

Sustainability Report 2011

Create, Connect, into the Future



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Contents

- 01 CSR Communication Policy
- 02 Editorial Policy
- 03 Top Commitment
- CSR Management at Fuji Xerox
- 07 Our CSR Management Structure
- 09 Fuji Xerox CSR Activities Throughout the Value Chain
- 11 **Highlight 1**
Achieving *Real Green* for Our Customers
- 15 **Highlight 2**
Tackling Local Problems with Global Knowledge
- 19 **Highlight 3**
Seeking Win-Win Solutions for Fuji Xerox Australia and Local Communities
- 23 Ongoing Initiatives
- 27 CSR Initiatives by Our Affiliates Around the World
- 29 What We Have Learned From Our Responses to the Great East Japan Earthquake
- Status of Key CSR Initiatives
- 31 Systems for Monitoring and Reviewing CSR Activities
- 32 Self-Evaluation on Progress of Our CSR Performance
- 39 Fuji Xerox Corporate Overview
- 40 Third Party Opinion
- 41 Editorial Postscripts

CSR Communication Policy

Our Approach to Disclosure of Non-Financial Information

Fuji Xerox and our affiliates are closely observing the trends in current legal regulations surrounding the disclosure of non-financial information, with European countries leading the way, and are preparing a system as well as ways of using the system to properly disclose non-financial information. This includes not only our results, but also 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 through which we report on our non-financial information is through this annual Sustainability Report.

We have put the task of communicating with our internal and external stakeholders into practice through this Report as well as through disclosing comprehensive and detailed information on our website.

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).

Further, since our stakeholders are increasingly interested in CSR, as well as the fact that we expect stronger demand for the disclosure of non-financial information that meets a variety of different needs, we are also looking at ways of expanding our information disclosure practices, opening up more opportunities to receive questions, responding to them, and creating opportunities for dialogue.

Our Approach to What Information to Disclose

Corporations and organizations need to disclose requisite CSR information in an accurate, timely and accountable manner. However, if each organization is given too much discretion on what to disclose, there are concerns that only arbitrary information will be disclosed. Accordingly, Fuji Xerox and its consolidated affiliates take the following approach to reporting CSR information:

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

Our Approach to Ensuring the Accuracy of the Information We Disclose

We need to do our utmost to ensure the accuracy of the information we disclose in view of the fact that CSR-related information disclosures can have a significant impact on the interests of our stakeholders. Fuji Xerox discloses information only after checking it three times: by the department responsible for the information, the department responsible for editing the information and the Corporate Communications Department.

While Fuji Xerox is considering having third party providers ensure the accuracy of the disclosed information or applying relevant international standards, we have been unable to find anyone, to date, that sufficiently provides services suited to the purpose, and are comprehensive, complete and objective. However, we have incorporated an expert Third Party Opinion, to demonstrate our willingness to listen to third party comments.

Editorial Policy

This report describes to our stakeholders how Fuji Xerox is challenging to realize a future where people are connected and create value in society; it is also a tool for gathering opinions that can be used for improvements. In addition, we have prepared three communication medium: the *Sustainability Report*, the *Stakeholder Summary*, and the corporate website, to target the interests of different readers (see the diagram below).

Structure of the 2011 Sustainability Report



<http://www.fujixerox.com/eng/company/sr/2011/>

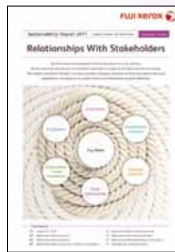
CSR information covering our global operations

This Report is published in Japanese, English and Chinese. Our *Stakeholder Summary* and our website are available in Japanese and English.

Sustainability Report



Stakeholder Summary



Website



Detailed information can be found on our website, including the *Sustainability Report* and the *Stakeholder Summary*.

CSR information from our affiliates

Our affiliates publish CSR information in line with local requirements. Please see our website above.

The 2011 fiscal report has the following distinctive features:

1. We provided reporting on how our CSR activities are conducted globally with resolve.
2. We featured a page that aligned major Fuji Xerox CSR activities in the value chain, considering the importance of CSR activities at all stages of our business activities.
3. We added a page about *What We Have Learned From Our Responses to the Great East Japan Earthquake*, which depicts what we have learned from this terrible disaster and how we should apply the lessons learned to our CSR.
4. Having considered the possible transition of disclosing non-financial information on a global scale, we defined our CSR policies and reporting by paying close attention to international standards and applying them throughout this report.

Other relevant information

- Corporate Profile http://www.fujixerox.com/eng/company/company_profile/
- Financial Data <http://www.fujixerox.com/eng/company/profile/pl.html>
- Information Security Report <http://www.fujixerox.co.jp/eng/company/public/security.html>
- CSR Approach by FUJIFILM Holdings <http://www.fujifilmholdings.com/en/sustainability/index.html>

Features of our 2011 Sustainability Report

●Reporting Period

Our *Sustainability Report 2011* focuses on Fuji Xerox's CSR efforts during fiscal 2010 (April 2010 to March 2011) and also covers some policies and activities for fiscal 2011.

●Organizations Covered

Our *Sustainability Report 2011* 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

We have followed the third edition of the *Global Reporting Initiative's Sustainability Reporting Guidelines*. Our self-evaluation indicates that our reporting falls within Application Level A prescribed by those Guidelines.

We also consulted the 2007 edition of the Ministry of the Environment's *Environmental Reporting Guidelines* and the corporate evaluation standards for CSR in the 15th *Corporate White Paper* published by the Japan Association of Corporate Executives.

●Report to the Global Compact

We have submitted this Report to the United Nations as our *Global Compact Communication on Progress* in the four areas and 10 principles of the Compact in our capacity as a corporate signatory of the Global Compact.

Please see our website for our activities regarding Global Compact.

- Next Release of our Sustainability Report
September 2012



Top Commitment

360° Sustainability Determinedly Embedded Into CSR Management



Tadahito Yamamoto
President and Representative Director
Fuji Xerox Co., Ltd.

1. Great East Japan Earthquake and Tsunami

I would like to take this opportunity to sincerely convey my deepest condolences to all the victims of the March 2011 Great East Japan Earthquake and Tsunami as well as my sympathy to everyone who lost loved ones, their home, their job, and who have had to endure life in evacuation shelters. I would also like to thank all of the men and women dedicated to the rescue, relief, and recovery operations taking place under severe conditions in hard-hit areas, often times risking their own lives. I am also praying for everyone who has suffered from the February earthquake on the South Island of New Zealand, and I hope that their lives return to normal as soon as possible.

This latest disaster has taken many lives and resulted in sickness, water and food shortages, bankruptcies, unemployment, resettlement, and serious environmental contamination. Businesses are taking countermeasures and revising future plans to address hardships in the form of insufficient power supplies and delays in material and component shipments.

Under such grave circumstances, we re-examined our ability to provide uninterrupted communication services to our valued customers during relief and recovery efforts, to better understand and minimize the effect on our multilevel supply chain, and to determine whether our Business Continuity Plan was effectively implemented. We are striving to improve these measures as quickly as possible based on our findings as I have presented in, *What We Have Learned From Our Responses to the Great East Japan Earthquake* (p. 29).

2. Role of Sustainability in Management

Corporate ESG (Environmental, Social and Corporate Governance) efforts are expanding not only in developed countries, but also in China and other Asian emerging markets. I recognize that such efforts should be considered within the context of a value chain (see p. 9) that includes our own procurement, production, and sales, as well as user support and eventual recycling and resources reconversion.

At Fuji Xerox, we view one of our key missions as contributing to “build an environment for the creation and effective utilization of knowledge.” We will realize this mission by recognizing our responsibility to provide ever-improving document services and communication means and assist our customers in contributing to and meeting their societal responsibilities, while continuing to streamline their value-creating activities.

To this end, we seek to gain a deeper understanding of any changes in “our customers’ links to society” in light of their current management issues, and constantly consider the entire value chain to look at how we can create new value for society, not only through the provision of products and services, but also through initiatives such as our CSR Procurement and Environmental Management.

3. Fiscal 2010 Results and Evaluation

During fiscal 2010, we formulated a strategy that focuses on: (1) developing new markets and expanding sales with an emphasis on CSR in new emerging countries; (2) providing services that work to alleviate the environmental impact of domestic companies and contribute to a better work-life balance; and, (3) strengthening our insight into and mobility for business activities on a global scale, all based on our principle of “Go to Customers.”

With regard to (1), we are witnessing the rapid integration of business and CSR activities with growth aimed at exceeding targets centered on environmentally friendly products in the Chinese and Asia-Pacific markets. Conversely, our shift to becoming a service provider mentioned in (2) and collaborative efforts with domestic and overseas functions for development, procurement, production, and sales to realize (3) have not yet attained the level that I had hoped we would achieve, all of which remain crucial management issues today. All of these strategies are absolutely essential responses to the market. We must further strengthen the culture of our actions to ensure that all employees are able to independently deal with these issues as a matter of course.

Presently, we are examining these issues from multiple perspectives. We also plan to promote effective ESG and the disclosure of information referring to a framework such as ISO 26000, which was issued in November 2010.

Our mission is to assist our customers
in smoothly creating new value by providing a higher level of
document services and communication means.

4. CSR Key Performance Indicators and Evaluation

With regard to CSR key performance indicators (see p. 32 and beyond), here I would like to describe the relevant circumstances and issues from our management's perspective. When exploring the following concerns, I would like all employees to (1) recognize themselves as members of society in good conscience, (2) consider the actual place, actual thing and actual situation, as well as (3) foster passion for value creation. I believe such unceasing consideration and self-discipline will ultimately lead to responsible actions.

1) Customer-Oriented Management Activities

In the domestic market, we have been dynamically promoting the integration of product and solution service sales structures as well as the formulation of a customer interface communication environment since fiscal 2008. As a result, our customer satisfaction level has returned to the highest in the industry (according to a survey by J.D. Power Asia Pacific, Inc.). Even in the markets overseas, our tireless efforts to support the shift to color devices and a broader line-up of our high value-added solutions have resulted in stronger ties with many of our valued customers. The actual customer satisfaction score is not in itself the final objective, rather, it is a means for each of us to continually understand the customers' point of view. We will view this score as an important indicator for our thorough customer-based actions in the years to come.

2) Employee-Related Management Activities

In the last two decades, the proportion of officers and employees of affiliates grew from 42% to 75%, while that of non-Japanese managers and employees swelled from 7% to 42%. Although our employee composition continues to diversify, there are still many barriers to overcome for management to create synergies from this pool of talent.

In addition, recruiting and training professionals who can lead our service business and globalization as well as creating a system that allows employees to flexibly choose their preferred work style (mobile work, telecommute, dual employment) have not yet been fully mapped out as a management issue.

I believe it is the responsibility of management to provide all employees with an environment that encourages individual growth. To realize this, I would like to expand and enhance our human resource policies to be more flexible, replete with options and foster an organization where originality and ingenuity abound in tune with the local circumstances of each employee in every country.

3) Management Activities Related to the Global Environment and Future Generations

Currently, we are implementing existing policies that include the Integrated Recycling System operation attaining the goals of the 2020 Greenhouse Gas Reduction Targets, and preparing new activities that push us to the next level. Specifically, we will mainly

revise our environmental vision, policies and medium-term plan, formulate and implement our medium-term strategy for resources (including the reuse of components, water conservation, and waste reduction), and establish policies and guidelines for biodiversity as well as revise paper procurement standards and visualize environmental burden data. Reducing the environmental burden is an important managerial issue for our customers as well; therefore, through hands-on experience and trial and error, we will improve the solution services that we provide to our customers.

4) Supplier-Related Management Activities

We are promoting ethical procurement for our logistic processes while enhancing the CSR procurement for our material purchasing processes. We believe that CSR procurement calls for improvements not through unilateral inspections, but rather by collaborative efforts aided by face-to-face communication. Among cooperating supplier companies, some have already started their own CSR procurement, using our methods and materials as a reference. It gives me great pleasure to know that we are contributing to the diffusion of CSR procurement.

5) Local Community-Oriented Management Activities

During fiscal 2010, we gave donations to the victims of the Great East Japan Earthquake and Tsunami and the New Zealand earthquake, and cooperated with disaster relief NGOs. We are also promoting our 'One Company, One Theme' movement dealing with the environment and biodiversity at each of our affiliates both in Japan and overseas. For details, please see the activity examples of our affiliates in *CSR Initiatives by Our Affiliates Around the World* (p. 27).

6) Shareholders and Investors

In fiscal 2010, consolidated sales revenue totaled 983.1 billion yen, a 4.2% increase over the previous fiscal year, thanks to higher sales in the Asia-Pacific region and exports to Xerox Corporation in the United States. In addition, as a result of pushing through cost-reduction measures and restructuring reforms, consolidated income before income taxes was 56.0 billion yen, up 177.6% year on year. I am pleased to report that there are no governance issues that require special attention at this time.

5. Awareness of Management Environment

We predict that demand for our products and services will remain strong despite the lingering uncertainties in our domestic business caused by the recent disaster and power shortages. For our overseas business, we would like to see the sales ratio grow by more than 50% in the next few years. We expect emerging markets, Europe, and North America to continue to demonstrate robust growth, although concerns about soaring crude oil, resource prices and other issues abound.

In addition, we are seeing new regulations being established to combat climate change, preserve biodiversity and correct social inequalities in international politics. We predict that the problems occurring on the CSR side of corporate activities will become increasingly imminent in the future and that the attention to services that enhance corporate value of customers will increase.

In this environment, I believe that sustainable growth can be achieved by fully executing all that is necessary to meet the expectations of society.

6. Fiscal 2011 Challenges

In light of the current circumstances described above, we strive to realize the business policies established for fiscal 2011 outlined below. These policies are the foundation supporting our sustainability management.

1) Globalization and Glocalization

We promote both globalization that aims to collaborate with and support each of our affiliates by promoting joint, worldwide marketing efforts as well as glocalization that consists of providing custom tailored solution services based on a deeper understanding of our customers' needs from both a global and local perspective.

2) Professionalization and Collaboration

In our sales territories, the management of local entities by international standards is expanding and, in particular, government procurement, which demands stringent ESG and disclosure, as well as CSR procurement are accelerating. Meanwhile, we will systematize our solution services based on our intimate knowledge of the sectors and operations of our valued customers and fortify personal relationships in domestic and overseas development, procurement, production, and sales functions with the aim of horizontally implementing the best practices of international standards throughout our sales territories for the benefit of our customers in their problem-solving efforts.

3) Provision of New Value With ICT

Office environments, the way documents are handled, and the work styles are largely changing as ICT (information and communication technologies) evolves. We will implement a new work style centered on the sharing and flattening of information with the standardization of documentation and information, management of integrated databases, and utilization of cloud computing services



within our company first, and then provide an actual, effective, and realized system to our customers.

7. Our Pledge to Provide Responsible Actions

I firmly believe that CSR is not just risk management, but management itself, or in other words, a value creation that will affect the future of both our company and society at large. This fiscal 2011 will be my fifth year as president, and in February 2012 we will commemorate the 50th anniversary of our founding. I want to see all CSR arrangements and preparations effected to date be applied steadfastly to our CSR management. I would also like all employees to consider what they should be doing for the company and face this challenge courageously with 360° sustainability as the keywords.

Finally, I do not want the suffering of the victims in the recent disaster to be in vain. We must continue to consider ways to contribute to a society where our customers, employees, partners, and local residents can live with peace of mind.

We will actualize work styles and office environments where diverse individuals can be fully engaged within our company first, and then provide new value to our customers.

