

# Sustainability Report 2010

Hand in Hand With Society



# Sustainability Report 2010

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## 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 various 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 and 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 pressures 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, who has a global perspective, to demonstrate our humble willingness to listen to third party comments.

## Sustainability Report Editorial Policy

We regard this Report as our message to our stakeholders about how we think and act in our relationship with society, as well as a tool for gathering stakeholders' views to fuel improvements. In addition, we have differentiated our communications among this Report, our Stakeholder Summary and our website, to target different stakeholder interests (see diagram below).

We have designed this fiscal 2010 Report to follow the format of the 2009 Report at a basic level, while offering the following distinctive features:

- ① The pervasive theme of this report is sharing insights and strengthening ties that underpin the development of our global CSR. We report on, in the context of the recovery from simultaneous recessions around the globe as well as the growth of developing nations, how we are boldly striving to deepen the relationship among business, the environment and society by means of cooperation and mutual inspiration among all companies in our group;
- ② We have added the Ongoing Initiatives articles to focus on those areas of activity mentioned in previous reports for which we have had the most inquiries; and
- ③ Reflecting the global trend toward systematic disclosure of non-financial information, we have put in place efforts to meet such reporting.

### Structure of the 2010 Sustainability Report



<http://www.fujixerox.com/eng/company/sr/2010/>

#### 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.

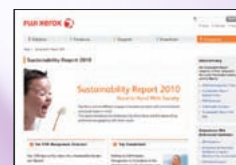
##### 【Sustainability Report】



##### 【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.

### Other relevant information

- Corporate Profile [http://www.fujixerox.com/eng/company/company\\_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 2010 Sustainability Report

#### ● Reporting Period

Our 2010 Sustainability Report focuses on Fuji Xerox's CSR efforts during fiscal 2009 (April 2009 to March 2010) and also covers some policies and activities for fiscal 2010.

#### ● Organizations Covered

Our 2010 Sustainability Report covers Fuji Xerox and our 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 15<sup>th</sup> *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 Sustainability Report  
September 2011

