially, in particular at our overseas affiliates. A total of 17,762 employees participated as volunteers in the activities held by their companies.

Goals/challenges We will continue to expand opportunities for voluntary employee participation in community engagement activities as part of our effort to create a corporate culture that motivates and empowers individual employees.

^{*2} Number of employees engaging in volunteer activities represents the total number of employees of Fuji Xerox and its affiliates who participated in or cooperated in volunteer activities organized by the company. The activities of volunteer organizations such as HASU clubs voluntarily operated by employees are not included.

Enrollment in Fuji Xerox HASU Clubs³

GRI EC7 SDG5 Goal 17

Definition Number of employees and retirees who are members of one of the Fuji Xerox HASU Clubs, volunteer organizations.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox and seven affiliated companies	3,807	3,721	- / 3,763	Increase membership

Notes on fiscal 2016 performance We will strengthen partnerships with employee volunteer organizations operating independently at our affiliates in Japan and overseas. Moreover, we will further boost the number of employees who take part in volunteer activities as members of the Fuji Xerox HASU Clubs.

Goals/challenges Our aim for the future is to partner with employee volunteer organizations operating independently at our affiliates to boost the number of employees taking part in volunteer activities.

^{*3} Volunteer organizations run by Fuji Xerox employees. These clubs raise funds from members, who voluntarily contribute the fractional remainders from their monthly salaries and scheduled bonuses via automatic withdrawal, and use the contributions to support their own community engagement activities or other NPOs/NGOs.

Number of grants and fellowships from Fuji Xerox Kobayashi Fund to promote mutual understanding in the Asia-Pacific region

GRI EC7 SDG5 Goal 17

Definition Number of research grants and fellowships received by foreign and Japanese researchers, primarily at the doctoral level in the humanities or social sciences, as part of our ongoing efforts to promote mutual understanding through academic exchange between Japan and other Asia-Pacific countries and regions.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Recipients of grants for foreign researchers in Japan ^{*4} (Total recipients to date)	33 (1,109)	32 (1,142)	- / 32 (1,174) ^{*5}	Continue grant-giving activity at a set level
Recipients of Kobayashi Fellowship ^{*6} (Total recipients to date)	8 (181)	8 (189)	- / 8 (197)	Continue fellowship-giving activity at a set level

Notes on fiscal 2016 performance Under the programs, research grants were awarded to 32 foreign scholars studying in Japan from ten countries and regions and fellowships were awarded to eight Japanese scholars.

Goals/challenges While continuing our grant- and fellowship-giving activity, we intend to expand our efforts to facilitate networking among past recipients by continuously holding research symposiums for those who have completed their doctorates to present their research and by expanding our digital archives of research reports.

^{*4} Grants to support research by young scholars from other countries and regions in the Asia-Pacific who are enrolled in doctoral programs in the humanities or social sciences at Japanese graduate schools.

^{*5} As a result of reexamining the list of the grant recipients, the cumulative number of grantees was revised.

^{*6} Fellowships to support young Japanese researchers enrolled in doctoral programs in the humanities or social sciences and pursuing research about other Asia-Pacific countries and regions.

Offering learning materials in emerging countries Number of children newly included in the support target (Cumulative total) Number of copies distributed Number of employees participating in the activity

GRI EC7

Definition Number of children to whom we distributed the learning materials printed by our production printers in cooperation with local partners, number of copies distributed, and number of employees who participated in the activity.

Companies	Items	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
The Philippines Thailand Myanmar Vietnam Indonesia	Number of children newly included in the support target (Cumulative total)	442(442)	2,121(2,563)	- / 68,378(70,941)	Distribute learning materials to a total of 100,000 children by 2023
	Number of copies distributed	442copies	2,597copies	- / 72,250copies	
	Number of employees participating in the activity	26	187	- / 100	

Notes on fiscal 2016 performance In fiscal 2016, we expanded the areas of activities to include Vietnam and Indonesia. Furthermore, we supplied 60,000 copies of a special workbook imprinted with the emblem of the Thai royal family to commemorate HRH Princess Maha's 60th birthday.