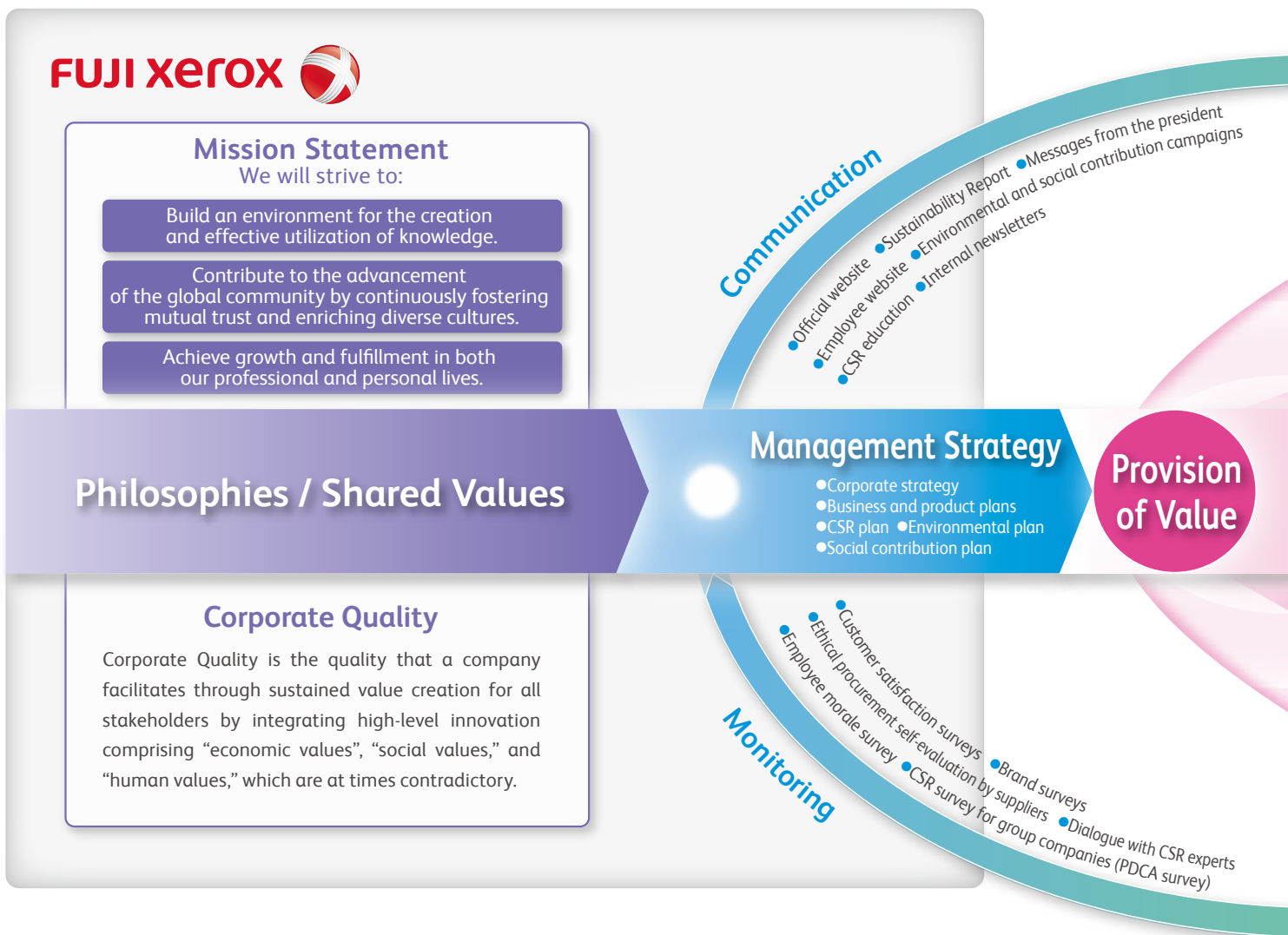
Our CSR Management Structure

Toward Achieving a Sustainable Society and Environment

Fuji Xerox is working extensively toward the goal of contributing to the sustainability of stakeholders and, beyond that, to the sustainability of society and the earth itself by promoting mutual understanding in society through the evolution of communication.

We feel that it is important, to this end, to be continually enhancing the values we provide to society as well as incorporating our stakeholders' demands and expectations into our management

practices in response to changes in society. Our aim is to continually contribute to the development of society based on the principle that 'CSR is synonymous with corporate management' to reform our own business through CSR activities, while also providing a fresh appeal for our stakeholders and continuously increasing our competitiveness.



CSR Management Framework

Fuji Xerox is in the process of emphasizing not only monitoring and communications but also building mechanisms to embed evaluations and feedback concerning our CSR activities into our management processes so that CSR will take root within the company.

1. Communication: Fuji Xerox is promoting dialogue with our stakeholders by exchanging information about our CSR activities through such means as our *Sustainability Report* and our website. Of these, we regard our *Sustainability Report* as one of the tools we use for communicating with our employees. This is because our officers and employees actively explain Fuji Xerox's thinking and actions to our customers and others, and we will further increase awareness of the

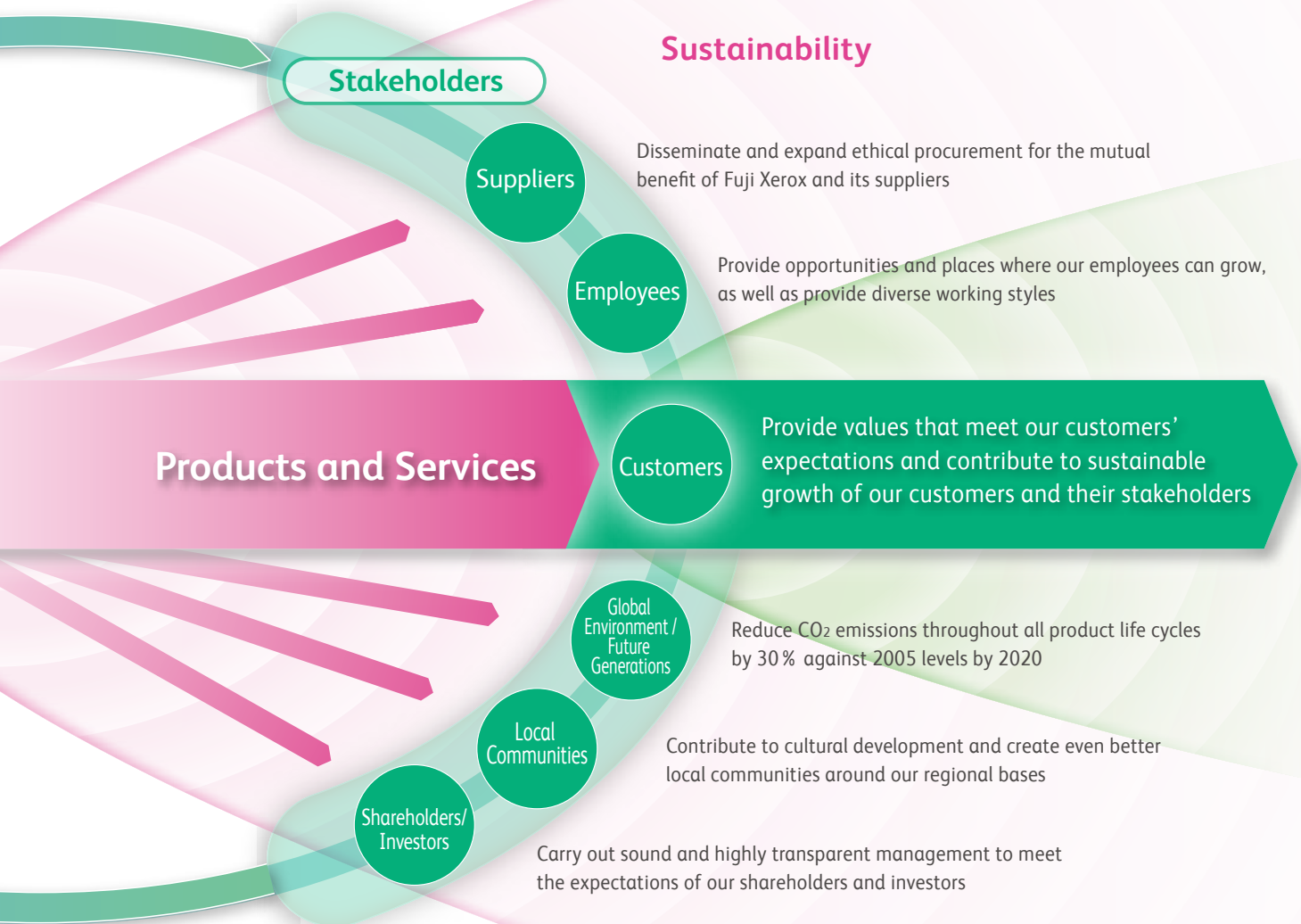
issues and ideas that are locally-grounded by expanding our points of contact with society, and this will enable us to deliver value to our stakeholders.

2. Monitoring: Fuji Xerox believes it is vital to take a quantitative and accurate snapshot as to what extent our business activities meet the expectations of stakeholders, and use the results to improve our business activities. To that end, we conduct an annual survey at our facilities and affiliates in Japan and overseas. The surveys include a customer satisfaction survey, employee moral survey and the Fuji Xerox internal CSR survey.

Management System That Promotes CSR

Fuji Xerox established a CSR Committee as one of the Corporate Executive Meetings in April 2010. The aim is to conduct management that integrates sustainability into our business operations. The CSR Committee goes beyond financial or business operation

perspectives, to more actively debate ideal CSR management at the managerial level. We believe that this enables Fuji Xerox to enhance competitiveness over the medium to long-term, and facilitate mutual development of both Fuji Xerox and society.



“Our business goal is to achieve better understanding among men through better communications.” Joseph C. Wilson

Priority CSR Themes

We are moving forward in fiscal 2011 with the themes described on the right with the aim of focusing on activities from the shareholder perspective.

Customers: Provide values in line with our customers expectations, which foster our customers' prosperity

Employees: Build an environment where all employees can fulfill their maximum potential

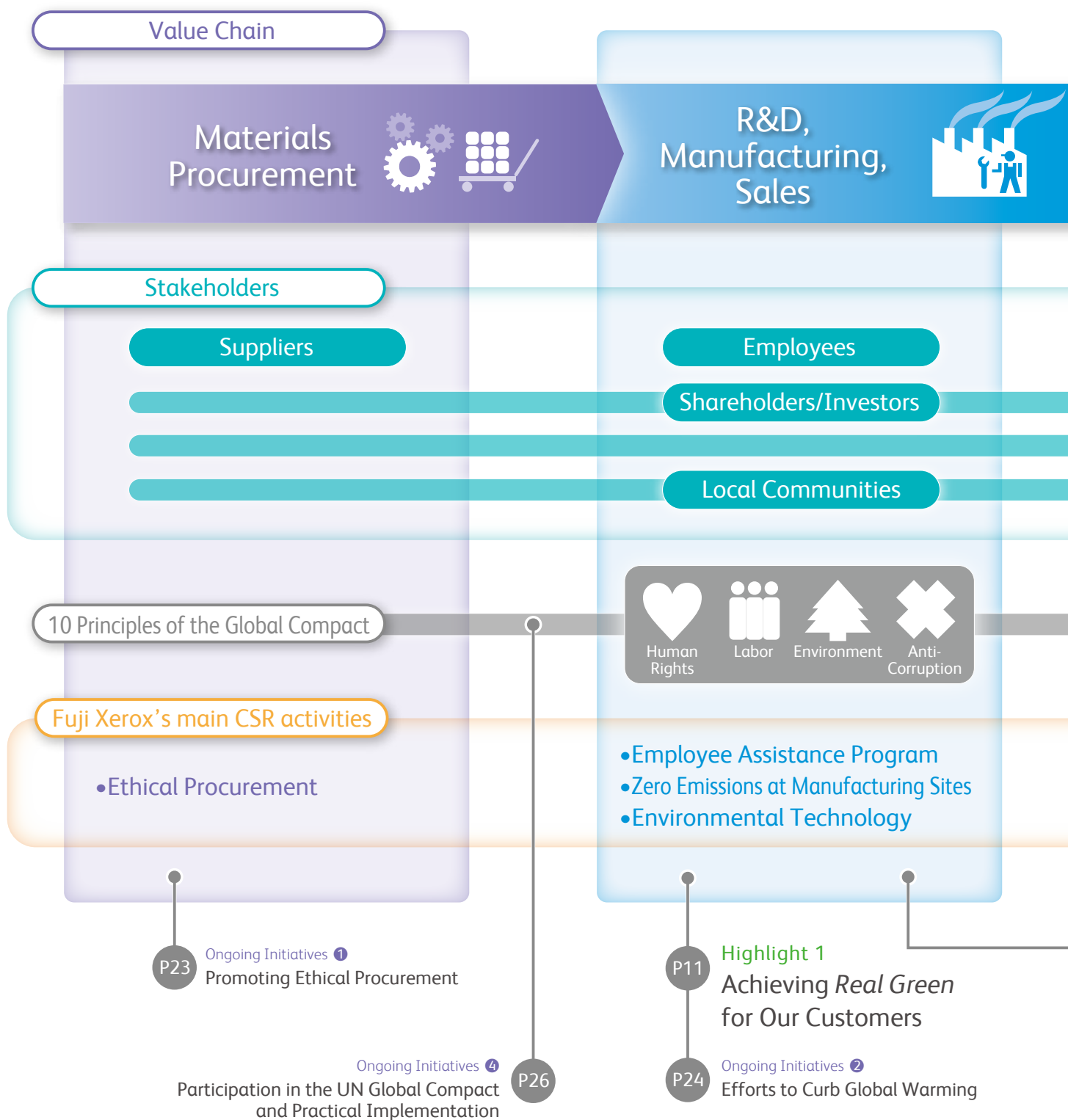
Environment/Future generations: Strengthen efforts toward environmental management that is integrated across the entire company

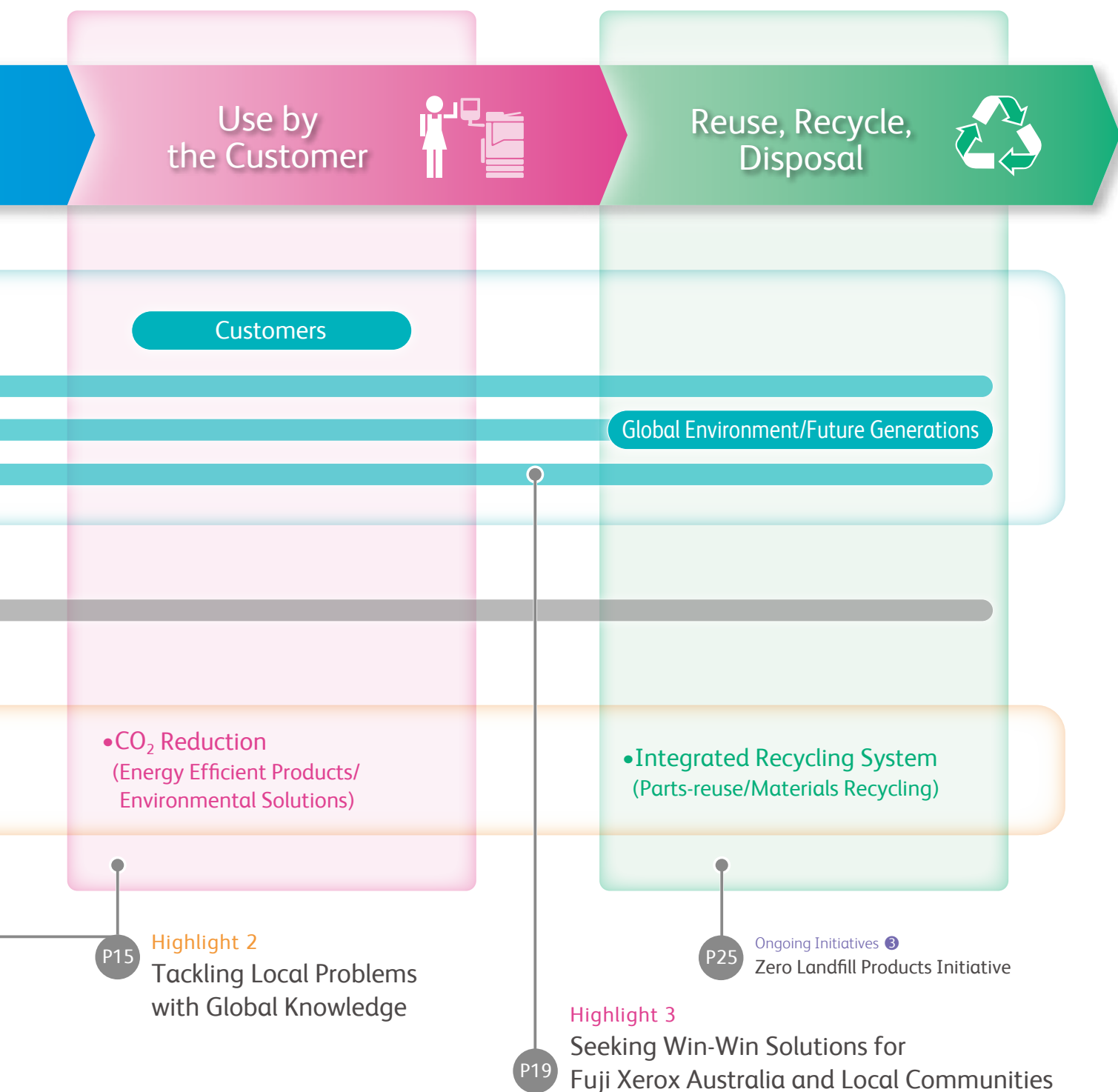
Suppliers: Strengthen our suppliers' engagement

Local communities: Contribute to positive social change through our business activities and societal participation by our employees

Fuji Xerox CSR Activities Throughout the Value Chain

We have created a summary of Fuji Xerox's main CSR activities at all stages of our business activities, from materials procurement all the way through to reuse, recycle and disposal (the value chain). We are determined to take responsible actions that create value for society throughout the entire value chain, and thus contribute to sustainable progress for our company and for society.