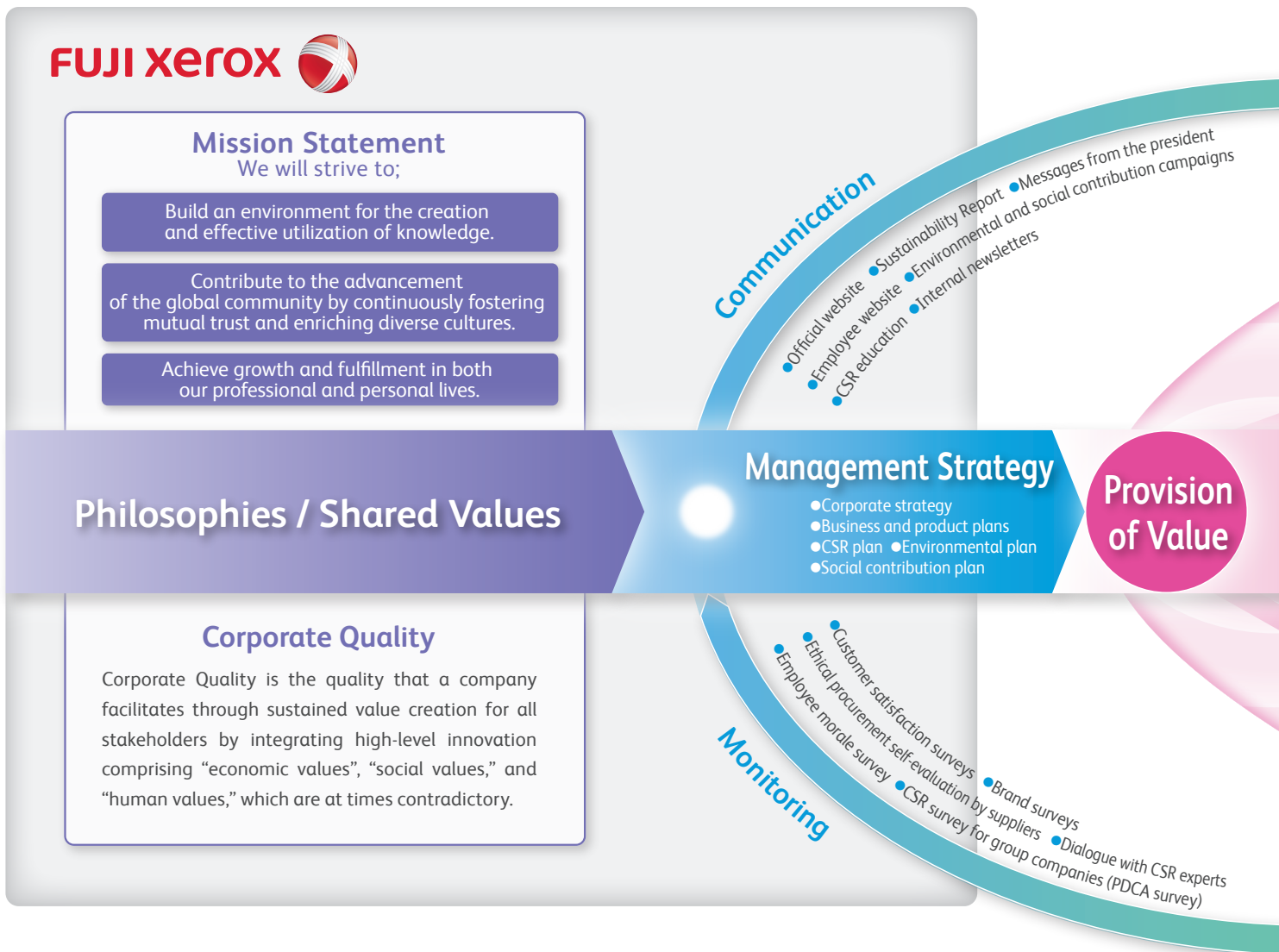
# Our CSR Management Structure

## 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 means such 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

an 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. [See page 01](#)