Goals/challenges For fiscal 2017, we plan to continue and scale up the activities conducted in the above five countries and to start the activity also in Malaysia. We will continue to make use of the strength of supporter companies to operate a sustainable support system in each country and region by flexibly addressing the differences in educational systems, learning culture and social issues between the countries.

Global Environment

Whole-life-cycle CO₂ emissions of Fuji Xerox products

GRI EN15-17, EN19, EN30 GC Principle 7-9 SDG5 Goal 12, 13

Definition Amount of CO₂ emitted throughout the life cycle of Fuji Xerox products, including procured materials, production, offices (development, sales, etc.), logistics, and customer use.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox and affiliates	1,423kt-CO ₂	1,368kt-CO ₂	1,367kt-CO ₂ / 1,356kt-CO ₂	1,308kt-CO ₂

Notes on fiscal 2015 performance Amount of CO₂ emitted throughout the life cycle of a Fuji Xerox products decreased from 1,368 kt-CO₂ in the previous fiscal year to 1,356 kt-CO₂ in fiscal 2016, as a result of having reduced CO₂ emissions from our production and transportation activities by improving business operation.

^{*We} We changed the environmental performance data tabulation system in fiscal 2015 and have since been calculating annual CO₂ emissions at our sites by using the emission coefficient for the relevant fiscal year. Therefore, there is no sequence between the data after fiscal 2015 and data until fiscal 2014 which had been calculated by using the emission coefficient for fiscal 2005.

Goals/challenges We expect that our CO₂ emissions will increase due to business expansion. In order to offset this increase and control the life cycle emissions, we will promote work style reforms across the company and improve our operational efficiency for further CO₂ emission reductions.

CO₂ emissions at Fuji Xerox business facilities

GRI EN3, EN15-16, EN19 GC Principle 7-9 SDG5 Goal 13

Definition Energy from electricity and other sources consumed at the factories and offices of Fuji Xerox and its affiliates, converted to CO₂ emissions.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Development and production Sites in Japan and overseas	126kt-CO ₂	142kt-CO ₂	139kt-CO ₂ / 140kt-CO ₂	133kt-CO ₂ or lower
Offices in Japan and overseas	64kt-CO ₂	69kt-CO ₂	68kt-CO ₂ / 69kt-CO ₂	67kt-CO ₂

Notes on fiscal 2016 performance We have been implementing drastic measures to reduce the use of electricity, replacing existing equipment with more energy-saving equipment, and increasing the efficiency of our production processes to achieve the target that we have been pursuing following the occurrence of the Great East Japan Earthquake, which is to reduce our use of electricity by 15% or more relative to fiscal 2010.

Goals/challenges Also in fiscal 2017, we will continue to introduce energy-saving equipment to our development facilities and review our production processes while enhancing medium- to long-term activities, including development of energy-saving production technologies and examinations for the introduction of the technologies thus developed to our production processes.

Contribution to CO₂ reductions at the customers' offices

GRI EN7, EN27 GC Principle 7-9 SDG5 Goal 13

Definition Reduction in electricity consumption at customer business sites realized through use of Fuji Xerox products, solutions and services, converted to CO₂ emissions.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox and affiliates	3,206kt-CO ₂	3,462kt-CO ₂	3,788kt-CO ₂ / 3,727kt-CO ₂	—

Notes on fiscal 2016 performance The amount of contribution at customers' offices increased by about 265 kt-CO₂ to 3,727 kt-CO₂, as a result of increased sales of solutions and services that are highly effective for CO₂ emissions reductions.

Goals/challenges We will support customers in expanding their businesses while also reducing their CO₂ emissions through solutions and services that contribute to their business reforms as well as thorough our highly environment-friendly products equipped with energy conservation functions.