Highlight 1

Achieving *Real Green* for Our Customers

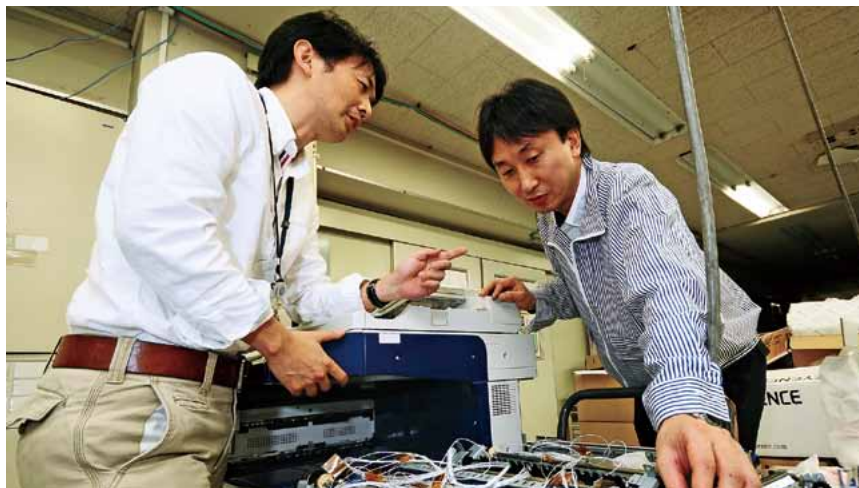
Passion for Value Creation



Fuji Xerox refers to its technologies, products, and services, which combine user-friendliness with highly environmental functions, as *RealGreen*. The ApeosPort-IV series is a *RealGreen* product that was realized by a group of engineers who believed that induction heat (IH) fusing technology should be at the heart of *RealGreen*, even after repeated setbacks and 10 years of development. In addition, EA-Eco Toner technology and LED light source system technology are equally essential to *RealGreen*.

These technologies became a reality because of passionately spirited Fuji Xerox engineers who thought outside of the box about ways they could contribute to our customers.

- Fuji Xerox's Objective for 2020 Greenhouse Gas Reduction targets..... **7** million tons annually of our customers' CO₂ emissions
- Number of times Fuji Xerox has received the Energy Conservation Grand Prize from Japan's Ministry of Economy, Trade and Industry **11** (consecutively)
- Start-up time for the ApeosPort-IV fusing device **3** seconds
(start-up time of previous models: 23 seconds)
- Energy savings with EA-Eco Toner **40** %
(compared with EA Toner)



Kiyoshi Iwai and Motofumi Baba engaged in debate on how to realize *RealGreen*.

Ideas Born in Pursuit of an Ideal

There is no shortage of products on the market that espouse being environmentally friendly. Yet even if a product has low energy consumption but causes users stress from a slow startup or consumes energy when not in use, then it is not really meeting the ideal that customers desire. Fuji Xerox's *RealGreen* design concept successfully embodies both ease-of-use and environmental friendliness in a single unit.

Creating a Multifunction Device with Zero Warmup Time

IH fusing technology is used in the ApeosPort-IV series, which went on sale in 2009 and is representative of our *RealGreen* designation. It goes without saying that nearly everyone has experienced the frustration of waiting for a multifunction device to warm up. The reason is that it takes the fusing device, which fuses toner onto paper, a certain amount of time to heat up. Previous devices used a halogen lamp for heat, which consumed a lot of energy, and took longer than 20 seconds to start up from the energy-saving mode. In many cases, customers would place preference on ease-of-use and would turn off the energy-saving mode so as to maintain pre-heating, which would cancel out any energy-savings effect.

IH fusing technology, on the other hand, uses magnetic field lines to heat metal, which can be done rapidly with the added benefit of almost no energy loss. When Motofumi Baba (Product

Development & Program Management III, Product Development Group) decided in 1998 that IH fusing technology was a must to realize *RealGreen*, he set an ultimate goal of zero warmup time through the concept of utilizing an IH fusing device.

"The moment you think something cannot be done, the possibility becomes zero," recounts Baba. "This is why I set an ultimate goal and went through countless trials and errors believing that we would achieve that goal."

Don't Give Up on IH Fusing Technology

After much trial and error, the Technology Development Team requested that the Product Development Group evaluate a prototype, but the response by the leader of fusing devices Kiyoshi Iwai (Marking Platform Development I, Device Development Group), and other internal specialists was harsh—the environmental friendliness was not balanced against the size and cost. Therefore, the request for development was rejected.

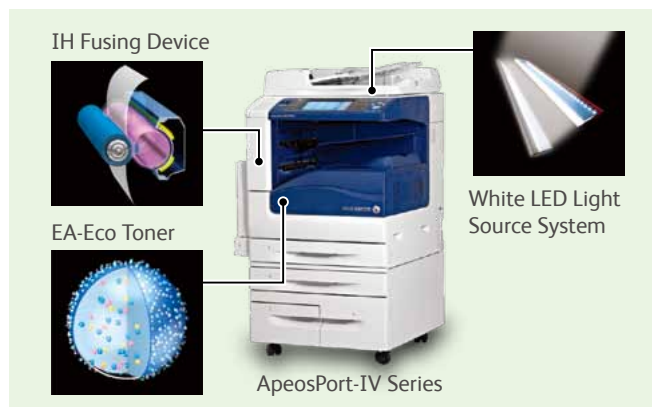
Baba and his colleagues went back to the drawing board, taking a look at matters from the user's perspective. They found that the time required from accessing the device to pushing the start button was more than three seconds. If the fusing device could start up in 3 seconds, then the effective waiting time for customers would be zero. Therefore, the target was set at 3 seconds.

From that point on, it was an uphill battle. The team successfully reduced the start-up time to 3 seconds, but many problems remained. In particular, it was difficult to gain ground in terms of reducing the size of the fusing device. A sinking feeling that the project would be frozen spread throughout the company. Tadahito Yamamoto, president of Fuji Xerox, who at the time was the executive vice president responsible for technology, knew that IH fusing technology was the best choice for realizing *RealGreen*.

"Don't give up so easily," Yamamoto espoused. "If you are having issues, then the entire company should work together to help you solve them," Yamamoto continued so as to boost motivation.

The task of making IH fusing technology viable in commercial devices fell to Kiyoshi Iwai, the person who had refused the IH fusing device development proposal several years earlier. This showed how committed the Development Group was to the IH fusing technology. Iwai focused on the miniaturization and stable mass production quality of product development. Baba, on the other hand, sought decisive superiority in terms of technology development. The two clashed on many occasions, but they also spent hours talking matters through to achieve a mutual understanding.

The green light to adopt IH fusing technology in the ApeosPort-IV series was given in 2007. Technology development members joined the product development team to commercialize IH fusing technology for the market, uniting the group toward a single purpose. The resulting technology was recognized for its contribution to environmental conservation and was awarded the top prize in the



Nikkei Global Environmental Technology Awards. It was the moment that recognized 10 years of relentless effort.

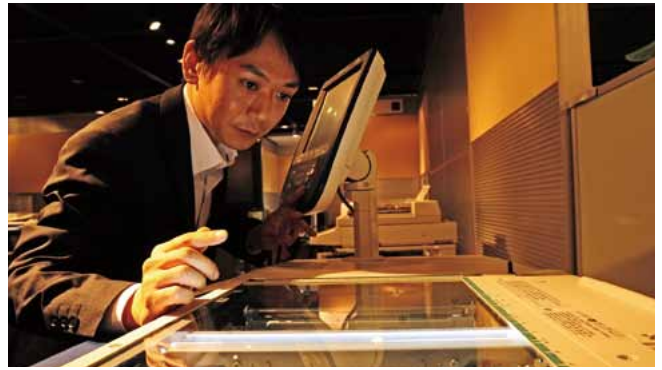
Think About How Each of Us Should Contribute

RealGreen is a common objective among the teams involved in technology and product development. Practical development of EA-Eco Toner technology preceded the development of IH fusing technology. Changing the main component of the toner from styrene-acrylate to polyester allowed a lower fusing temperature that resulted in a revolutionary 40% energy savings over the previous EA toner. However, the temperature of the IH fusing device in the new ApeosPort-IV series rises quickly, which requires a toner that can melt instantly. Takayoshi Aoki, the chief engineer of the Marking Materials Technology Group, took the essential aspects of EA-Eco Toner and, in a short period of time, developed a toner that could be used in the new series, which contributed to moving the project forward. Even as each person on the project team brought their own particular set of skills to the project, veteran engineers worked on new and difficult developments to support the mid-career and young engineers in their challenges toward *RealGreen*.

When Hideo Takeuchi (Device Controller Platform Development, Device Development Group at the time) learned about the decision to use IH fusing technology to achieve a 3-second start-up time, he began working on improving the light source—a xenon lamp that took 8.5 seconds to start up. He proposed switching to an LED light source, which he had not worked with before. He managed to develop a white LED light source system in one year, solving the significant challenge of color and brightness consistency and achieving a 2.5-second start-up time.

“Even though obstacles arose one after another, my fellow developers reached out beyond the typical interdepartmental barriers and encouraged me with words such as ‘meeting this high level objective is naturally tough’ and ‘it’s always the darkest before dawn,’” says Takeuchi.

Such actions were not the result of directions from the president or executives; rather, the engineers considered how they could contribute to realizing *RealGreen* while rallying around the idea of IH fusing technology. With these engineers, they were able to create a revolutionary new product.



Hideo Takeuchi in the process of improving the light source.

Synchrony With Faces of Pleased Customers

“*RealGreen* objectives have been set incredibly high,” says Baba. “We butted heads right from the start about the R&D process, becoming a team only when we united under a mutual desire to see faces of pleased customers. I realized that, when the vectors are in line, Fuji Xerox generates some truly incredible power.”

The four models of the ApeosPort-IV series and the four models of the DocuCentre-IV series (8 series, 11 products in total) are full-color multifunction device products equipped with IH fusing technology, EA-Eco Toner, and a white LED scanner. The highly innovative IH fusing technology in these products, combined with user convenience and improved energy-saving features, earned Fuji Xerox the Ministry of Economy, Trade and Industry Minister’s 20th Energy Conservation Grand Prize in the Energy-saving Machines and Systems category.

RealGreen represents Fuji Xerox’s resolve, and we are committed to perpetually testing that resolve.



Motofumi Baba
Product Development & Program
Management III
Product Development Group

I used to think that my technologies might become obsolete by the time they reached the market. However, in the process of creating our IH fusing technology, my thinking changed from matching things in prediction of the future to Fuji Xerox creating the future. The important thing is not competition or what other companies are doing, but looking at the future where no one has gone before and providing value to the world in ways that only Fuji Xerox can.



Kiyoshi Iwai
Marking Platform Development I
Device Development Group

I had been responsible for seven different fusing devices until this project, and I thought I had seen new technology for each one. However, when I took the unique IH fusing device into my hands, I understood the true meaning of the word “innovation.” I hope young engineers will develop a passion to take on similar challenges with their will, so as to say “I was able to change the world.”



Takayoshi Aoki
Chief Engineer of the Marking
Materials Technology Group

The goal we set was something that had been discussed from the earliest days of Xerox, and the fact that we would be working on a pioneering technology made us rise to the occasion. I may have been most emotionally committed to realizing the goal, but we succeeded because of my colleagues who felt the same way. The term *environment* will be an important keyword from now, so I hope young engineers will develop proper environmental knowledge based accurate data.



Highlight 2

Tackling Local Problems with Global Knowledge

CSR Initiatives at the International Business Group and Fuji Xerox Malaysia



Sharing and utilizing the various CSR perspectives and experiences within Fuji Xerox affiliated companies is vital toward building a sustainable society with our customers. Accordingly, the International Business Group (IBG) is ramping up its communication and mutual support among overseas sales companies to better help their customers practice socially responsible management. Following suit, Fuji Xerox Malaysia has also begun to treat CSR as an opportunity to strengthen ties with its customers in its own unique way. As its employees explore the meaning of sustainability, their scope of awareness is expanding beyond customer support to increasingly address the question of “What can we do to help Malaysia solve its social problems toward building a sustainable society?”

- The percentage of CEOs worldwide who say they are sensing a shift in consumers’ preferences toward environmentally and socially responsible businesses **64%**

* From PricewaterhouseCoopers 13th Annual Global CEO Survey (a global survey of 1,198 companies).

- One of three main pillars that the Malaysian federal government is pursuing in its New Economic Model **Sustainability**

- Number of CSR champions at overseas sales companies **12**

- Number of customer fairs held by Fuji Xerox Malaysia to introduce sustainability and increase awareness of the global environment (fiscal 2010) **5**



Fuji Xerox Malaysia internal training for introducing Fuji Xerox environmental activities as well as the products' environmental features.

‘Market Evolution’ in the Asia-Pacific

In its *15th Corporate White Paper* (2003), the Japan Association of Corporate Executives predicted the coming of an age where markets would evaluate and select companies based on non-economic value in addition to financial performance and the price/functional competitiveness of products. This “market evolution” is beginning to emerge in the Asia-Pacific region. A growing number of governments and leading companies in forerunning countries such as Australia, New Zealand, Singapore, and Hong Kong, as well as China, Malaysia, and Thailand, are increasingly giving preference to suppliers with a CSR commitment when procuring their goods and services. Publication of ISO 26000, a standard that provides organizations with guidance on social responsibility, is currently spurring this movement.

Such social change is having a major impact on corporate business strategies. According to one survey, 64% of CEOs worldwide say they are sensing a shift in consumers’ preferences toward environmentally and socially responsible businesses.

International Business Group’s (IBG) Sustainability Project

In 2010, Fuji Xerox’s IBG launched the Regional Sustainability Project in a bid to communicate to customers the importance of socially responsible business management. This project aims to accumulate best practices and know-how from the sales companies in various countries to strengthen CSR-oriented proposals to customers, thereby efficiently boosting sales throughout the group.

In December 2010, IBG hosted a Sustainability Workshop in Singapore, bringing together presidents, sales managers in charge of promoting CSR, and other members from the 12 sales companies operating in the Asia-Pacific region. For two days, they shared ideas and experiences centered on the theme, “What must sales companies do to contribute to the socially responsible management of our customers’ businesses?” They decided to share the CSR activities that Fuji Xerox developed in its own value chain—from component procurement, manufacturing, and sales, to end-use, reuse, and recycling—with customers.

CSR Initiatives at Fuji Xerox Malaysia

Prior to IBG’s project, the sales companies had already begun working on their own separate initiatives.

Malaysia, with its rapid industrialization and economic growth, has been tagged the “tiger” of Southeast Asia along with Singapore. The country is politically stable despite being a polyethnic society, and it is rich in oil, natural gas, and other resources. Yet Malaysia struggles with a range of social problems that include a talent vacuum, regional and ethnic inequality, and environmental degradation caused by rapid development.

Fuji Xerox Malaysia, responding to the burgeoning interest in global environmental conservation in Malaysia, has been making greater efforts to heighten environmental awareness, including hosting customer fairs that focus on the global environment as well as opening environmental showrooms.

“Participating in IBG’s project, I was encouraged to find that all companies were heading in the same direction,” says Masahiko Saito, managing director of Fuji Xerox Malaysia. “At the same time, I also learned from the example projects of the more advanced companies in the group that we need to work toward sustainability in a broader sense.”