**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. [See page 29](#)

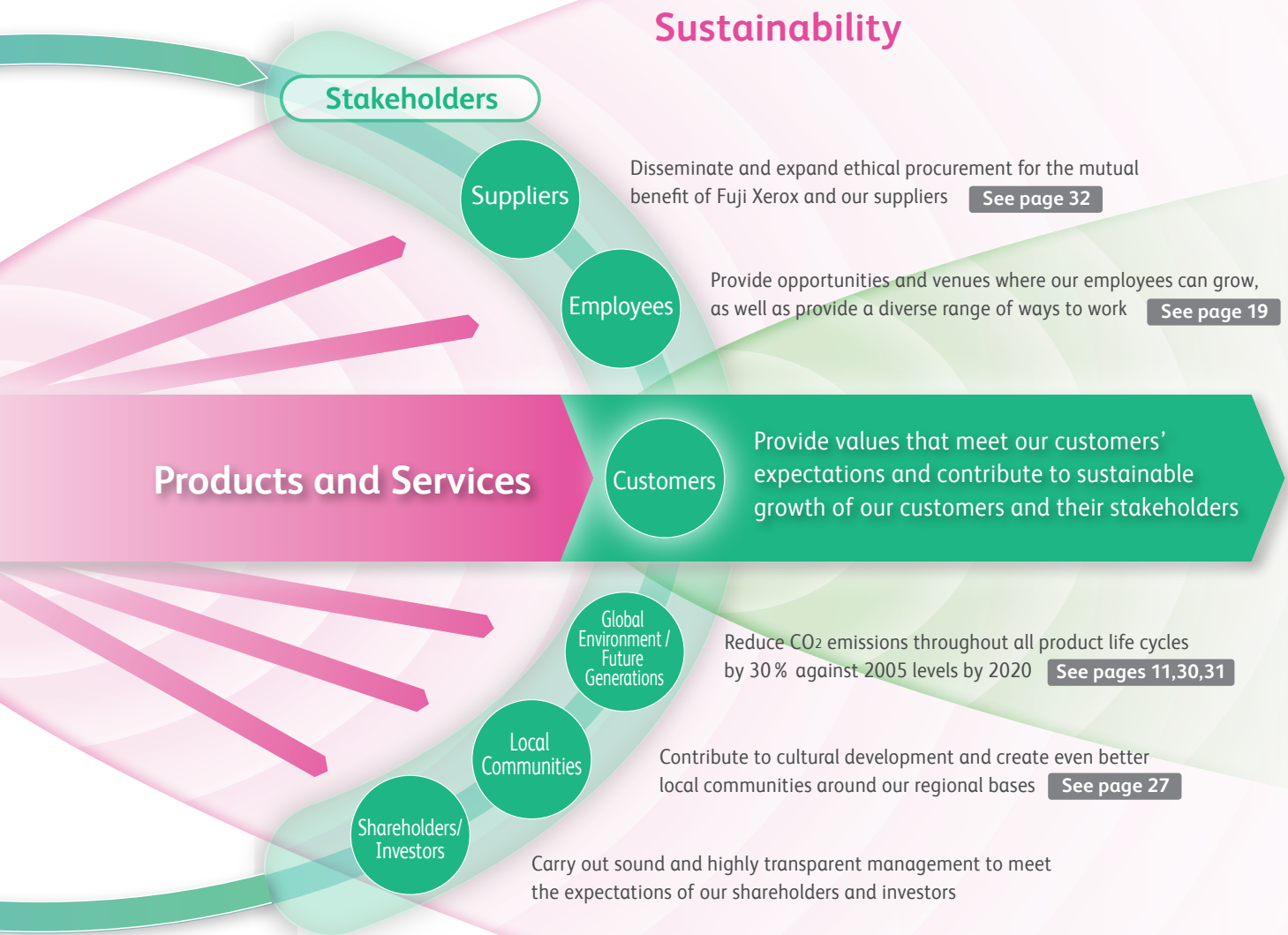


## Management System That Promotes CSR

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.

In fiscal 2010, we will re-establish the key areas where we need further engagement from our stakeholders' point of view. In addition, to respond to our stakeholders' demands in a timely manner, we will define the respective roles of our affiliates, whether in Japan or overseas, and make an earnest start at establishing global CSR governance. [See page 15](#)



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

## Priority Areas in Our CSR Efforts

We will raise the following topics in fiscal 2010 as key activities where we will seek further engagement from the perspective of our stakeholders.

- Customers:** To provide values in line with our customers expectations, which foster our customers' development
- Employees:** Build an environment where all employees can fulfill their maximum potential
- Environment/Future generations:** Strengthening efforts toward environmental management that is integrated across the entire company
- Suppliers:** Strengthening our suppliers' engagement
- Local communities:** Contribute to positive social change through our business activities and societal participation by our employees

## Shifting to CSR-Centric Management to Contribute to the Development of Our Customers and Society

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



## 1) Recognition of Current Societal Trends and the Importance of CSR to Fuji Xerox

### Current Global Economic Conditions and the Role of Corporate Management

Although emerging markets are achieving a strong economic recovery against the backdrop of a rebound in trade and bullish domestic demand, the decline in the financial stability of developed nations is a smoldering source of global economic uncertainty, and the business environment remains unpredictable. While the copier, multifunction device and printer markets for our core products also rode the tide to economic recovery, primarily to emerging markets, demonstrating a bullish trend, after bottoming out in terms of units shipped and sold in 2009, the current trend among all countries is for our customers to demand greater corporate efforts in terms of lower prices, advanced functions and energy efficiency.