Reduction of new resource inputs in manufacturing process by reusing parts

GRI EN2 GC Principle 7-9 SDG5 Goal 12

Definition Amount of new resource inputs avoided through incorporation of reused parts in the manufacturing process at Fuji Xerox and its affiliates.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox and affiliates	2,916t	3,273t	3,464t / 3,809t	3,902t

Notes on fiscal 2016 performance In fiscal 2016, we surpassed the target by 345 tons by recording a year-on-year increase of 536 tons in the amount of new resource inputs avoided by the reuse of parts. This achievement is attributable to the unexpected increase in the number of products incorporating reused parts.

Goals/challenges In fiscal 2017, our target is 3,902 tons increasing 93 tons relative to fiscal 2016 performance. We will work to increase the products incorporating reused parts

Resource recycling rate for recovered end-of-life products

GRI EN28 GC Principle 7-9 SDG5 Goal 12

Definition Percentage of those end-of-life multifunction devices and printers recovered in Japan and overseas (excluding consumables) that were recycled for reusable parts, materials, heat energy, etc.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Japan	99.9%	99.9%	99.5% or higher / 99.9%	99.5% or higher
Asia-Pacific region	99.6%	99.7%	99.5% or higher / 99.6%	99.5% or higher
China	99.9%	99.9%	99.5% or higher / 99.9%	99.5% or higher
Taiwan	99.9%	99.9%	99.5% or higher / 99.7%	99.5% or higher
South Korea	99.9%	99.9%	99.5% or higher / 99.9%	99.5% or higher
Australia	99.8%	99.6%	99.5% or higher / 99.6%	99.5% or higher
New Zealand	99.7%	99.7%	99.5% or higher / 99.7%	99.5% or higher

Notes on fiscal 2015 performance We achieved a recycling rate of 99.5% or higher for end-of-life products (the standard for "zero landfill") at all our business sites in Japan and overseas. Our recycling rate was down 0.1 percentage points in the Asia-Pacific region and dropped by 0.2 percentage points in Taiwan. Compared with the previous year, nothing has been changed regarding the recycling processes and recycling partners of our sites in Taiwan or other Asia-Pacific areas. In light of this fact, there seems to be no risk that these sites will fail to meet the "zero landfill" standard. However, we will keep monitoring them.

Goals/challenges In fiscal 2017, we will continue to implement measures to ensure a recycling rate of 99.5% or higher, which represents the "zero landfill" standard, aiming to further decrease our environmental impact.

Water usage in manufacturing process

GRI EN8 GC Principle 7-8 SDG5 Goal 12

Definition Amount of water Fuji Xerox and its affiliates in Japan and overseas use in the manufacturing process.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox and affiliates	2.06 million t Japan: 1.63 million t Overseas: 0.43 million t	2.11 million t Japan: 1.67 million t Overseas: 0.44 million t	2.59 million t (30% reduction from fiscal 2005 level) / 2.12 million t Japan: 1.69 million t, Overseas: 0.43 million t	2.59 million t or lower

Notes on fiscal 2015 performance Since fiscal 2009, Fuji Xerox has focused on reducing water use at the manufacturing stage, which accounts for the greatest portion of our water consumption. Also in fiscal 2015, we achieved the target of reducing water use by 30% from the fiscal 2005 level.

Goals/challenges We will continuously work to achieve the target (30% below the fiscal 2005 level).

Achieve growth and fulfillment in both our professional and personal lives

Employees

"Core Morale" score as employee satisfaction indicator^{*1}

GRI PR1 SDG5 Goal 8

Definition Average score (using a five-point scale) on the five key "Core Morale" components of the ES Survey of employees conducted at Fuji Xerox and its affiliates and sales companies in Japan.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox (unconsolidated) ²	3.35	3.36	- / 3.38	-
Affiliates in Japan (excluding sales companies)	3.49	3.43	- / 3.40	-
Sales companies in Japan	3.25	3.23	- / 3.26	-
Overseas affiliates (sales personnel, office staff, etc.) ³	-	-	- / 3.55	-

Notes on fiscal 2016 performance In Japan, the "Core Morale" score increased at Fuji Xerox (unconsolidated) as well as at its affiliates, while the score dropped at its sales companies. However, the decreased scores at sales companies were all minor changes of an unremarkable nature. Outside Japan, our affiliates and sales companies revised the survey method to adopt a five-point-scale rating method like the one adopted by Fuji Xerox in Japan.