Masahiko Saito
Managing Director
Fuji Xerox Malaysia

Theven Sivanantham, general manager, Business Operations Divisions and a CSR champion, approached Dorris Neoh, general manager, Major Account & Business Development Operations, about talking with customers on the theme of sustainability, believing it would attract interest. He found that a huge CSR wave was poised to hit the business world in Malaysia, especially among publicly listed companies. This follows the Malaysian government’s drive since 2004 to encourage companies to include social responsibility in their business strategies. Malaysia’s New Economic Model, announced in 2010, has become the centerpiece of this movement. The Model identifies sustainability as one of three major pillars, positioning socially responsible management as the key to reform that will bring about a higher income for all Malaysians. It also proposes tax incentives for companies practicing CSR. The Bursa Malaysia stock exchange launched its Corporate Social Responsibility (CSR) Framework in 2006, and made it a requirement for all listed entities to include a detailed account of their CSR activities in their annual reports. In 2010, Bursa Malaysia also launched a Business Sustainability Program to demonstrate to companies the relevance of sustainability as well as how to practice sustainability. The Program consists of a sustainability guide for directors, a knowledge portal, a project matching facility and thought leadership sessions.

Growing Customer Expectations

In response to these developments, publicly listed companies and major corporations in Malaysia are beginning to implement and disclose information on a wide range of CSR activities, including environmental friendliness, human rights and labor management, anticorruption, the local community, and ethical procurement.

One of Dorris Neoh’s customers commented that the Malaysian

federal government is trying to steer business sharply toward sustainability, but in reality most sustainability activities are about philanthropy, donations, or environmental solutions. More substantial themes such as human rights, labor standards, and supply chain considerations will without doubt attract more attention in the near future. The customers continued that Fuji Xerox's activities will provide them with a number of clues, and believe that they can build a better Malaysia together by making their businesses more meaningful to society.

Saito was greatly encouraged by this comment when he heard it from Neoh. The Malaysian market is steadily advancing toward globalization, and Fuji Xerox's long-emphasized approach of prioritizing stakeholders and incorporating sustainability into all stages of its value chain has proven to be exactly what Malaysia needs.

Employee-Driven CSR

In January 2011, CSR champion, Theven Sivanantham, launched a Sustainability Taskforce comprised of employees from the public relations, environmental management, human resources, quality control, and global services departments. The taskforce's goal is to formulate a plan to educate employees and expand sustainability initiatives to customers' operations. "The real substance of CSR can only be created with employees in the field," said Saito, looking back on their meetings. "The fact that employees organized this taskforce proactively under the leadership of Theven gives me great confidence that our CSR vision is being shared by our staff. I have enjoyed watching them discuss CSR with such passion and energy."

Erica Tan, Team Leader, Marketing & Communications and a core member of the taskforce, designed a new billboard advertisement that prominently displayed the key word 'sustainability' on it. She also expanded the focus of customer fairs from the environment to sustainability, and arranged presentations on sustainability initiatives being carried out at all Fuji Xerox companies, in addition to an exhibit on resource recycling systems. Customers showed a keen interest in the information that these events provided.

In April, the Sustainability Task Force presented its activity plan to Saito and gained his approval. Then in June, the group refined the plan and moved to the next stage of implementation. The activities they proposed embody the passion that each taskforce member has toward their work.

Aspiring to Become a Company That Contributes to Malaysia's Future

When undertaking CSR activities, it is important to think globally, but act locally toward specific goals. Fuji Xerox Malaysia believes the key to its social responsibility in Malaysia is to learn from what other affiliated companies are doing in their respective countries, then tailor its own activities to Malaysia's market and social context. "Employees came to life when they realized that sales activities grounded in sustainability are better for their customers' businesses and can help solve Malaysia's social and environmental problems," Saito said. "This is because they sense the purpose of sustainability—what it accomplishes for all of us. Nurturing employees by taking pride in them and encouraging them lead not only to their own growth but also to the company's growth and to better sales quality. We hope to draw on the wisdom of other affiliated companies and establish ourselves as a well-trusted company in Malaysia."

Saito strongly believes that the best way for Fuji Xerox Malaysia to contribute to societal growth is to tap into the knowledge and diverse resources that group companies have accumulated to date and work with customers to practice socially responsible management that addresses the social and environmental problems unique to each country and region. Twelve overseas sales companies will have 12 different methods for implementing CSR according to their own markets based on a globally shared philosophy. He truly believes the road to sustainability at Fuji Xerox is endless.



Dorris Neoh
General Manager, Major Accounts &
Business Development Operations
Fuji Xerox Malaysia

I believe that supporting the socially responsible management of our customers' businesses strengthens not only our own business, but also our customer relationships.

A sustainable perspective is vital for making this world a better place. Another important aspect is the manner in which each employee incorporates sustainability into their work and tackles sustainability as their own problem. I believe we, the employees of Fuji Xerox Malaysia, could make Malaysia a better country if each of us communicated more with our customers and encouraged them to become more sustainable.



Erica Tan
Team Leader
Marketing & Communications
Fuji Xerox Malaysia

Every time I participate in an IBG workshop or watch the reactions to the sustainability activities of our customers' businesses, I feel that we can solve many of the social and environmental problems out there by working together with our customers. On a personal level, I want to gain a deeper understanding of the social issues in Malaysia, think about them and practice what we need to do as a company, and while expanding a circle of many employees and customers who feel the same way, do everything I can so that our children can live a happier life in Malaysia.



Koh Lian Pen
Deputy Manager
Quality Management
Fuji Xerox Malaysia

Most of the interest our customers show toward Fuji Xerox's sustainability activities is directed at activities that other group companies are doing. If Fuji Xerox Malaysia does not become a company that proposes innovations and solutions to our customers based on our own realizations and experiences, we will never gain their trust. My goal is to learn from other group companies and upgrade our internal environmental management approach to demonstrate to customers how they can strengthen their own approach.



Highlight 3

Seeking Win-Win Solutions for Fuji Xerox Australia and Local Communities

Creating a Society Based on Mutual Support



Fuji Xerox Australia has been at the forefront of CSR activities for the past 30 years, and it is now leveraging this experience to support the youths. Currently, Australia is facing a serious educational vacuum, especially among 30 % of its 15-year olds. As education has a tremendous impact on the future lives of teenagers as members of society, Fuji Xerox Australia, since 2006, has been cooperating with nonprofit organizations to support the education of youths in Australia. At present, employees serve as mentors for local children and teach them how to read and write. Moreover, they use their experience and skills gained in the workplace to help students determine their career path as well as other important life choices. This Highlight depicts Fuji Xerox Australia's local community activities that reinforce the development of teenagers into future leaders.

- Percentage of Australia's 15-year olds **30 %**
having less than desirable literacy skills

* From The Common Cause Report, 2009; Australian Bureau of Statistics

- Number of Fuji Xerox Australia employees **188**
who served as mentors

- Percentage of Fuji Xerox Australia mentors to all employees **8 %**

- Number of schools accepting Fuji Xerox Australia mentors **27**

- Number of students participating **307**
in the ABCN mentoring program
(Fiscal 2010)



Willy Picardi, a Fuji Xerox Australia employee mentor, uses his own experiences to guide his students (GOALS).

Lack of Role Models at the Root of Social Problems

Australia is currently facing a serious educational vacuum. According to government statistics from 2009, 25 % of all school-leavers aged 15 to 19 are not fully engaged in either education or employment. In addition, approximately 30 % of Australia's 15-year olds have less than desirable literacy skills.

At the root of this problem is an increase of households that are unable to get fully engaged in the education of their children due to economic hardship, which has resulted in a shortage of role models. Youths who drop out of school before the age of 15 have few employment options, and in many cases, even if they find work, they are disadvantaged in terms of working conditions.

The presence of such socially disengaged youths imposes a substantial burden on Australian society. The social costs including unemployment benefits and lower tax revenues are estimated to total approximately 2.6 billion Australian dollars annually. In terms of business, the lack of basic literacy skills has a negative impact on productivity and the quality of the workforce, and causes a deterioration of international competitiveness. One solution for achieving sustainability in Australian society is for the private sector to leverage its skills and knowledge to contribute to the education of children and young people.

Fuji Xerox Australia Employees Take on the Role of Child Mentors

Under the Australian educational system, those who face the greatest risk of suffering setbacks are said to be primary school students and ninth graders. The Australian Business and Community Network (ABCN) is one of the most active nonprofit organizations working to support children in these age groups to prevent them

from dropping out of school and becoming disengaged from society. ABCN was established in 2004 to provide a framework for businesses to act in ways that have a more positive impact on the community. ABCN offers programs including SPARK, which focuses on supporting primary school children to improve their reading literacy, and GOALS, which supports ninth graders in making important life choices.

Fuji Xerox Australia joined ABCN in 2006, and senior management has actively participated in ABCN activities from the beginning. Of the 29 member companies, Fuji Xerox Australia is now ABCN's biggest supporter.

GOALS (Growing Opportunities and Learning Skills Program)

In the Australian educational system, the ninth grade is a crucial period for the students' future lives. Under the GOALS Program, mentors serve as role models to provide specialized support to students in this age group. The objective is to remove students from their daily environments and bring future possibilities to their attention in areas such as setting goals, communication, and preparing for the workplace. One of the main features of this program is showing students the importance of daring to have a dream and devoting themselves with full confidence to achieving their goals.

The most important thing for the mentors is commitment to the students. If the mentor fails to attend regularly, the students lose enthusiasm and often drop out of the program. Mentors must perform their role with focused determination.

One day, nearly 20 students from Thomas Reddall High School gathered at Fuji Xerox Australia's office in Sydney. The mentors divided the students into small groups and began a session on setting specific goals. To achieve their goals, the groups first discussed what it means to be successful, then talked about what they need to



Jane Andrews, a Fuji Xerox Australia employee mentor, gives her student advice on achieving goals (GOALS).

do to be successful. In the final step, each student thinks about his or her own goals and takes notes on how to achieve these goals based on advice from the mentors. Instead of having vague dreams, the students learn how to move onto the planning and action stages.

Willy Picardi, a Fuji Xerox Australia employee mentor, uses his own experiences to guide his student. When Fuji Xerox first interviewed Willy for a job, he was so nervous that he said “Hello” when he shook hands with the interviewer at the end the session. He explains to the students in a fatherly manner that we all make mistakes, but what is important is learning not to be embarrassed and how to react to our mistakes.

Many of the students who participate in the GOALS Program improve their communication skills and increase their enthusiasm toward learning at school. One female participant commented with a happy smile that her mentor listened to her life goals, and that no other adult had ever taken her life seriously. She mentioned that someday she would like to work in fashion, and to achieve that she plans to study and go to college.

Making Use of Community Contribution Experiences at Work

More and more companies are encouraging their employees to participate in programs that benefit the local community, and in some cases they grant paid leave to enable employees to take part in such programs. Fuji Xerox Australia treats mentoring activities conducted by employees during working hours as official work, and above all else, top management actively encourages participation.

What is the benefit from the partnership with ABCN?

Beth Winchester, head of human resources at Fuji Xerox Australia, points out that the enhanced knowledge that mentors gain through the mentoring experience, such as the importance of listening and problem-solving skills, overlaps with the skills necessary for management, making the mentoring program an excellent opportunity for employee training. Furthermore, explaining one’s experiences to students who listen enthusiastically as well as supporting the students’ futures generate a feeling of pride and happiness on the part of the mentors that goes beyond words. This confidence has a positive impact on the employee’s attitude and has a positive effect on work.

At Fuji Xerox Australia, achieving work goals depends on self-management by the employees. The number of hours a day that employees spend sitting at their desks is not important.

Creating a Society Based on Mutual Support

Fuji Xerox Australia puts into practice the concept of social inclusion. The aim is to create a sustainable society that embraces each person without alienation. Fuji Xerox Australia’s initiatives can serve as valuable learning opportunities as well as encourage other affiliates facing similar social issues. Although there is a limit to what each person can do, Fuji Xerox Australia hopes to reconnect people in the community and always be a company that is fondly embraced by society. Fuji Xerox Australia’s CSR activities continue to be at the forefront of making a difference in society.

Spark (Primary School Reading Program)

If children are unable to read while in primary school, not only will they become negative about learning they will also lose self confidence. The Spark program provides support where children can first learn to read and then gain understanding.

Students learn and gradually regain their self-confidence in the “cocoon of trust” that Fuji Xerox Australia employee mentors create.



Nick Kugenthiran
Managing Director
Fuji Xerox Australia

Although Fuji Xerox Australia is the smallest enterprise among participating companies in the ABCN program, we are widely known for our passion in giving back to society. In fact, those who volunteer for the program are our busiest employees, but their work performance is outstanding. I believe that our customers feel our employees are fully energized and motivated. It is true that the more you give, the more you receive.



Daina Byrne
Client Operations Manager
Fuji Xerox Australia

I spend a few hours per month in the ABCN program. It means a lot to me and I feel truly valued by the students. Although I miss a few hours of work on the days I am involved with the program, I do not mind working extra hours on those days. In addition, the program is a good training ground for me, as I have a personality that prefers a structured life, and in the program, you never know what might happen. I am proud to say that I work for Fuji Xerox, which provides me with this valuable experience.



Jacqui Jones
National Program Manager
ABCN

Each child has potential. Our task at ABCN is to help our children break down the “I can’t do it” mentality, which may be due to their financial or living environment. Among the mentors from different corporations, Fuji Xerox people make me smile, because they are friendly, enthusiastic and so willing to share what they do at work. Teenagers in particular like having Fuji Xerox mentors because children of that age group are interested in technology and they can make an easy connection between the familiar photocopiers they see at school and the people who sell them.

Promoting Ethical Procurement

Special Features of Fuji Xerox's Initiative

At Fuji Xerox, we promote ethical procurement to establish mutually beneficial relationships with our suppliers by sharing CSR-related values and objectives. Our aim is to build relationships where we learn together and grow strong together while minimizing risks connected to the environment, human rights, labor, and corporate ethics.

Based on these principles, we have worked since 2007 to ensure that compliance rates among our suppliers are at least 90 % for items

potentially posing serious risk. We provide a Management Guideline and Self-Checklist to our suppliers so they will engage independently with CSR, while our team of experts visit and check the actual onsite status. We also offer assistance to each company in the form of ongoing face-to-face consultations to support them in their efforts to make improvements. Since 2008, we have expanded our ethical procurement activities to include logistics as well as device suppliers.

History of Fuji Xerox's Initiative



Fiscal 2010 Performance

Our aim is for all suppliers to achieve compliance on at least 90 % of the most important items (57 items); however, some new suppliers were unable to achieve this figure, and the compliance rate subsequently slipped.

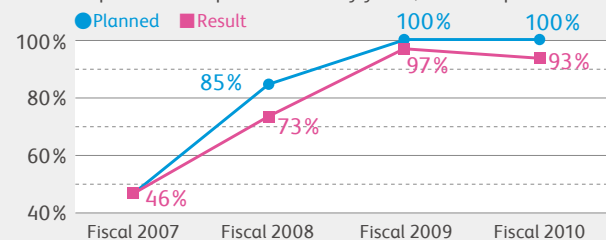
To support our suppliers' efforts, we held executive seminars in Tokyo, Shenzhen, and Shanghai. Furthermore, our team of experts (comprised of members from the HR, Legal, CSR, and Procurement Departments) visited some suppliers with high rates of compliance to learn about their best practices, and looked at ways of transferring such methods to other suppliers.

The suppliers that we visited understood our ethical procurement scheme well, and shared our values to the extent that they have begun a visit and check program for their own suppliers (Fuji Xerox's second tier suppliers), thus expanding Fuji Xerox-style ethical procurement further down the supply chain.

Working in collaboration with Fuji Film Logistics, the Ethical Procurement Program in the logistics sector was expanded to five domestic companies that oversee customs processing for imports and exports to and from Japan, as well as to all primary freight companies and offices. Our target was for at least 50 % of these companies and offices to have compliance rates of 90 % or above on the most important items (100 items). This target was achieved in 67.6 % of the primary companies .



This graph shows the percentage of companies and offices achieving 90 % compliance on important items by year. (materials procurement)



Summary of Fiscal 2011 Initiatives

In 2011, we intend to carry out a visit and check for our procurement at the Chinese bases of Japanese companies that have not yet been subject to sufficient scrutiny, and establish a system to continually transfer the methods of our best practice suppliers to all suppliers. In the logistics sector, we will distribute the Self-Checklist to first-tier partner companies and offices both domestically and overseas to gain further understanding of the current status of their activities regarding the environment, human rights and labor standards, and business ethics. .