The economic growth of emerging markets has exposed the side effects of economic competition, including intensified

competition to acquire natural resources and the acceleration of global warming as well as the creation of new economic disparity, and there are calls for enterprises to engage more deeply in surmounting these issues. I firmly believe that it is time for business to go beyond debating its response to the economic cycles, as we have done to date, and give earnest thought to how business can make a positive contribution toward reforming the mechanisms of capitalism. I also believe that it is the role of corporate executives to treat overcoming environmental issues and economic disparity as management issues and cultivate employees with the creativity and practical skills that will lead to solutions, and further, to participate in the establishment of new rules in relation to those elements that require cooperation on a global scale.

### Fuji Xerox's Ideal Role

Fuji Xerox has acted to date on the fundamental philosophy to 'build an environment for the creation and effective utilization of knowledge', 'contribute to the development of the global community by continuously fostering mutual trust and enriching diverse cultures' and 'achieve growth and fulfillment in both our professional and personal lives' by connecting peoples' wisdom and ideas through documents. We feel that, based on these philosophies, it is our company's role as a member of the global society to contribute to the building of an environment that enables governments, business and NGOs to communicate smoothly with each other across all borders. In other words, the spirit that underpins our work is the desire to overcome differences in origin, language, and nationality, and whether or not a person has a disability, and create a society drawn from the combination of diverse values, in which all people can maintain a cultured and healthy lifestyle, and for the products and services we provide to assist in this endeavor.

However, mere words or having an Internet presence does not mean thoughts or feelings have been communicated. We need comprehensive, broad ranging research, including research into the impact of the way we work, not mere transmission of information, to achieve more profound communication. It goes without saying that to understand the latent needs of our customers and society and respond to particular individual demands, we need to make maximum use of our company's imaging, animation, audio and communications technologies, and we also need to cooperate with others, including companies and research institutes that can provide a variety of knowledge and technologies, NGOs that are working preemptively on social issues, and government bodies. We intend to make the Fuji Xerox R&D Square research and development facility, which opened in Minato Mirai 21 in Yokohama in March of this year, a joint creation facility where this kind of cooperation is literally put into practice.

*Helping provide better communications  
for our customers through documents.  
That is Fuji Xerox's fundamental role.*



## 2) Core Fiscal 2009 CSR Policies and Results

### Results and Feedback From Core CSR Policies

We saw strengthening and enrichment in the three issues we prioritized from a CSR perspective in fiscal 2009. In terms of 'achieving ultimate customer satisfaction,' as a result of promoting our 'Go To Customers' strategy, which focuses on being astutely aware of the issues that our customers face, in other words, 'a companywide movement that re-aligns the way we do all of our work from the customer's perspective,' we have been able to achieve positive outcome such as an improvement in our customer satisfaction rating as well as 50 percent decline in complaints and claims.

In the area of 'embedding environmental awareness throughout all stages of a product's life cycle,' in addition to our digital color multifunction devices winning the Energy Conservation Grand Prize sponsored by the Ministry of Economy, Trade and Industry

for 11 years in a row, we have established and promoted an internal taskforce to redesign an 'accurate and speedy mechanism for understanding the environmental burden,' which will be fundamental to reaching our target for reducing greenhouse gases by 2020.

In terms of 'utilizing organizations and human capital in the context of globalization,' we have set up a new Human Resource Development Department in our Human Resources Group, and equipped it as a base for our efforts to enrich our problem-solving training programs, with the aim of augmenting our professional human capital and strengthening our overall responsiveness and ability to make proposals, as well as to strive for growth as a more sociably rich organization.

### Revival of CSR Committee and Strengthening of CSR Management Through a Companywide CSR Survey

After I became president I took the approach that each business and organization has to be able to put CSR into practice naturally in the midst of its ordinary activities and abolished the CSR Committee, but in the daily course of events, each business discussion has inevitably begun and ended from a financial perspective, and we have tended to lack the perspective of creating medium- to long-term value for stakeholders. This led to the revival of the CSR Committee in April 2010. We intend to use this committee as a venue for discussion grounded in integrating business with CSR that is progressing rapidly on a global scale about what kind of company we want to be in the medium- to long-term, and a place for the borderless gathering of creative forces from within and outside our corporate group.