Goals/challenges There have been no major changes in the scores for recent years, and the scores have remained at a relatively high level. We will enhance the workplace improvement activity based on the ES survey results to encourage all the targeted companies to make year-on-year improvements.

^{*1} The five components of Core Morale are work satisfaction, workplace satisfaction, satisfaction with superiors, satisfaction with personnel management, and satisfaction with organizational management.

^{*2} Excludes personnels who are applied to the age limit system.

^{*3} Has partially changed counting categories according to the title of managerial personnels since fiscal 2013.

Percentage of women in executive and managerial positions

GRI LA12 GC Principle 6 SDG5 Goal 5

Definition Percentage of executive and managerial positions occupied by women at Fuji Xerox and its affiliates. "Managerial positions" here includes all positions categorized as management under the company's HR system, regardless of whether they involve supervision of other employees.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox (unconsolidated)	5.8%	6.2%	7.0% / 6.4%	7.1%
Affiliates in Japan	2.8%	3.4%	- / 3.8%	-
Overseas affiliates	24.8%	26.9%	- / 25.2%	-

Notes on fiscal 2015 performance Although Fuji Xerox narrowly failed to reach its unconsolidated target, the percentage of women in executive and managerial positions has been increasing year on year both at Fuji Xerox (unconsolidated) and its affiliates. At our bases outside Japan, women stably account for around 25% of managers every year.

Goals/challenges We will continue to promote female employees to managerial positions across the board. At Fuji Xerox (unconsolidated), candidates for managers will be classified into several groups, including those who need to gain more experience, those who need to have higher motivation and those who will be soon promoted, and each of the groups will be assigned appropriate jobs and educational opportunities with a view to promotion, aiming to achieve the high goal of 14% in fiscal 2020. At our overseas affiliates, we will identify the causes of some upward and downward changes in the percentage rate every year, and will examine countermeasures.

Percentage of companies attaining legally stipulated rate of employment of people with disabilities

GRI LA12 GC Principle 6 SDGs Goal 10

Definition Percentage of companies among Fuji Xerox and its affiliates in Japan that have attained a 2.0% rate of employment of people with disabilities, as stipulated under the Act on Employment Promotion etc. of Persons with Disabilities.

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox (unconsolidated)	100% (employment rate: 2.06%)	100% (employment rate: 2.09%)	100% / 100% (employment rate: 2.22%)	100%
Affiliates in Japan (excluding sales companies)	78% (7 of 9 companies)	89% (8 of 9 companies)	100% / 100% (9 of 9 companies)	100%
Sales companies in Japan	81% (25 of 31 companies)	77% (24 of 31 companies)	100% / 85% (28 of 33 companies)	100%

Notes on fiscal 2016 performance As of the end of fiscal 2016, 43 companies in Fuji Xerox and affiliates are obliged to employ people with disabilities at the legally stipulated rate, and 38 companies out of them have already met that requirement. As for our sales companies in Japan, two companies serving as regional sales headquarters were additionally included in the regulatory target.

Goals/challenges Without being influenced by changes in our business environment and social conditions, we will work to create a system to foster legal compliance solidly across the company. We will also strive to make our company a comfortable workplace for all, including people with disabilities.

Annual work hours per employee^{*4}

GC Principle 1 SDGs Goal 8

Definition Average annual work hours per employee at Fuji Xerox and its affiliates (excluding managerial staff), disaggregated by job category.