The halt in the supply of materials such as consumables brought about by the Great East Japan Earthquake and Tsunami has necessitated some radical rethinking, and we are currently working on a Business Continuity Plan (BCP) that looks at this issue. We continue to strive to build a supply chain that integrates high product quality, cost and delivery (QCD) and CSR standards.



•Links to Articles in Previous Reports
<http://www.fujixerox.com/eng/company/sr/2011/backnumber.html>

•Learning about CSR Hand-in-Hand With Business Partners (2007)
 •Synergetic Exchanges Beyond National and Corporate Borders: The Evolution of Ethical Procurement (2008)

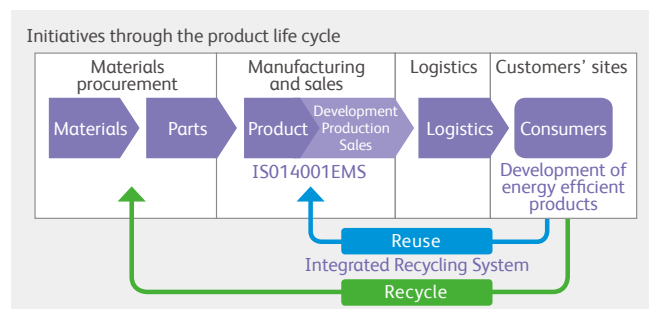
Efforts to Curb Global Warming

Special Features of Fuji Xerox's Initiative

At Fuji Xerox, we believe that our responsibilities extend to the environmental impact of our business activities at every stage of the value chain, thus we are continuing to take steps to reduce CO₂ emissions. Since most such emissions across the entire value chain result from customers using our products, we have devoted a great deal of effort to developing energy-saving multifunction devices and printer products. This has enabled us to expand our range of low-speed, high-speed, color and monochrome products with energy-saving models.

In addition, to contribute to the CO₂ reduction on a global scale, we have reviewed the role and responsibilities set out in 2009 for emissions reduction and set 2020 Greenhouse Gas Emissions Reduction Targets. It is our aim to prescribe reduction targets for fiscal 2020, a point at which we can conceive

attainable scenarios and important items for us to focus on, and to achieve these reduction targets in every possible area of our business.



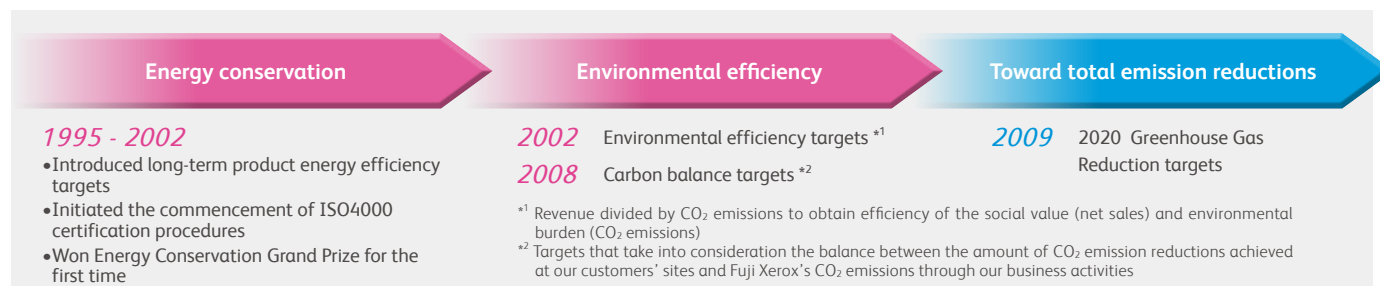
< 2020 Greenhouse Gas Emissions Reduction Targets >

- A 30 % reduction from fiscal 2005 levels in CO₂ emissions over the entire life cycle of Fuji Xerox products by fiscal 2020.
- A reduction in our customers' annual CO₂ emissions by 7 million tons by fiscal 2020.

< Priority measures >

1. Develop and diffuse products that illimitably reduce their environmental burden at the point of use by the customer.
2. Build low-carbon production systems including our entire supply chain.
3. Provide solutions to integrally reduce the environmental burden imposed by our customers' offices.
4. Develop communication technologies that enable new ways of working for a low-carbon society.

History of Fuji Xerox's Initiative



Fiscal 2010 Performance

We identified the functions responsible for implementing actions to achieve the 2020 Greenhouse Gas Emissions Reduction Targets and examined what has to be achieved at each stage. Through a Environmental Burden Visualization Task initiative, we planned a system to substantially improve the accuracy of the environmental burden assessment and made preparations for its launch in fiscal 2011. Also, in fiscal 2010, we began offering products equipped with the Environmental Burden Monitoring System, a new function that enables customers to visualize the power consumed by an entire office in terms of CO₂ emissions.

Summary of Fiscal 2011 Initiatives

Having established the 2020 Greenhouse Gas Emissions Reduction Targets, we now intend to move steadily forward with our plan to reduce CO₂ emissions of the overall Fuji Xerox life cycle by 30 %, and to identify new solutions and new ways of working to enable a *7-million-ton reduction in annual CO₂ emissions by our customers*. In fiscal 2011, we are also maximizing measures to deal with electricity consumption in the peak summer period, and we envisage that such measures will link well with our broader plan for meeting the 2020 Greenhouse Gas Emissions Reduction Targets.



- News Releases <http://www.fujixerox.com/eng/company/news/2011>
 - Fuji Xerox IH Fusing Technology Receives Award for Excellence in FY 2010, Nikkei Global Environmental Technology Award' (November 11, 2010)
 - Development of New Low-Gloss Black EA-Eco Toner With High Energy-Saving Performance (December 14, 2010)
 - Fuji Xerox Develops a System to Monitor Environmental Burden by Visualizing Power Consumption in the Office (January 20, 2011)
- Links to Articles in Previous Reports <http://www.fujixerox.com/eng/company/sr/2011/backnumber.html>
 - Innovative Service Business Helps Reduce Environmental Burden Generated by Offices (2010)

Zero Landfill Products Initiative

Participation in the UN Global Compact and Practical Implementation

Special Features of Fuji Xerox's Initiative

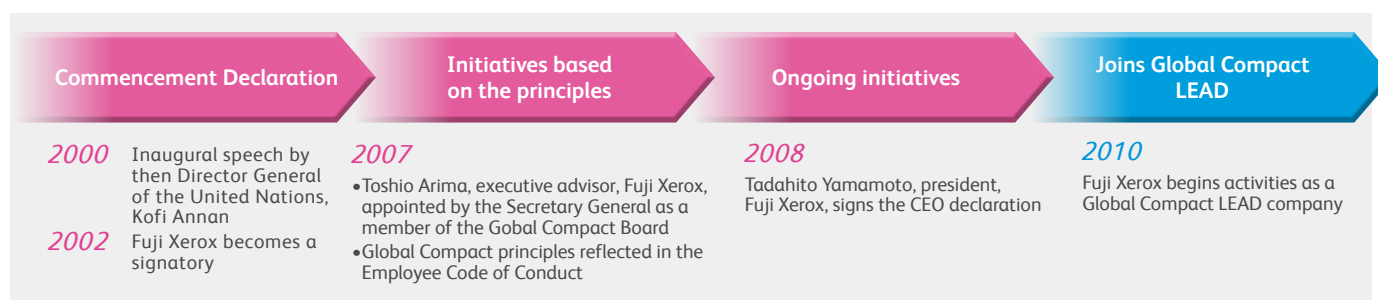
Fuji Xerox supports the principles of the Global Compact* proposed by the United Nations, and has been a signatory since 2002. Since Fuji Xerox and its affiliates view the principles of the UN Global Compact as being fundamental to our own CSR values, we applied these principles in the fiscal 2007 revision of the Employee Code of Conduct. These guiding principles are also an important element in our work with suppliers on ethical procurement.

In fiscal 2008, Fuji Xerox became a signatory to the Global Compact CEO Statement, which declares that "We also reiterate our own commitment to respect and support human rights within our sphere of influence. Human rights are universal and are an important business concern all over the globe."

Fuji Xerox top management's commitment and proactive measures implemented to date were recognized by the UN Global Compact, and thus Global Compact invited Fuji Xerox to be a new project member of Global Compact LEAD, comprised of 55 leading sustainability companies worldwide. The expectation is that LEAD companies will show leadership on a global scale to expand the reach of the Global Compact. In the future, we will continue to utilize the UN Global Compact as an effective human network for learning about CSR best practices across the globe and promoting CSR activity at Fuji Xerox.

*The UN Global Compact details 10 basic CSR principles relating to global protection of human rights, the elimination of abusive working practices, consideration for the environment, and the elimination of corruption, with signatories being required to take proactive steps toward realizing these principles.

History of Fuji Xerox's Initiative



Fiscal 2010 Performance

Major activities in fiscal 2010

- Supported Global Compact New York Office and Global Compact Japan Network by providing office staff.
- Co-chaired the Supply Chain Subcommittee at the Global Compact Japan Network, initiating wide-range discussions on what constitutes ethical procurement, effective methods for realizing ethical procurement, and common tools.
- Presented Fuji Xerox's ethical procurement activities at the Japan-China-Korea Roundtable Conference that took place in August at the Expo in Shanghai.
- Commenced activities as a UN Global Compact LEAD company.



Toshio Arima, executive advisor, Fuji Xerox, with the Secretary General of the UN, Ban Ki-Moon, at the Global Compact Japan Network Breakfast Meeting (Tokyo, Japan).



The 1st LEAD conference (Atlanta, USA)

Summary of Fiscal 2011 Initiatives

In fiscal 2011, Fuji Xerox will join forces with other LEAD companies to implement measures to drive CSR forward globally, and will aim to provide global leadership for achieving practical implementation of the UN Global Compact's 10 principles.

10 Principles of the Global Compact

Human Rights	Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.
	Principle 2:	
Labour	Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4:	the elimination of all forms of forced and compulsory labour;
	Principle 5:	the effective abolition of child labour; and
	Principle 6:	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7:	Businesses should support a precautionary approach to environmental challenges;
	Principle 8:	undertake initiatives to promote greater environmental responsibility; and
	Principle 9:	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.



Fuji Xerox is at the Stage That Connects Us to Society

Fuji Xerox is made up of 62 companies with 42,529 employees (as of March 2011, consolidated) in Japan and the Asia-Pacific Region.

Our executives and employees at each of our companies, who share our group's fundamental values, are coming to grips with issues in their local communities and putting into practice CSR initiatives that meet those ends.

We would like to introduce some of the most vigorous initiatives underway at our affiliates.

Fuji Xerox Shanghai

Manufacturer in Shanghai:
1,841 employees

Helping support local senior citizens

Fuji Xerox Shanghai greatly values its relationship with the local community. In particular, the *Jiangchuan Community Hongliu Neighborhood Committee* precinct near the factory is a vital communal area. In 2008, after noticing that local senior citizens were confined to walking around the immediate area for enjoyment due to overcrowding on public buses, Fuji Xerox Shanghai began providing biannual guided bus tours staffed by employee volunteers to a range of venues including parks and expositions.

For each trip, Fuji Xerox Shanghai invites nearly 90 senior citizens to ride on the two buses it provides, and to date more than 500 senior citizens have taken one of these trips. In 2009, the company received a flag of appreciation from the local community, and in 2010, Fuji Xerox Shanghai offered much-appreciated bus rides to the site of the Shanghai Expo.

In the future, Fuji Xerox Shanghai intends to extend such activities to areas outside the immediate vicinity of the factory and expand its ties with the local community.



Fuji Xerox Taiwan

Sales company in Taiwan:
968 employees

Initiative to conserve biodiversity in partnership with an NGO

Fuji Xerox Taiwan was one of the first companies in Taiwan to partner with an environmental NGO to promote activities to conserve biodiversity, and so far 486 employees have participated in this initiative.

In 2008, Fuji Xerox Taiwan commenced activities to clean up mountains and wetlands and began working in cooperation with the National Wilderness Institute, an environmental NGO. Under instructions from staff of the Institute, employees visited artificial wetlands owned by the Taipei County Government in an exercise to improve environmental awareness. Of those who participated, five are now volunteering as wetland instructors for the same NGO. In addition, in 2010, a total of 180 employees carried out cleanup work at three beaches across Taiwan to help with the problems caused to fauna by trash thrown into the sea.

In the future, Fuji Xerox Taiwan intends to expand similar activities to all of its offices throughout Taiwan, adding to those already undertaken in Taipei headquarters.



Fuji Xerox Manufacturing Co., Ltd., Suzuka Center

Manufacturer in Suzuka-shi, Mie, Japan:
1,374 employees

Raising environmental awareness of elementary school children

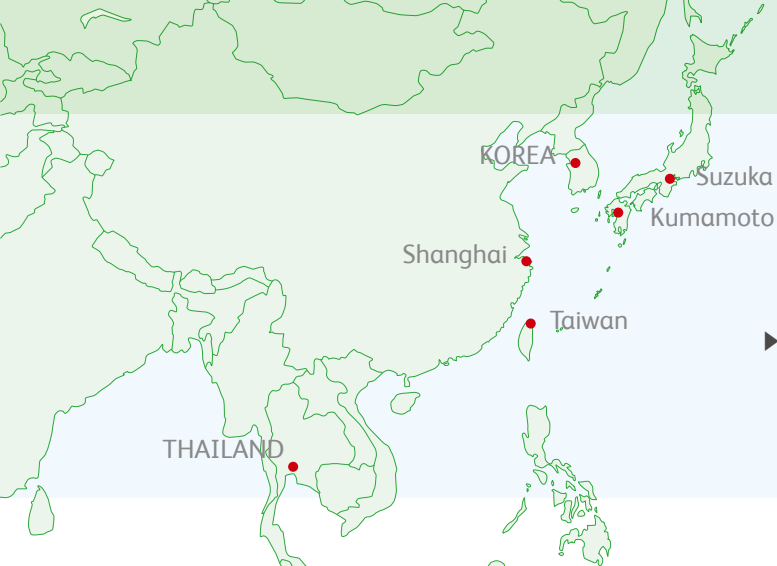
The local government of Mie prefecture, where the Suzuka Center of Fuji Xerox Manufacturing is located, states that "conserving the environment and passing it down to future generations" is a basic principle of their environmental policy, and it has been promoting an environmental education program called *Kids ISO 14000* program (introduction)** (referred to as Kids ISO below).

Having previously opened up Acorn Square on the factory grounds for use by neighboring Fukaizawa Elementary School in 2007 at the request of Mie Prefecture, Fuji Xerox began helping fifth grader at the same school to become more aware of the environment through the Kids ISO program. The school's principal subsequently approached Fuji Xerox to ask the company to provide easily understandable environmental activities for third and fourth graders. In 2009, Suzuka Center cooperated in introducing an activity to make postcards from recycled milk cartons.

One employee who participated in the project said that the kids' ideas were truly spontaneous and original... it was very refreshing to spend time with them. Currently, nine employees are active as Kids ISO instructors in Fukaizawa and other elementary schools in Mie prefecture.

* Environmental education program for young learners run by NPO ArTech (International Art and Technology Cooperation Organization)





► Initiatives at other affiliates can be found on our website:

Global Affiliates' CSR Activities:

<http://www.fujixerox.com/eng/company/sr/2011/stakeholder/community/activity.html>

Fuji Xerox Korea

Sales company and manufacturer in Korea:
1,072 employees

Supporting the young for future entrepreneurs

In Korea, as the unemployment rate among the young rises, an entrepreneur support program called *The Hope Seed*, which is run for young people by the NGO The Hope Institute, has been attracting increasing attention.

Fuji Xerox Korea supported *The Hope Seed* through a 2010 advertising campaign under the slogan *The office worker, reborn*, in the belief that it would introduce a new working style and might at the same time offer a solution to the social problem. The social networking site Twitter, which Fuji Xerox Korea previously employed to distribute information and communicate with customers, was used to raise money for a *Hope Fund* with Fuji Xerox Korea donating 2,000 won for every person who tweeted or re-tweeted a helpful message. Tweets were also received from celebrities and other companies and a total of 10 million won was raised.

In the future, Fuji Xerox Korea intends to let more people know about the company through activities that will allow easy participation of many people.