Further, according to the annual Companywide CSR Survey that we introduced in fiscal 2009 to monitor our efforts across the company, although some areas have shown improvement, quite a few areas have fallen short of reaching a satisfactory level, including the advancement of female employees to the executive ranks. We are deeply aware of the need to gather the wisdom of the entire company, including at the CSR Committee, and promote concrete measures regarding these important issues. We have reproduced some of the results of the annual Companywide CSR Survey for fiscal 2009 for your perusal on pages 33-38 of this report.

Taking into account these activities, allow me to outline my thoughts on the efforts of each of our stakeholders during fiscal 2009 as follows.

### Customer-Oriented Management Activities

We continued our fiscal 2008 'Go to Customers' Corporate Direction from fiscal 2009 and all staff have considered the management issues facing our customers, and discussed how to redesign our course of action and relationship with our customers at each level. As a result, according to the results of an external survey, we were able to observe improvement over the previous fiscal year in 9 of 16 areas. We will be laying down policies and goals regarding the remaining areas and striving toward further improvement.

We had a real sense in fiscal 2009, amidst the advancing globalization of our customers' businesses, of an increase in the voices calling for proposals with a direct bearing on solving management issues, such as improving productivity, strengthening competitiveness or giving consideration to CSR issues.

At the same time, in August 2009, the high quality of the outsourcing services that we provide in partnership with Xerox Corporation headquartered in the United States, was acclaimed in the 2009 Black Book of Outsourcing, an annual guide published internationally by a specialist industry periodical, leading the field in Document Process Outsourcing (DPO) and ranking 3rd out of 4,839

companies as the Best Managed Global Outsourcing Vendors.

In this kind of services business it is indispensable for us to go beyond mere sale contacts with customers, and for all employees, including system engineers and staff engaged in after sales support, to elevate their ability to root out issues customers are facing by adopting a broad perspective, and for this reason, employees need to be able to analyze the relationship between their own jobs and society, and the customer's actual onsite situation. By recognizing irrationality and inconsistencies in our own workflows and workplaces, and actively promoting steps such as establishing uniform processes and standardizing rules and documents, we have been polishing our ability to identify and solve the issues our customers face, while at the same time continuing the implementation of the 'unity of word and deed' principle that we put in place in fiscal 2008, which will produce an array of practical solutions that we can recommend to customers with confidence. We carried out a number of trials in fiscal 2009, which were not sufficiently successful. In 2010, we will be focusing on putting this principle into practice and producing results.



## Employee-Related Management Activities

The relative importance of our business activities in the Asia-Pacific Region and China has increased in recent years, and we are accelerating the cultivation of professional human capital who are capable of sustaining a global perspective while providing a detailed response to local needs and the preparation of work environments that allow the active participation of a diverse range of human capital.

The professional human capital that Fuji Xerox needs are employees who can take the initiative to unearth and find ways to resolve issues themselves, and whose intelligent decisions and actions influence those around them.

Our main focus in cultivating human capital to date has been education and training so that employees master technology and knowledge; however, because what will be important from now on is the ability to think for oneself or to act on the basis of one's own experience, we need to change to developing a combination of abilities. It is for this reason that we have decided to establish

a Human Resource Development Department within our Human Resources Group, and proceed with redesigning the way we cultivate our human capital.

We have also introduced a program in Fuji Xerox Global Services to give employees training in responding to the global arena, such as communication skills for facilitating international business as well as skills in the management of teams made up of diverse national and cultural backgrounds and experience.

We have practiced gender equality in hiring and treatment of employees since our founding in 1962, and introduced human resource systems that encourage employees to be involved in child care, family care and volunteer activities more than 20 years ago. Fuji Xerox will be taking the lead in developing this positive tradition of people-centric management, giving employees autonomy and a broad range of choices in how they work so as to produce synergies that result in Fuji Xerox being a business that is able to create high-value-added-offering for our customers.