Companies	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox (unconsolidated)	1,878 hours	1,878 hours	1,850 hours / 1,852 hours	1,850 hours
Affiliates in Japan (sales personnel, office staff, etc.)	1,971 hours	1,948 hours	- / 1,932 hours	-
Affiliates in Japan (manufacturing staff)	2,094 hours	2,037 hours	- / 2,012 hours	-
Overseas affiliates (sales personnel, office staff, etc.)	2,085 hours	2,067 hours	- / 2,002 hours	-
Overseas affiliates (manufacturing staff)	2,177 hours	2,143 hours	- / 2,160 hours	-

Notes on fiscal 2016 performance As a result of continuously implementing work style reform measures to improve productivity, diversity and work-life balance, both Fuji Xerox (unconsolidated) and its affiliates (all job titles) made year-on-year improvements in Japan. We aim to manage our business in a manner that will help us deliver the best results with limited work hours and resources in Japan and overseas.

Goals/challenges In Japan, we will continue to improve our operational processes through work style reforms, while making effective use of the flexible working system to encourage employees to work in a well-balanced way. Moreover, we will implement measures to increase the percentage of employees who take paid holidays, thereby further improving work-life balance and diversity.

*4 Excludes companies that have adopted the discretionary working system.

Management Foundation

Shareholders and Investors

Number of serious corporate governance and/or compliance issues

GRI S08 GC Principle 10 SDGs Goal 16

Definition Number of corporate governance and/or compliance issues warranting disclosure that emerged during the fiscal year.

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2016 goal/performance	Fiscal 2017 goal
Fuji Xerox and affiliates	0	0	0 / 1	0

Notes on fiscal 2015 performance It was revealed that there had been some cases of inappropriate accounting practices at Fuji Xerox New Zealand and Fuji Xerox Australia, which are two of our overseas sales companies, during the period from fiscal 2010 to fiscal 2015. In response, the parent company (FUJIFILM Holdings Corporation) established an Independent Investigation Committee to conduct a survey of Fuji Xerox, and an internal control-related issue was pointed out in the survey. Based on the survey result, Fuji Xerox carried out management reforms and promptly formulated preventive measures.

Goals/challenges Fuji Xerox takes the results of the survey conducted by the Independent Investigation Committee seriously. We will enhance our internal control and implement more substantial compliance measures across the company and its affiliates, including those outside Japan. We will work strenuously to regain trust and prevent the reoccurrence of similar issues.

Third Party Opinion



Keisuke Takegahara

Executive Officer and Deputy Chief Research Officer,
Development Bank of Japan Inc.

In key respects, the Fuji Xerox Sustainability Report 2017 follows the structure of the 2016 report, which introduced a new framework to describe the value creation process. The framework identifies social issues that Fuji Xerox should address from a global perspective, taking these issues as a starting point and linking them to corresponding high-priority management themes that in turn link the issues to value (solutions) provided via Fuji Xerox's business operations. The result is an outstanding example of nonfinancial information disclosure embodying an "outside-in" approach. Furthermore, the type of company that Fuji Xerox aims to become in the long term as a result of such value creation is set out initially in terms of a broad array of SDGs, then narrowed down to the ultimate goal comprising the eighth SDG 8: "decent work and economic growth." In my opinion this provides an excellent structure that is very easy to understand as it fits well with the company's philosophy and business activities.

Such consistency is also evident in the special feature article sections. They focus first on the technological development that underpins Fuji Xerox's products and services, describing in detail the technological advantages the company has developed to realize its business philosophy of "Better Communications". Next, they clearly define work process improvement and work style reform as the forms of value created for customers. The resulting narrative is a good example of how the abstract concept of solving social issues can be presented in concrete, easy-to-understand terms. I was particularly impressed by the emphasis on Fuji Xerox's role in building a platform (or ecosystem) to provide a communication environment and reform work processes, and the fact that this corresponds to the ultimate goal of the company's value creation process. In general, I thought the special feature article sections were well integrated with the overall concept.

Nonetheless, having noted the above, as well as other outstanding aspects of this year's sustainability report, I must also refer to the issue of inappropriate accounting practices at the company's overseas affiliates. The issue is a major theme of this year's report, which dedicates the Top Commitment and the subsequent four pages to explaining the situation in light of the investigation report released by the Independent Investigation Committee in June. The causes and background problems are analyzed and the responses implemented to resolve the issue are reported in detail. How are we to view this problem within the context of nonfinancial information disclosure?