Fuji Xerox Eco-Manufacturing (Thailand)

Recycling company in Thailand:
32 employees

Teaching local elementary school children the importance of recycling

The Thai government promotes CSR activities through the Ministry of Industry and carries out independent accreditation of approved businesses.

Fuji Xerox Eco-Manufacturing has continued to promote activities that benefit local communities in line with the policy of the Ministry. In an effort to raise school children's awareness of recycling and by maximizing its involvement in the business of collecting used products and recycling them, Fuji Xerox organized classes to teach local elementary school children how to separate trash as well as the importance of doing so.

In addition, Fuji Xerox Eco-Manufacturing became involved of its own accord with local environmental conservation by leading a clean-up initiative with nearly 250 volunteers including consigned employees at a local beach. In fiscal 2011, Fuji Xerox Eco-Manufacturing plans to widen its range of activities to include the planting of mangroves in partnership with recycling partner companies.



Fuji Xerox Kumamoto

Sales company in Kumamoto, Japan:
162 employees

Conserving the Aso wilderness for future generations

The Aso wilderness in Kyushu has been designated as a national natural resource (so-called 'green stock') and the question of how to preserve it for future generations is an important issue in the region.

To commemorate the 25th anniversary of the founding of Fuji Xerox Kumamoto, it started a conservation project in 2007 involving the creation of a Fuji Xerox Kumamoto forest in the mountains near Nishihara-mura in Aso. As a company that utilizes and sells paper, Fuji Xerox Kumamoto wanted to do something for the forests in return and approximately 120 employees have since taken part in tree-planting and weed-clearing activities with their families.

The saplings planted in 2007 have now grown two meters tall. One employee who took part in the tree-planting activities stated that it felt good to be able to contribute to local nature conservation. Through this project, Fuji Xerox Kumamoto employees' awareness of environmental conservation and voluntary work has increased. In 2009, Fuji Xerox Kumamoto received a certificate of appreciation from Nishihara-mura for its tree-planting efforts.

In 2011, Fuji Xerox Kumamoto began making donations to the Aso Highland Meadow Regeneration Project, and in the future will look for ways to continue protecting the beautiful wilderness of Aso.



What We Have Learned From Our Responses to the Great East Japan Earthquake

Tadahito Yamamoto
President and Representative Director

As I mentioned in my *Top Commitment* (p. 3-6), I would like to share my experiences and what I have learned through our responses to the Great East Japan Earthquake that struck on March 11.

The most glaring stumbling block was caused by the power outage that affected company systems, hindering order placements and the ability of our Call Center to handle requests for maintenance services, which in turn affected our customers' disaster responses.

Many of our customers have systems in place to confirm their employees safety as well as to deliver supplies under emergency rules, and our multifunction devices, printers, and facsimiles play a vital role in communicating information to support the transmission of such crucial information. We are seriously reflecting on the fact that we could not sufficiently fulfill this important role.

In addition, a lack of parts and the paralysis of logistics functions resulted in a temporary suspension of production and shipments, similar to what other companies in the manufacturing sector experienced.

Although we have a business continuity plan in place, we must humbly reflect on the fact that some parts of this plan did not work well. We now know that we must carefully review it and determine whether our plan took into consideration the situation at businesses that serve suppliers, and that we are too narrowly focused on suppliers and locations in the name of efficiency and economy.

On the other hand, some measures went relatively well. We learned from our past experiences of providing disaster support that, for large-scale disasters, NGOs are able to rapidly and effectively distribute funds, goods, people, and information to disaster victims who cannot be reached by the government or the Japan Self-Defense Force. We, therefore, decided to provide 200 million yen in

funding to NGOs for disaster support in the affected areas through Japan Platform, a tripartite partnership between NGOs, corporations, and the Japanese government for emergency humanitarian aid.

We also teamed up with the NGO Civic Force, which sent us a list of needed goods each Thursday. Based on this list, Fuji Xerox business locations took turns to collect the goods on the list and then sent the goods to Civic Force the next day. Additionally, we are providing on-demand printing services from Sendai and Yokohama, and lending our multifunction devices free-of-charge to NGOs to print manuals and distribute information related to disaster support efforts.

This disaster has reconfirmed the need for corporations in thinking about effective support activities. In other words, corporations should take into consideration the best balance between providing rapid-response support through NGOs and long-term support for recovery and reconstruction efforts through the Japan Red Cross and local governments.

I added a section to this year's Corporate Direction, calling to "Unify our efforts to overcome the adversity of earthquakes and all natural disasters." For five days from July 4, 2011, new graduate employees were sent to the disaster area to do something for somebody from that person's perspective. This earthquake must become a catalyst for recognizing inefficiencies and arrogance, creating a new path for growth, and revitalizing Japan. Therefore, I would like to ask all Fuji Xerox employees as well as all of our affiliates to consider ways they can contribute to rebuilding society. I will take the lead to reevaluate Fuji Xerox's business processes throughout the value chain—from materials procurement all the way through recycle and disposal—so that Fuji Xerox will make a significant contribution to rebuilding society.

Fuji Xerox Response to the Great East Japan Earthquake

	Type of Support	Period	Recipient	
Support using core business	1. Free rental of multifunction devices	Free-of-charge rental of multifunction devices to local disaster countermeasure headquarters in the affected areas	From March 2011 (maximum free rental period of one year)	Local governments in affected areas
		Free-of-charge rental of multifunction devices to NGOs involved in disaster relief (NGOs approved by Japan Platform)*1	From May 2011 (maximum free rental period of one year)	NGOs carrying out rebuilding support
	2. Printing support	Print Bus –portable print-on-demand devices installed on special buses for issuing official certificates in disaster areas	May 2011	Local governments in affected areas, disaster sites
		Client business support (for printing companies)	Until March 2012	Customers directly affected by the disaster
		Printing support for large-batch printing needs such as manuals, flyers announcing food services, etc. at evacuation shelters.	Until March 2012	NGOs carrying out rebuilding support, disaster sites
Other support	3. Corporate donations	200 million yen donation to Japan Platform	March 2011	NGOs carrying out rebuilding support
	4. Employee donations	Donation of 39 million yen via sales companies in the affected areas to employees directly affected by the disaster and to local governments.	April 2011	Employees directly affected by the disaster, Disaster sites
		Donation of five million yen as a member of the Fujifilm Group to be used in three of the affected Tohoku prefectures to support the education of children orphaned by the disaster (69 million yen in donations from Fujifilm Group employees).	April 2011	Employees directly affected by the disaster, Disaster sites
	5. Delivery of relief supplies	Delivered relief supplies to disaster areas, collected by Fuji Xerox and its affiliates and distributed them through NGOs	March 2011 to May 2011	Disaster sites
	6. Dispatch of new graduate employees as volunteers	Dispatched 221 new graduates who entered the company in fiscal 2011 to the disaster area to support restoration efforts.	July 4 to July 8, 2011	Disaster sites
	7. Dispatch of employees as volunteers	Ongoing volunteer activities by employees to support the affected areas through the use of special paid leave for volunteer activities. *2	September 2011 to March 2012	Disaster sites

*1 For further details, please access the following links. Press Release: http://www.fujixerox.co.jp/eng/company/headline/2011/0523_japanplatform.html
Japan Platform: <http://www.japanplatform.org/mtnews/2011/06/110622ngo.html>

*2 For further details, please access the following links. Press Release: http://www.fujixerox.co.jp/eng/company/headline/2011/0727_civicforce.html

Taking Charge as the Head of a Fuji Xerox Sales Company in the Affected Area

After the earthquake that struck at 2:46 pm on March 11, 2011, employees at Fuji Xerox Miyagi headquarters evacuated to a park near Sendai Station. It was at this point we became acutely aware that a massive tsunami had occurred. Out of consideration for regular and dispatched employees trying to confirm the safety of family members, I ordered everyone to return home at 4:15 pm. Determining what to prioritize at this point was a difficult decision given the limited amount of information available to us at the time, as there was a danger of secondary disasters.

On March 12, we established a provisional emergency center and began efforts to secure cash, bicycles, batteries, paper, toner and other supplies. At the same time, we worked around-the-clock to confirm the safety of our regular and dispatched employees, as well as their families, and did the same for our customers beginning on March 14. With networks down, our public-sector customers—the prefecture, local governments, police, power companies, and schools—were responding around-the-clock, so we assigned two-person service engineer teams to repair and restore multifunction devices for customers to support efforts to communicate emergency information.

As the head of Fuji Xerox Miyagi, I led an effort to avoid heightening employee anxiety and fatigue resulting from the lack of information and goods by: 1) confirming the safety of employees and securing and distributing emergency supplies continuously, 2) deciding on and implementing a process to confirm customer safety and provide restoration support, and 3) drafting a one-year recovery plan for the company. I addressed these items within the first four days following the mega-earthquake and circulated them within the company. Up-to-date information on the safety of employees, their families, and the status of damage at customers as well as their requests was written out and posted on the wall for all employees to review. At the same time, we held all-employee meetings each morning and evening to make decisions and instruct what was to be done. We still continue with this method, as it allows us to address high-priority matters efficiently.

When visiting customers working on rescue and recovery, we presented them with *Kizuna* [Friendship] Packages—consisting of an emergency supply kit with food and household goods put together by Fuji Xerox and affiliates—and an *Omimai* [get-well-soon-pack] Packages (consisting of two packages of paper and an office recovery support menu). Whenever we visited our customers, we would first confirm their safety, and then begin to check on the status of their multifunction devices, asking our customers whether

they had any requests, and then listening carefully to their needs.

Two years ago, we strengthened our “Voice of Customers” database that analyzes customer requests, implemented a job performance feedback system for employees using mobile phones, and started a program to strengthen direct contact between customer company executives and our own executives. These systems were extremely helpful after the earthquake.

We also became acutely aware of the importance of regular disaster preparedness drills as well as preparations of emergency stockpiles. I think we were able to get through the initial phases of the disaster due to our biannual disaster drills and safety confirmation drills. The availability of 200 charged spare mobile phone batteries was especially effective. In the several days until power could be restored, we were able to use these batteries to power our mobile phones, which allowed us to send SMS (short message service) messages to contact executives at our customer companies, confirm that people were safe, and begin restoration activities.

What I took away from this experience was the need to lend an ear to the voices of customers, employees and local communities, and to quickly respond. The needs of each customer after the disaster were different, in fact markedly different from the norm. We confronted the difficulties faced by each of our customers, from the rescue to the restoration phase. In due course, we were able to deepen the bonds with our customers and raise our employees’ sense of public duty, and these have become the driving force that moves our CSR activities to reconstruct our community.

A major disaster occurred, which was quite unfortunate. However, we cannot yield to it, and I believe that such times serve to reinforce our corporate social responsibility to innovate with passion and channel those efforts to sustainable value creation and enhanced competitiveness.

With this new awareness of our corporate role and an even stronger sense of organizational unity, we will build an even more refined relationship with our customers and work hard to help the reconstruction of our community and our customers’ businesses.



Atsuhiko Sousui
President
Fuji Xerox Miyagi Co., Ltd.

Response of Fuji Xerox Miyagi



Customers’ current status and requests were posted at the emergency center to share with all employees.



Fuji Xerox Miyagi employees putting together *Kizuna* [Friendship] Packages—consisting of an emergency supply kit with food and household goods received from Fuji Xerox Group and affiliates.



Visiting customers with *Omimai* [get-well-soon-pack]

Systems for Monitoring and Reviewing CSR Activities



Fuji Xerox uses monitoring and review systems as a way to understand the current status of our CSR activities as well as to continuously improve them.

Fuji Xerox and its Affiliates' CSR Survey Outline

Since May 2009, for Fuji Xerox and all of its domestic and overseas affiliates to fully understand their CSR initiatives, a CSR survey has been sent to all related companies (62 companies in fiscal 2011) where they evaluate their CSR results once a year.

The CSR survey is created based on internationally recognized standards and global guidelines. The CSR philosophy and concepts especially are based on the UN Global Compact's 10 Principles and

Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO). Management and business aspects are based on the Japan Association of Corporate Executives' New Corporate Assessment Standards, The OECD Guidelines for Multinational Enterprises, ISO26000 and EICC's code of conduct*. The disclosure of non-financial information is based on the GRI Guidelines.

* Electronic Industry Citizenship Coalition

Data Analysis and Utilization

This survey is, in addition to being used to facilitate understanding of the current status of Fuji Xerox management and proposals for countermeasures, also deepens our domestic and overseas affiliates' understanding of social demands and management issues.

Results of the survey (examples)

A Yes **B** No system in place, but implementing this principle **C** No

Question	Support status	0	50	100 %
Is there a system in place for promoting the appointment of female managers?	Fuji Xerox unconsolidated		B 100	
	Total average	A 10	B 32	C 59
	Domestic non-production average	A 12	B 27	C 61
	Domestic production average		B 33	C 67
	Overseas non-production average		B 42	C 58
	Overseas production average	A 17	B 33	C 50

Joseph Yu
Managing Director
Fuji Xerox Hong Kong Ltd.



The CSR survey is a useful tool to regularly assess Fuji Xerox Hong Kong's sustainability performance with respect to headquarters governance and global requirements. It is also helpful to drive for continual improvement in our medium-term planning.

This exercise is well recognized in our local community as an excellent practice, in addition to sustainability reporting.

We suggest to add an index guide of those items and terminology applied in the survey to provide well-defined definitions and descriptions as the perception and requirements are varied in different countries.

CSR Performance

Fuji Xerox has formulated quantitative CSR indicators for use in the ongoing evaluation and improvement of our CSR programs and activities.

Fuji Xerox is committed to ongoing reporting of indicators with particular relevance to the company's corporate social responsibilities,

which are deemed to be of particular public interest. These indicators are derived from the annual CSR Survey for group companies.

Indicators are shown together with the corresponding Global Reporting Initiative(**GRI**) categories and/or UN Global Compact (**GC**) principles.

In fiscal 2010, the following Employee and Local Communities data exclude the results from four domestic affiliates (Fuji Xerox Iwate, Fuji Xerox Miyagi, Fuji Xerox Fukushima, and Fuji Xerox Ibaraki) that were severely impacted by the Great East Japan Earthquake (Section 1). For Employees and Local Communities, we used the following definitions when calculating results (Section 2). Results from fiscal 2008 have been recalculated using these definitions.

[Section 1]

- Percentage of Companies Conducting Employee Satisfaction Surveys
- Percentage of Women in Executive and Managerial Positions
- Annual Work Hours per Employee
- Number of Workplace Accidents per 1,000 Employees
- Number of Employees per Industrial Physician/ Occupational Health Professional
- Social Contribution Spending
- Ratio of Companies Supporting Volunteer Activities
- Ratio of Companies Engaged in Promoting Fuji Xerox Programs That Leverage Our Business Strengths to Support the Underprivileged

[Section 2]

- Ratio of Direct Employment to Total Employment
- Percentage of Women in Executive and Managerial Positions
- Number of Workplace Accidents per 1,000 Employees
- Number of Employees per Industrial Physician/ Occupational Health Professional
- Changes in Employee Numbers by Country/ Region

[Definitions Used in the Calculation]

- The number of employees is reported using the number of staff with direct employment contacts (on a salary payment basis).
- Both employees who are permanent (have direct employment contacts) and those who are non-permanent (part-time employees, fixed-term contract employees, temporary employees and hourly employees and rehires) are included in the definition of direct employment, while dispatched staff constitute the indirect employment figures.
- The calculation of percentages and ratios for affiliates and sales operations in Japan and overseas uses a weighted average of each company.

Self-Evaluation on Progress of Our CSR Performance

Customers

Number of Serious Product Incidents

GRI PR1, PR2

Definition Indicates the number of product incidents during the 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 or after effects, or fire, and which were not considered to be isolated incidents.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates (including OEM sales)	1 case	1 case	0 case / 0 case	0 case

Fiscal 2010 Performance There were no serious product incidents. We believe this success is a result of implementing system safety design standards for all new products on the market from fiscal 2008 so as to prevent product incidents, and from the effects of market support measures implemented in fiscal 2009.

Goals/Challenges With a goal of zero incidents for all of our products, we will acquire product safety technologies and strengthen product risk management as well as training for designers and production supervisors to ensure the safety of our products.