## Management Activities Related to the Global Environment and Future Generations

We drove our environmental management forward during fiscal 2009, focusing on implementing plans for each function and department in the company to reach the 2020 Greenhouse Gas Emissions Reduction Targets we announced in February 2009. In concrete terms, we investigated the technology needed to strive to reduce the environmental burden per unit of our products through large-scale CO<sub>2</sub> reductions at our premises, and increased energy and resource conservation through downsizing at the product design stage. We also set ourselves an Environmental Impact Visualization Task and began preparations for creating mechanisms for obtaining rapid and accurate information about the environmental burden of a product throughout its life cycle. We expect to be able to reach final conclusions by 2012 in relation to matters such as response to Japan's Energy Conservation Act and clarification of the cost effectiveness of environmental burden reduction measures.

We have also considered the efforts to preserve biodiversity that are attracting heightened international attention and the relationship between our business and biodiversity, and have drawn

up and decided on an action plan appropriate for a responsible business enterprise. We intend to begin by completing a survey on land use at our primary production facilities and reflecting our land use in our environmental plan.

Japan, Thailand and China have continued to operate our International Resource Recycling System, which aims at resolving resource conservation and waste problems; however, we recognize that we have reached a stage where factors including changes in our business structure and relevant overseas legislation mean that making the most of these systems for the medium- to long-term will require discussion.

Finally, I would like to report that a total of 11 of our products from eight product types, namely four types of our Apeos Port IV Series full-color digital multifunction device and four types of our DocuCentre IV Series, won the METI Minister's Award in the 20th Energy Conservation Grand Prize competition sponsored by the Ministry of Economy, Trade and Industry in 2009. This makes the 11th year in a row that we have won the Energy Conservation Grand Prize. We are grateful for your warm support.

*I've often said that CSR is management itself.  
What kind of value we can offer our stakeholders and  
how to realize this value is something that  
management must debate  
from a medium- to long-term perspective.*



## Supplier-Related Management Activities

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Over the past few years, customers have begun to request that we implement CSR management, including supply chain management. We have also seen a rise in large-scale negotiations where detailed reports are required under the terms of the tender or agreement.

We implemented full ethical procurement practices in regard to our main suppliers in fiscal 2007, completing the PDCA (plan, do, check, act) cycle twice by fiscal 2009 and are continuing to transition from the point where this idea filters through the company, to where it takes root.

We have also seen some of our suppliers adopt checklists and other materials provided by Fuji Xerox and implement ethical procurement in their relationships with their own suppliers, and we would like to assist in these kinds of efforts in the future.

In addition, working together with FUJIFILM Logistics since

March 2009, we have begun to improve our procurement practices by asking 34 distribution partners to make similar efforts.

I feel that it is the role of the manager of an enterprise to carry out proper management, considering the environment, human rights and labor, and corporate ethics, and to connect this to improvements in product quality (Q), cost (C) and delivery (D). This is because I believe that if we take a medium- to long-term view, this kind of management strengthens the trust that our customers, employees and business partners have in us, and leads to long-term business stability. I want to build a supply chain based on deep trust that builds mutual prosperity. In the future, when we commence new business relationships, I would like for us to gradually transition to starting with a CSR evaluation, followed by a QCD evaluation for those businesses that meet our approval.

## Local Community-Oriented Management Activities

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Fuji Xerox has been involved in a variety of programs that contribute to society to date, including the support of employee participation in volunteer initiatives such as the HASU Club, research support for Asian exchange students through the Setsutaro Kobayashi Memorial Fund and contributing to the distribution of large-print textbooks. While we intend to continue with these programs in the future, we feel we need to also reconsider our management activities as they relate to local communities and revamp our policies and planning in this area on a global scale, asking ourselves what contribution Fuji Xerox can make toward the development of each local community that makes use of our core business, and that we do this better than anyone else, and that it will be effective.