We could view a company's nonfinancial information as comprising two layers. One layer relates to the provision of solutions to social issues through business operations—in other words, value creation—which has been a guiding principle for companies in recent years. The other layer relates to the governance and risk management that provide the basis that supports such value creation activities. A company's disclosure relating to value creation may be outstanding, but if there is a problem with its disclosure relating to the underlying fundamentals, or relating to the linkage between the two layers, the overall quality of the disclosure is immediately impaired. One implication of the recent accounting issue at Fuji Xerox is that, in a

situation where increased ESG (environmental, social, and governance) investment is focusing society's attention on how well companies do at creating value, we need to return our attention to the importance of the underlying fundamentals, which had come to be taken for granted.

From this perspective, it is clear that certain changes have immediately been incorporated into this year's report. For example, content regarding the management foundation has been narrowed down to enforcement of corporate governance, enhancement of risk management, and other matters related to internal control, and it was stressed that the robust management foundation is in itself a form of value provided to shareholders and investors.

It will no doubt be necessary to continue adjusting the framework in this way as the company makes progress in implementing its responses to the accounting issue. When making such adjustments, the most fundamental point of contention may be how to balance the relative volumes of information disclosed regarding value creation on one hand, and the management foundation on the other (or between "E" and "S" as opposed to "G"). Increasingly of late, companies are being called on to further enhance their disclosure of governance and related matters to match their more comprehensive disclosure of strategic information. For Fuji Xerox, which can expect its array of remedial measures to come to fruition from now on, this is a point worthy of consideration if it is to further reinforce its outstanding value creation framework.

Even though Fuji Xerox is an unlisted company, as efforts are made to integrate it more fully into the Fujifilm Group, the company's business operations, as of a key contributor to the overall value provided by the Group, will accordingly elicit greater interest from the capital markets than previously. As a consequence, I believe Fuji Xerox will have more opportunities to provide value not only via its management foundation, but also via its products and services, targeting a wider range of beneficiaries, for example, by treating the Group's shareholders and investors as stakeholders.

In the medium term, I look forward to seeing further improvements in the way the results of the value creation process are presented. Chapter 3 sets out a range of results, but some of these amount to little more than superficial "output." I would like to see more depth in the presentation of these results to offer "outcomes" that reflect a greater awareness of their impacts. In conjunction with this, I would like the company to consider linking its CSR indicators—which are currently annual targets—to its long-term vision.

In fact Fuji Xerox is not the only company dealing with the types of issues I refer to; there are many others. Fuji Xerox has an excellent value creation framework and I look forward to further advances in its disclosure, given that the company's course of action in this regard is certain to have a major impact on the way nonfinancial information disclosure develops going forward.



Corporate Information

Name	Fuji Xerox Co., Ltd.
Headquarters	Tokyo Midtown, 9-7-3 Akasaka, Minato-ku, Tokyo JAPAN 107-0052
Telephone	+81-3-6271-5111
Chairman and Representative Director	Shigetaka Komori
President and Representative Director	Hiroshi Kurihara
Date of establishment	February 20, 1962 Established as a joint venture between the British company Rank Xerox Limited and Fuji Photo Film Co., Ltd. (Rank Xerox changed its name to Xerox Limited on October 31, 1997)
Capital	20 billion yen
Shareholders	FUJIFILM Holdings Corporation (75%) Xerox Limited (25%)
Number of employees	47,357 employees (consolidated, March 2017); 8,172 employees (unconsolidated, March 2017)