Contribution to CO₂ Reductions at Our Customers' Offices and Factories

GRI EN6, EN26 GC Principle 7-9

Definition Indicates how much the power consumption of Fuji Xerox multifunction devices and printers in operation in the market was reduced against levels from the year 2000, by the provision of new products and service solutions, converted to CO₂ emissions.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates	1,006kt-CO ₂	1,038kt-CO ₂	1,025kt-CO ₂ / 1,107kt-CO ₂	1,739kt-CO ₂

Fiscal 2010 Performance There was a reduction of 1107kt of CO₂ at customer locations due to a further increase in sales of products with strong energy-saving features.

Goals/Challenges In fiscal 2011, we will continue to increase sales of products with strong energy-saving features, contributing to a reduction in our customers' CO₂ levels.

* The 2020 reduction target of 7 million tons is against fiscal 2005 levels. The figure in this column is a historical comparison based on the year 2000 standards.

Employees

Ratio of Direct Employment to Total Employment

GRI LA1

Definition Indicates the ratio of direct to total employment at Fuji Xerox and its affiliates. Direct employment includes those whose contracts stipulate a set term as well as those whose contracts are open-ended.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	80.8 %	83.2 %	— / 85.9 %	—
Affiliates in Japan	80.3 %	84.7 %	— / 87.1 %	
Overseas affiliates	90.7 %	88.8 %	— / 90.6 %	

Fiscal 2010 Performance The percentage of direct hires grew by 2.7 % at Fuji Xerox (unconsolidated) and by 2.4 % at affiliates in Japan. This increase was largely due to promoting the switch of dispatched employees in administration to direct employment contracts and the re-employment of retiring employees.

Goals/Challenges To create an optimum employment portfolio in fiscal 2011, we will continue to bring core operations in-house and to integrate current efforts to ensure the dissemination of corporate know-how among employees.

Percentage of Companies Conducting Employee Satisfaction Surveys

Definition Indicates the percentage of companies among Fuji Xerox and its affiliates that conduct employee satisfaction surveys.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	100 % (Response rate 89.5 %)	100 % (Response rate 88.9 %)	100 % / 100 % (Response rate 89.1 %)	100 %
Affiliates in Japan	100 %	100 %	100 % / 100 %	100 %
Overseas affiliates	89.5 %	83.3 %	100 % / 81.0 %	100 %

Fiscal 2010 Performance We maintained a 100 % survey implementation rate in Japan. Outside Japan, the companies that implemented the survey in fiscal 2009 did so again in fiscal 2010, but the overall percentage fell by 2.3 points due to an increase in the number of companies to which the survey applied. Additionally, we have introduced a new initiative in 2010 to standardize key components (core morale) of the survey for all domestic affiliates, and it was implemented at two affiliates newly established in fiscal 2010.

Goals/Challenges We will continue our efforts to increase the survey implementation rate at overseas affiliates. Additionally, we will further strengthen our efforts at each workplace to consider the survey results and analyze them to solve problems.

Employees

Percentage of Women in Executive and Managerial Positions GRI LA13 GC Principle 6

Definition Indicates the percentage of women in executive and managerial positions at Fuji Xerox and its affiliates. Managerial positions here refer to those positions deemed to be managerial under the Fuji Xerox human resources system, irrespective of whether the position has direct reporting.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	2.1 %	2.4 %	— / 3.1 %	—
Affiliates in Japan	2.3 %	2.2 %	— / 2.2 %	
Overseas affiliates	21.1 %	21.2 %	— / 23.6 %	

Fiscal 2010 Performance Figures for women in managerial positions or higher increased by 0.7 % points at Fuji Xerox (unconsolidated) and 2.4 % points at overseas affiliates.

Goals/Challenges Fuji Xerox will continue to carry out personnel promotions that encourage employees to make full use of their abilities, taking into account evaluations of each employee's performance, abilities, and ambitions, and place our efforts into training innovative leaders regardless of gender.

Percentage of Companies Attaining the Legally Stipulated Rate of Employment of People with Disabilities (Japan only) GRI LA13 GC Principle 6

Definition Indicates the percentage of companies among Fuji Xerox and its affiliates in Japan that have attained the legally stipulated rate (1.8 %) of employment of people with disabilities under the Act on Employment Promotion for People with Disabilities.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	100 % (employment ratio of 1.88 %)	100 % (employment ratio of 1.89 %)	100 % / 100 % (employment ratio of 1.86 %)	100 %
Affiliates in Japan (excluding sales companies)	54.5 % (6 companies/11 companies)	70.0 % (7 companies/10 companies)	100 % / 28.6 % (2 companies/ 7 companies)	100 %
Sales companies in Japan	73.5 % (25 companies/34 companies)	82.4 % (28 companies/34 companies)	100 % / 71.0 % (24 companies/ 34 companies)	100 %

Fiscal 2010 Performance Although there was no major change in the number of people hired with disabilities, restructuring at affiliates reduced the percentage of companies attaining the legally stipulated rate of employment for people with disabilities.

Goals/Challenges In fiscal 2011, Fuji Xerox will enhance its website page for recruiting people with disabilities and extend hiring efforts including new graduates. For companies that did not achieve the legally required employment rate, Fuji Xerox and its affiliates will coordinate in efforts to help achieve the legal rate.

Annual Work Hours Per Employee GRI LA7 GC Principle 1

Definition Indicates annual work hours per employee at Fuji Xerox and its affiliates.

Companies	Fiscal 2008 performance	Fiscal 2009 performance*	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	1,970.8 hours	1,926.0 hours	— / 1,961.0 hours	—
Affiliates in Japan (office staff)	2,113.4 hours	2,042.5 hours	— / 2,014.6 hours	
Affiliates in Japan (manufacturing staff)	2,064.0 hours	2,015.0 hours	— / 2,168.4 hours	
Overseas affiliates (office staff)	2,032.6 hours	2,022.0 hours	— / 2,048.3 hours	
Overseas affiliates (manufacturing staff)	2,285.0 hours	2,271.8 hours	— / 2,306.3 hours	

Fiscal 2010 Performance The annual number of work hours per employee increased over the previous year. The increase in hours came largely from an increase in production volumes and sales activities resulting from the economic recovery as well as changes in working hours due to restructuring at affiliates.

Goals/Challenges As in fiscal 2010, we will continue to monitor the change in the annual number of work hours. Since energy use restrictions are in place in Japan, we are taking the opportunity not only to implement energy-saving measures but also to take inventory in all departments and workplaces at all companies and set priorities, as well as consider how employees can best realize a high level of productivity in a limited number of work hours.

* An error in the fiscal 2009 data published in the fiscal 2010 report has been amended.

Number of Workplace Accidents per 1,000 Employees GRI LA7 GC Principle 1

Definition Indicates the frequency of work or commuting-related accidents calculated on the basis of the assumption that each company employs 1,000 employees.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	4.08 case* ¹ (2.98 case)* ²	3.66 case* ¹ (2.93 case)* ²	— / 3.03 case* ¹ (2.73 case)* ²	—
Affiliates in Japan	5.56 case	4.30 case	— / 4.87 case	—
Overseas affiliates (excluding sales companies)	—	2.84 case	— / 1.90 case	—
Overseas sales companies	—	8.84 case	— / 6.77 case	—

Fiscal 2010 Performance The accident rate at Fuji Xerox (consolidated) was 3.03 accidents per 1,000 employees, a reduction of 0.63 points over the previous year (when dispatched employees are excluded, the reduction was 0.20 points). This improvement is attributed to the results of Occupational Health and Safety Committee initiatives to prevent accidents and recurrences.

Goals/Challenges We will strengthen measures to prevent serious workplace accidents that result in the employee taking a leave. Since there has been an increase in the number of workplace accidents such as falls that occur during commuting, business trips, and work outside of the office (21 cases at Fuji Xerox only in fiscal 2010), we aim to reduce the number of such accidents by half in fiscal 2011.

Number of Employees per Industrial Physician/ Occupational Health Professional GRI LA8 GC Principle 1

Definition Indicates the number of employees per industrial physician/occupational health professional at Fuji Xerox and our affiliates.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	—	—	440.0	—
Affiliates in Japan	—	—	100.8	—
Overseas affiliates	—	—	494.1	—

Fiscal 2010 Performance The average ratio of employees per Fuji Xerox (unconsolidated) to industrial or occupational health professionals was 440.0 to 1, and all industrial physicians or occupational health professionals are full-time. The figure at domestic affiliates was 100.8 to 1, and only in some cases were those industrial physicians or occupational health professionals working full-time.

Goals/Challenges Fuji Xerox will periodically look at the situation regarding the placement of full-time industrial physicians or occupational health professionals at affiliates in Japan to comply with the regulations. For overseas affiliates, in fiscal 2011 we aim to grasp each company's own situation with regard to its occupational health systems and compliance taking into consideration national laws.

*¹ Including dispatched staff *² Not including dispatched staff *³ Performance figures are shown for fiscal 2010 only, since we are unable to apply new standards to past data.

Suppliers

Rate of Supplier Response to Production Materials Ethical Procurement Self-Checklist GRI HR2 GC Principle 1-10

Definition Indicates the supplier response rate (responses received by the nominated deadline) to the Ethical Procurement Self-Checklist survey sent out by Fuji Xerox and our affiliates to our suppliers.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates	96.3 %	97.3 %	100 % / 99.2 %	100 %

Fiscal 2010 Performance The response rate rose to 99.2 % from 97.3 % in fiscal 2009. In July, we held ethical procurement seminars in Tokyo, Shenzhen, and Shanghai for the top management of 260 suppliers to explain the importance of CSR activities.

Goals/Challenges For suppliers who did not submit self-evaluations, Fuji Xerox will continue to explain individually the importance of ethical procurement so as to achieve a 100 % response rate.

Ratio of suppliers with a compliance rate of at least 90% on very important items and important items in the Production Materials Ethical Procurement Self-Checklist GRI HR2 GC Principle 1-10

Definition Very Important Items: Indicates the ratio of suppliers answering the Self-Checklist that achieved a compliance rate of at least 90 % on very important items. Important Items: Indicates the ratio of suppliers answering the Self-Checklist that achieved a compliance rate of at least 90 % on important items.

Companies	Items	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates	Very Important Items	72.5 %	96.9 %	100 % / 92.9 %	100 %
	Important Items	39.9 %	60.7 %	100 % / 82.3 %	100 %

Fiscal 2010 Performance We were aiming for a compliance rate of more than 90 % for very important items (57 items) at all suppliers, and results showed that 92.9 % of suppliers achieved that goal. We also aimed for a compliance rate of more than 90 % for important items (75 items) by holding top seminars and strengthening education for management level, which resulted in 82.3 % of the suppliers achieving the target.

Goals/Challenges We are considering effective measures to increase the compliance rate through confirmation visits and the sharing of best practices.

Suppliers

Rate of Supplier Response to Logistics Channel Ethical Procurement Self-Checklist

GRI HR2 GC Principle 1-10

Definition Indicates the response rate of logistical channel primary partners and business facilities* in Japan (responses received by the nominated deadline) to the Ethical Procurement Self-Checklist survey sent out by Fuji Xerox and its affiliates.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates (Japan)	—	100.0 %	100.0 % / 97.4 %	100.0 %

Fiscal 2010 Performance Expanded the companies requested to answer the Self-Checklist from 34 to 76 and increased the rate of response to 97.4 %.

Goals/Challenges For primary partners/facilities in Japan, we continue distributing the Self-Checklist and aim for a response rate of 100 %. Further, we will expand ethical procurement to partner companies/facilities responsible for import/export (excluding the customs business) in Japan, and to logistics primary partner companies/facilities overseas.

* This includes companies responsible for domestic shipping and the customs businesses in Japan, companies responsible for import/export excluding the customs business, companies responsible for domestic shipping in fiscal 2009, and companies responsible for the customs business in Japan.

Ratio of Primary Partners With a Compliance Rate of at Least 90% on Very Important Items in the Logistics Channel Ethical Procurement Self-Checklist

GRI HR2 GC Principle 1-10

Definition Indicates the ratio of logistical partners answering the Self-Checklist that achieved a compliance rate of at least 90 % on very important items.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates (Japan)	—	15.0 %	50.0 % / 67.6 %	100.0 %

Fiscal 2010 Performance Achieved a compliance rate of at least 90 % on important items (100 items) from 67.6 % of the logistics partners and business facilities, exceeding our goal of at least 50 %.

Goals/Challenges Expand ethical procurement to logistic partners and business facilities overseas in addition to those in Japan. More specifically, propose measures for improvement by understanding the current status to clarify this challenge through the Self-Checklist.

Local Content Ratio for Raw Materials and Parts at Overseas Manufacturing Bases (China)

GRI EC6

Definition Indicates the ratio of local companies in China for the procurement of raw materials and parts by Fuji Xerox of Shenzhen and Fuji Xerox of Shanghai as a proportion of total procurement.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox of Shenzhen, Fuji Xerox of Shanghai	63.7 %	65.1 %	— / 57.1 %	—

Fiscal 2010 Performance The local procurement rate in China dropped to 57.1 %, which was the result of the closing Suzuka Fuji Xerox Dongguan branch.

Goals/Challenges To contribute to the development of local communities where Fuji Xerox has set up businesses, we will consider expanding the ratio of local content (e.g., raw materials and parts) and carry out appropriate local procurement.

Shareholders and Investors

Number of Serious Corporate Governance / Compliance Incidents

GRI SO8 GC Principle 10

Definition Indicates the number of corporate governance and/or compliance issues during the year deemed serious enough to warrant a formal press release.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates	0 case	0 case	0 case / 0 case	0 case

Fiscal 2010 Performance Fiscal 2010 witnessed no internal control or compliance incidents serious enough to warrant a press release.

Goals/Challenges Fuji Xerox will continue to enhance internal control and compliance in all affiliates and at all levels of the organization.

Local Communities

Changes in Employee Numbers by Country/ Region

GRI EC7, LA1

Definition Indicates the number of employees directly employed by Fuji Xerox and its affiliates.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Japan	27,189	26,742	— / 27,091	—
Asia-Pacific region	16,894	17,507	— / 20,042	
Other regions	45	47	— / 46	

Fiscal 2010 Performance The total number of employees increased by 2,883 over the previous fiscal year. In Japan, the increase came from switching seconded employees to direct employment contracts. In the Asia-Pacific region, the increase in employees resulted from higher production levels as a result of the global economic recovery. An additional factor for the increase of employee resulted from our M&A activities in the managed print services (MPS) business in Asian markets.

Goals/Challenges Fuji Xerox will strive to promote adequate employment and job training in line with required working conditions for local employees based on the premise of sustainable growth as well as taking into account changes in the market size and production volumes in each country and region.

Social Contribution Spending

GRI EC1, EC8

Definition Indicates the total spending by Fuji Xerox and its affiliates on social contribution activities.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	521.48 million yen	463.84 million yen	— / 677.50 million yen	—
Affiliates in Japan	72.35 million yen	85.99 million yen	— / 123.80 million yen	
Overseas affiliates	102.30 million yen	93.05 million yen	— / 135.70 million yen	

Fiscal 2010 Performance Total expenditures for social contributions were 937 million yen, an increase over the previous year resulting from recovery and restoration donations and relief supplies associated with the Great East Japan Earthquake.

Goals/Challenges In addition to existing social contribution activities, Fuji Xerox will continue with its Great East Japan Earthquake recovery and restoration activities.

Ratio of Companies That Have Registered an Environmental Conservation Theme Under the One Company, One Theme Campaign

GRI EN14

GC Principle 7, 8

Definition Indicates the proportion of companies that decided on a social contribution related to an environmental conservation activity and registered it with the head office.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates	—	53 %	100 % / 56 %	100 %

Fiscal 2010 Performance Two additional companies registered, bringing the total to 33 out of 59 companies.

Goals/Challenges Fuji Xerox will continue to encourage the remaining affiliates to register a theme.

Ratio of Companies That Have Registered a Biodiversity Preservation Theme Under the One Company, One Theme Campaign

GRI EN14

GC Principle 7, 8

Definition Indicates the proportion of companies that decided on a social contribution related to a biodiversity preservation activity.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates	—	2 %	40 % / 2 %	40 %

Fiscal 2010 Performance Only one company has registered, unchanged from the previous year.

Goals/Challenges Fuji Xerox will work to provide campaign promoters at each company with education for specific biodiversity preservation activities and connect the efforts among companies.