To illustrate, we think that if human capital is insufficiently diverse or if the technical means for giving the disabled or diverse human resources access to information are inadequate, then resolving these issues is also part of Fuji Xerox's role. Solutions cannot be achieved using paper media alone, so we will be using

our skills as document professionals to provide highly workable and practical methods of solving these issues, including the use of sound, images and touch.

One good example of our community-oriented management activities is our contribution to the distribution of large-print textbooks we announced in our Sustainability Report 2009. In fiscal 2009, we were engaged by the Ministry of Education, Culture, Sports, Science and Technology to undertake a Survey on Best Practices in the Provision of Digital Textbooks and we collated and reported concrete findings to the government on matters such as data formats that are easy for the volunteer groups who produce the textbooks to use, data provision and support environments. This project was of great value for our company in that we were able to actually experience the technology and business know-how that we have accumulated in the business-to-business context helping to provide access to information for children with disabilities and the elderly.

## Shareholder Investors

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In fiscal 2009, Fuji Xerox devoted itself to ongoing efforts to build the company's profit-generating capacity--bringing new products to market, reducing the price of products, streamlining research and development, and curtailing sales and general administration costs. However, factors including weakened sales due to sluggish demand, as well as the impact of the strong yen meant the end results were reduced revenue and profits over the previous year, with consolidated revenue of 943.5 billion yen (against 1.0884 trillion yen in previous fiscal year) and operating profit of 20.1 billion yen (against 41.5 billion yen in previous fiscal

year). Financing and cash flow are becoming bullish.

Moreover, the company placed significant emphasis on achieving excellence in the areas of compliance, financial reporting, risk management and internal controls that increasingly concern investors and society in general, striving to further support and enhance these areas.

These initiatives clarified the issues the company faces in terms of expanding its sales, securing a profitable base for its services business and developing its markets, focusing on China and other developing nations.

### 3) Challenges and Commitment for Fiscal 2010

#### Challenges and Corporate Direction for Fiscal 2010

We have implemented the 'Go to Customers' Corporate Direction for the third year in a row this fiscal year, and are managing the company with the conviction that we have successfully executed reform, based on the groundwork we have laid so far, and are now in the final stage where we will produce superb results. We will be promoting the following important strategies within the company and in our domestic and overseas affiliates to achieve results. In the Chinese and Asia-Pacific markets, we will be investing all our efforts in developing our markets and expanding our sales through business management that considers CSR while striving to cooperate with local administrations and the private sector.

Second is the reform of our business through expansion of domestic growth sectors. Within Japan, while the equipment market is close to saturation, we are continuing to optimize our existing core businesses and striving to transition toward a new business model as a solutions service provider. In particular, we

want to demonstrate Fuji Xerox's existing value in the fields of environmental burden reduction and ways of working that support a work-life balance.

Our third important strategy is functional reform to support growth and an organizational makeover through management innovation. We will be further tightening our decision-making and internal control structures to acquire the insight and mobility appropriate for business activities on a global scale. We will be running a variety of parallel programs and strengthening our organization capacity so that each employee changes their own thought processes and carries out their activities based on the customer's perspective.

Prerequisite to promoting these important strategies is that we faithfully engage with the issues facing each of our stakeholders. We will be announcing initiatives that we consider particularly important through press releases and other means, in due course.

#### Promise to Provide Strong Leadership

From this fiscal year onward, we will be deliberating the ideal shape of our global CSR governance, namely how to treat overcoming environmental issues and economic disparity as management issues, implementing CSR management from the Think Globally, Act Locally point of view, and how to cultivate employees who have the creativity and practical skills that lead to solutions.

At the same time, we will also continue to invest effort in the

spread of universal values that link many stakeholders across national boundaries, as seen in the UN Global Compact.

I promise to exercise strong personal leadership and to fully commit myself to giving responsible guidance to ensure Fuji Xerox continues to be a company that is proud of its contribution to society and the global environment, whether at the global, national or regional level.

I look forward to receiving your frank opinions and comments.