Business summary	Office Products Business, Office Printers Business, Production Services Business, Global Services Business
Business sites	<p>Headquarters Tokyo</p> <p>Research laboratories Yokohama, Nakai-machi (Kanagawa), Palo Alto (California, USA)</p> <p>Development / manufacturing sites Japan: Yokohama, Ebina, Takematsu (Kanagawa), Suzuka (Mie), Namerikawa (Toyama), Kashiwazaki (Niigata)</p> <p>China and other locations: Shanghai, Shenzhen, Suzhou (China), Chonburi (Thailand), Hai Phong (Vietnam), and other cities</p> <p>Main sales and service offices in Japan Approximately 300 cities including key locations such as Sapporo, Sendai, Tokyo, Yokohama, Nagoya, Kyoto, Osaka, Kobe, Hiroshima, Fukuoka and Okinawa</p> <p>Overseas bases (countries/ regions) China (including Hong Kong and Taiwan), South Korea, the Philippines, Vietnam, Myanmar, Thailand, Malaysia, Singapore, Indonesia, Australia, New Zealand and the United States</p>

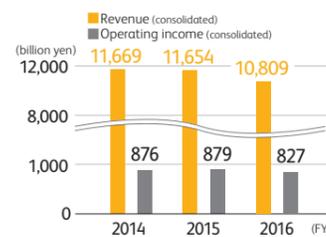
Sales and Service Areas

The sales and service areas of Fuji Xerox cover Japan, China and other countries and regions in the Asia-Pacific region. The Americas, Europe and other regions are handled by Xerox Corporation and Xerox Europe.



Key Management Indexes

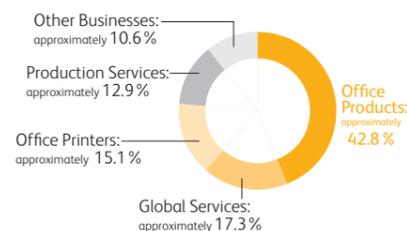
Financial Data (US GAAP)



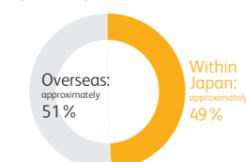
Consolidated revenue by geography (FY2016)



Consolidated revenue by business segment (FY2016)



Consolidated Employee Number by Geography (FY2016)

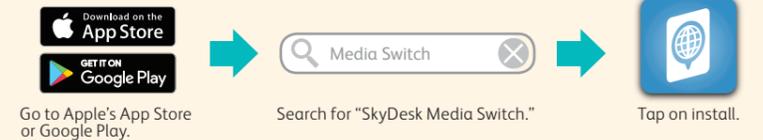


Note: These figures represent the revenue of FUJIFILM Holdings Corporation's "Document Solutions" segment for fiscal year ended March 31, 2017, which is equivalent to Fuji Xerox (consolidated).

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Structure of Sustainability Report 2017

This report describes our stakeholders initiatives of Fuji Xerox to realize a future where people join hands to create value in society; it is also a tool for gathering opinions that can be used to make improvements. We have prepared two communications media to target the interests of different readers (see the diagram below): this Sustainability Report and the corporate website.

CSR Information Covering Our Global Operations

This report is published in Japanese, English, Chinese, Korean, and Thai. Our website is available in Japanese and English.

CSR Information from Our Affiliates

Our affiliates publish CSR information in line with local requirements. Please see our website (URL above to the right).



About the photo on the front cover

Fuji Xerox regards "education for future generations" as one of its important social contribution themes. In order to help narrow educational gaps among emerging countries in the Asia-Pacific region, we provide children who have limited access to education with learning materials.

The cover photo was taken when Fuji Xerox personnel visited a school in the suburbs of Yangon, Myanmar in June 2016. We chose this photo because it shows children from that school, who were applied with traditional cosmetic paste called "Thanaka" to their cheeks. It displays their excitement of receiving new learning materials for their exclusive use and their expectations for learning.

To provide the next generation with a sustainable future, Fuji Xerox will continue to cooperate with a range of stakeholders to help solve social issues through its business operations.

Fuji Xerox Co., Ltd.

9-7-3, Akasaka Minato-ku, Tokyo 107-0052, Japan
TEL : +81-3-6271-5111

For Inquiries:
CSR Department TEL: +81-3-6271-5160 FAX: +81-3-6271-5167

<http://www.fujixerox.com/eng/>

Sustainability Report FUJIFILM Holdings Corporation 2017
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