Local Communities

Ratio of Companies Supporting Volunteer Activities

GRI EC8

Definition Indicates the ratio of companies that have instituted systems such as special leave dispensation to promote employee participation in volunteer programs.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	100 %	100 %	— / 100 %	—
Affiliates in Japan	83 %	84.1 %	— / 94.6 %	
Overseas affiliates	68 %	72.2 %	— / 71.4 %	

Fiscal 2010 Performance In fiscal 2010, 94.6 % of the affiliates in Japan (35 of 37 companies) and 71.4 % of overseas affiliates (15 of 21 companies) had programs to encourage volunteer activities, representing a modest increase in Japan and about the same level outside Japan.

Goals/Challenges Companies that are yet to institute systems or procedures to promote employee participation in volunteer programs will be asked to explain their reasoning and to support the creation of an environment for social participation of their employees.

Ratio of Companies Engaged in Promoting Fuji Xerox Programs That Leverage Our Business Strengths to Support the Underprivileged

GRI EC8 GC Principle 1

Definition Indicates the ratio of companies that are promoting support programs for the underprivileged that leverage Fuji Xerox core business strengths.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox (unconsolidated)	—	100 %	— / 100 %	—
Affiliates in Japan	—	81.8 %	— / 83.8 %	
Overseas affiliates	—	16.7 %	— / 4.8 %	

Fiscal 2010 Performance The two main Fuji Xerox programs to support the underprivileged using our core business strengths are: supporting production of large-print textbooks,* and providing support in the Special Olympic Games.

Goals/Challenges In fiscal 2011, Fuji Xerox will continue our efforts to help further spread large-print textbooks overseas where they are needed.

* Support for large-print textbooks. This activity involves providing the free use of color multifunction devices for textbook production by volunteers and guardians who produce large-print textbooks by hand for visually impaired children.

The Global Environment and Future Generations

CO₂ Emissions at Fuji Xerox Business Facilities

GRI EN3, EN4, EN16 GC Principle 7-9

Definition Indicates the energy from electricity and other sources consumed at the factories and offices and our affiliates, converted to CO₂ emissions.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Domestic and overseas development and manufacturing facilities	114 kt-CO ₂	117 kt-CO ₂	135kt-CO ₂ / 139 kt-CO ₂	135 kt-CO ₂
Domestic and overseas offices	58.3 kt-CO ₂	53.6 kt-CO ₂	3 % reduction against fiscal 2007 (57.1kt-CO ₂) / 51.7 kt-CO ₂	4 % reduction against fiscal 2007 (56.6 kt-CO ₂)

Fiscal 2010 Performance Due to the rebound in production volumes and the start of operations at Fuji Xerox R&D Square, CO₂ emissions from development and production activities increased; therefore, we did not meet our emission reduction target. As for offices, we have reduced their total energy use through energy conservation activities.

Goals/Challenges Fuji Xerox is currently working toward a 4 % reduction in CO₂ emissions against 2005 levels for development and production and 2007 levels for offices to 135kt and 56.6kt, respectively. In cases where we unable to meet targets due to significant production increases, Fuji Xerox will consider canceling out the emissions with already purchased credits.

Reducing New Resource Input at the Manufacturing Stage by Reusing Parts*¹

GRI EN2 GC Principle 7-9

Definition Indicates the reduction of new resource input that Fuji Xerox and its affiliates were able to achieve in the manufacturing process by reusing parts, which would have otherwise occurred if new parts were used.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates	3,600 t	4,400 t	2,400 t / 2,000 t	1,900 t

Fiscal 2010 Performance The amount of new materials reduced through the reuse of parts has decreased. Rapid technological innovations aimed at achieving energy conservation have largely changed the body design of devices, reducing the number of models that can reuse parts.

Goals/Challenges Over the medium-term, Fuji Xerox will expand the number of models that can reuse parts, increasing the parts-reuse rate.

Resource Recycling Rate for Recovered End-of-Life Products GRI EN27 GC Principle 7-9

Definition Indicates the rate of resource recycling as raw materials and heat energy among others to end-of-life multifunction devices and printers recovered within Japan and overseas that could not be reused as parts.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Products in Japan	99.9 %	99.9 %	99.9 % / 99.9 %	99.9 %
Products in the Asia-Pacific region	99.2 %	99.8 %	99.8 % / 99.9 %	99.9 %
Products in China	96.8 %	98.6 %	98.6 % / 99.8 %	99.8 %

Fiscal 2010 Performance At integrated recycling system facilities in Japan, the resource recycling rate remained at 99.9 %. Thailand, which achieved its target in 2009, also maintained a 99.9 % resource recycling rate. China achieved a 99.8 % resource recycling rate at its integrated recycling system facilities, which represents an improvement over the previous fiscal year.

Goals/Challenges In fiscal 2011 and beyond, Fuji Xerox will continue to optimize its resource recycling through efforts such as changing from integrated processing to local processing so as to reach its resource recycling targets for sales areas in all regions.

Water Usage in Manufacturing Processes GRI EN8 GC Principle 7, 8

Definition Indicates the manufacturing process water usage for Fuji Xerox and its affiliates in Japan and overseas.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its domestic manufacturing affiliates	2.1 million t	1.79 million t	25 % Reduction by 2011 against fiscal 2005 / 1.92million t	2.78 million t until fiscal 2011
Overseas manufacturing affiliates	0.48 million t	0.63 million t	25 % Reduction by 2011 against fiscal 2005 / 0.63million t	(25 % reduction) against fiscal 2005)

Fiscal 2010 Performance Although water use increased (2.55 million tons) over the previous fiscal year due to an increase in toner production, Fuji Xerox was able to achieve a 35 % reduction in water use rates against fiscal 2005 levels.

Goals/Challenges Fuji Xerox will also continue good water consumption practices in fiscal 2011 and beyond.

Number of Chemical Substance Regulation Incidents GRI EN23, EN24, EN28 GC Principle 7, 8

Definition Indicates the number of cases of non-compliance (including before sale) with the EU Restriction of Hazardous Substances (RoHS) Directive and other regulations.

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates	5 cases	2 cases	0 cases / 2 cases	0 cases

Fiscal 2010 Performance There were two cases of non-compliance with the EU RoHS Directives involving multifunction devices and printers. In both cases, non-compliance was caused by the supplier's mismanagement of materials procurement and manufacturing processes. Fuji Xerox has replaced all the relevant parts for products it sold directly.

Goals/Challenges Fuji Xerox will seek a review of its process management and guarantee systems for RoHS-applicable parts at suppliers, while reviewing its own testing and auditing methods so as to prevent recurrences.

Ratio of Paper Sold That is Forest Stewardship Council Certified Paper GRI EN26 GC Principle 7, 8

Definition Indicates the percentage increase in sales of FSC-certified paper over the preceding fiscal year

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates in Japan	—	—	An increase of 5 % over*2 fiscal 2009 / -12 %	New FSC-certified paper product (1 type)

Fiscal 2010 Performance Sales of FSC-certified paper fell by 12 % due to an economic downturn that saw demand shift to low-cost paper.

Goals/Challenges In Japan, Fuji Xerox will work to develop FSC-certified paper types that meet the needs of our customers and also consider promoting sales of FSC-certified paper types overseas.

Ratio of Recycled Paper Pulp as a Proportion of Total Sales of Recycled Paper Products GRI EN2, EN26 GC Principle 7, 8

Definition Indicates the ratio of recycled paper pulp in recycled paper products (blend ratio) against the annual amount of recycled paper sold in Japan

Companies	Fiscal 2008 performance	Fiscal 2009 performance	Goals/Fiscal 2010 performance	Fiscal 2011 Goal
Fuji Xerox and its affiliates	—	—	60 % / 66.9 %	68 %

Fiscal 2010 Performance The 100 % recycled paper that Fuji Xerox began selling at the end of fiscal 2009 enjoyed strong sales through fiscal 2010. With the addition of a new 70 % recycled paper in fiscal 2010, we achieved 66.9 % recycled paper content in all our recycled paper products to achieve our target.

Goals/Challenges Fuji Xerox will continue to expand sales of paper products with a high ratio of recycled paper and review the ratios in products with a low recycled paper content with the goal of achieving a recycled blend ratio of 68 % or higher.
(Reference) Recycled blend ratio (%) = (Volume of recycled paper used (tons) ÷ Sales volume of recycled paper products (tons)) × 100

*1 Fuji Xerox management standards in fiscal 2011 changed from using kt-CO₂ to indicate emission reductions to kilotons (kt).

*2 Target values were changed to a year-on-year sales growth rate from fiscal 2010.

Fuji Xerox Corporate Overview

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
President and Representative Director	Tadahito Yamamoto
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	42,529 employees (consolidated, March 2011); 9,627 employees (March 2011 unconsolidated)



Business summary	Office Products Business	Office Printers Business	Production Services Business	Global Services Business
	Document services and solutions business centered on digital color/monochrome multifunction office devices.	Color and monochrome laser printer business based on Xerography technology; covering as a manufacturer technology development through to sales.	Business focusing primarily on on-demand printing systems and workflow support services for the digital printing market, as well as continuous-feed and cut-sheet printers for data output for mission-critical systems.	Outsourcing services for customers who are taking their business onto the global stage, with a focus on the management of printing environments and business processes.



Business sites

Headquarters: Tokyo

Research laboratories: Nakai-machi (Kanagawa), Palo Alto (California, USA)

Development /manufacturing sites:

Japan: Ebina (Kanagawa), Takematsu (Kanagawa), Suzuka (Mie), Namerikawa (Toyama)

China and other locations: Shanghai, Shenzhen and other cities

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

Overseas bases (countries/regions):

South Korea, China (including Hong Kong and Taiwan), the Philippines, Vietnam, Thailand, Malaysia, Singapore, Indonesia, Australia, New Zealand and the United States

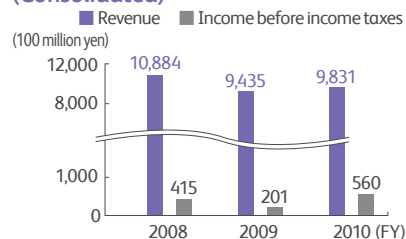
Sales and Service Areas

Fuji Xerox's sales and service areas 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.

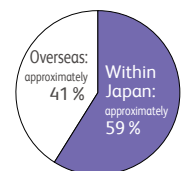


Key Management Indexes

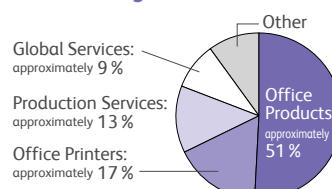
Revenue/Income before income taxes (Consolidated)



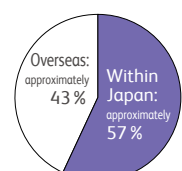
Consolidated revenue by region (FY2010)



Consolidated revenue by business segment (FY2010)



Consolidated employee numbers by region (FY2010)



Third Party Opinion



Toshihiko Fujii

Consulting Fellow, The Research Institute of Economy, Trade and Industry (RIETI)
Visiting Professor, Saitama University Graduate School of Economic Science

The content of the *Sustainability Report 2011* backs up Tadahito Yamamoto's, president of Fuji Xerox, commitment to CSR as value creation that determines the future of both Fuji Xerox and society and to undertake CSR management with true resolve. The CSR activities described in this report reflect the high level of integration and transparency in Fuji Xerox management and represent what is decidedly top-notch CSR for global companies with headquarters in Japan. However, compared with top-notch CSR in North America and Europe, one cannot say that there are few points for improvement. Fuji Xerox should not rest on its laurels as a top-notch CSR company in Japan, and I hope it will set a goal of responding to the expectations of its stakeholders around the world and reach even higher. My opinions according to the topics are as follows:

1. Reporting

Including the website, the range of reporting is both wide in scope and quantitative. Additionally, many items from both affiliated companies within and outside Japan are included. This indicates enhanced compliance with international reporting standards and a realization of its communication objectives. In the next fiscal year and beyond, I am confident that the content being reported will be reviewed constantly to keep up with societal and environmental developments. From that perspective, I believe that equality of treatment among employees concerning different types of contracts should be one of the items added to the scope of monitoring.

2. Value Chain

As the entire value chain is more than just parts procurement, the move to revisit the value chain in terms of sustainability is a suitable one that should contribute to advancing Fuji Xerox's mission to "build an environment for the creation and effective utilization of knowledge." As a future direction, I would like to call on Fuji Xerox to improve its disclosure of information for CSR procurement. Fuji Xerox is a pioneer in Japan for its international expansion of CSR procurement. It held CSR procurement seminars in Shenzhen and Shanghai for its suppliers last year. Looking at these accumulated efforts, Fuji Xerox has arrived at a point where it should expand the information it discloses, including the overall level of compliance for its self-checklist as well as issues discovered in specific areas such as human rights, the environment, and so on, and to what level those issues have been dealt with. Such disclosure will serve not only to increase the transparency of Fuji Xerox's CSR activities but also to raise the overall credibility of this report.

3. Employees

The "Relationship with Employees" section on the Fuji Xerox website was one of the areas of this report that most impressed me. Employees are vital stakeholders, and fair personnel policies applied uniformly across the globe are an essential element of CSR that can be interpreted as a company's level of conviction. I look forward to an even deeper company focus on creating an environment in which a wealth of human resources can flourish globally, as this also serves as a human rights imperative. As I mentioned earlier, the handling of

indirect employees, including dispatched staff, is one of the subjects that need to be given particular consideration.

4. Global Environment

With respect to the environment, the preservation of biodiversity is an issue that traditionally was not given sufficient attention. Serious consideration is required for integrated management solutions to these problems. Given this challenge, it is commendable that Fuji Xerox has embarked on an international study by surveying land use conditions at all of its production sites in China with the aim of biodiversity preservation. I look forward to seeing concrete measures based on the survey results in next year's report. Regarding waste reduction, although Fuji Xerox is a world leader in terms of zero waste for product disposal, the fact that fiscal 2010 performance targets were not met indicates a need for sufficient validation and the formulation of follow-up measures. The reason given for not meeting targets is that innovative technologies resulted in major changes to unit designs, but it is difficult to accept that technological innovation and design changes may not necessarily be of a temporary nature. I would like to point out that the reuse of parts must be made part of the technology development and design processes, otherwise parts reuse becomes an end result rather than an objective.

5. Global Expansion

Highlight 2, describing the Asia-Pacific Sustainability Project by the International Business Group and activities done by Fuji Xerox Malaysia, is well worth reading. By sharing CSR with customers across the value chain and, more importantly, giving each employee the opportunity to consider the question "What is sustainability?," this project is proof that CSR has thoroughly permeated Fuji Xerox's organization and business. I look forward to hearing about the growth of this project and its business impact.

6. Responses to the Great East Japan Earthquake

The Great East Japan Earthquake is a call for businesses to rethink their role in society. One cannot address CSR without giving essential consideration to what could happen to society in the future. The question is how to envisage CSR-related matters of the future, such as the continued aging of the population in combination with fewer children and a further decline in biodiversity, and develop a plan of action now. The Great East Japan Earthquake has taught us that companies must once again think deeply through the possible circumstances in which society could find itself, and a section of this report titled "What We Have Learned From Our Responses to the Great East Japan Earthquake" reflects how Fuji Xerox is once again giving careful thought to this matter.

Finally, I would like to conclude by saying that I strongly hope that Fuji Xerox will extend this deepened thinking on the future of society beyond disaster responses to all aspects of sustainability and to all societies around the world, and further contribute to the advancement of its CSR.

Editorial Postscript

What we learned from the Great East Japan Earthquake on March 11 is that the world is very much interconnected. Furthermore, we were encouraged by the incredible power born when the hearts of people were united, while at times they disagreed.

The ancient Chinese philosophical classic Huainanzi says that “the sound that has a sound cannot go farther than a hundred li (about 4 kilometers). The sound that has no sound extends throughout the Four Seas.” The idea is that words will only get you so far, but deeds based in virtue will have wider influence even when they are not communicated in words. Just as the next generation is learning many things from watching adults as they strive in their rescue and restoration activities, it is our mission to continue to convey through actions what is truly important to people.

What does society expect of corporations now? Those who realize that the scale and efficiency of a business alone will not ensure its sustainability, are calling on the world to push CSR forward from risk management to value creation. With our strong belief that our CSR is our management itself, we are sincerely working toward CSR that leads to value creation.

In the process of putting together this report, we were showered with overflowing passion that comes from a strong sense of ownership that people have in various social contexts. We would like to heartily thank all those who supported us.

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Create, Connect, into the Future



Sustainability Report 2011

Fuji Xerox Co., Ltd.