*Fuji Xerox is facing big changes now.  
I hope to create an environment where there's diversity  
in the workplace and new ideas flow like rivers.*



Tarajo holly leaf planted at R&D Square.

## Highlight 01

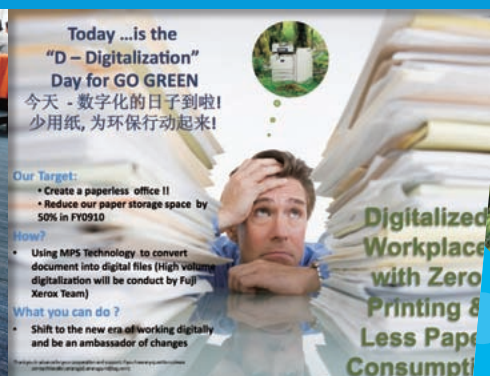
# Innovative Service Business Helps Reduce Environmental Burden Generated by Offices:

## Responding to Top-level Demands

As pressure mounts to introduce measures that address global warming, many companies are looking at ways to reduce their environmental burden. As a result, easily workable and low-cost integrated solutions are necessary to satisfy customer requirements. This Highlight outlines the current status at Fuji Xerox as it faces these challenges.



Green carpet to enhance employees' environmental awareness  
(at P&G Guangzhou office)



## Providing Innovative Solutions

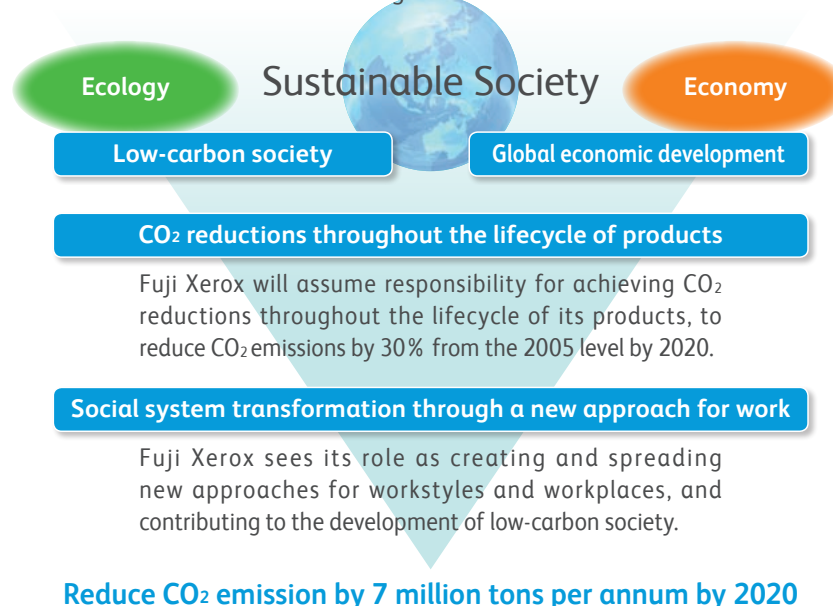
The time for selling products centered on catch phrases focused solely on CO<sub>2</sub> reductions has come to an end. Global companies are now looking to Fuji Xerox for innovative solutions that go beyond providing energy-saving products. Such companies want products that reduce the environmental burden dramatically, while at the same time, offering improvements in efficiency and productivity across all work areas. If Fuji Xerox does not address these top-level requirements, it will become difficult to maintain its position as a viable business partner in the market.

Fuji Xerox's global warming efforts have always gone far beyond simply focusing on the environmental impact of its production sites and offices. Rather, Fuji Xerox has sought to reduce CO<sub>2</sub> emissions by examining the different aspects of its products' life cycles, including the power consumption of multifunction devices and the reuse of parts in customer offices and businesses. However, to achieve the long-term objective of "reducing global greenhouse gas emissions by at least 50 percent by 2050," as announced by the world leaders at the G8 Summit, transformation into a low-carbon society will be imperative over the next 10 to 20 years.

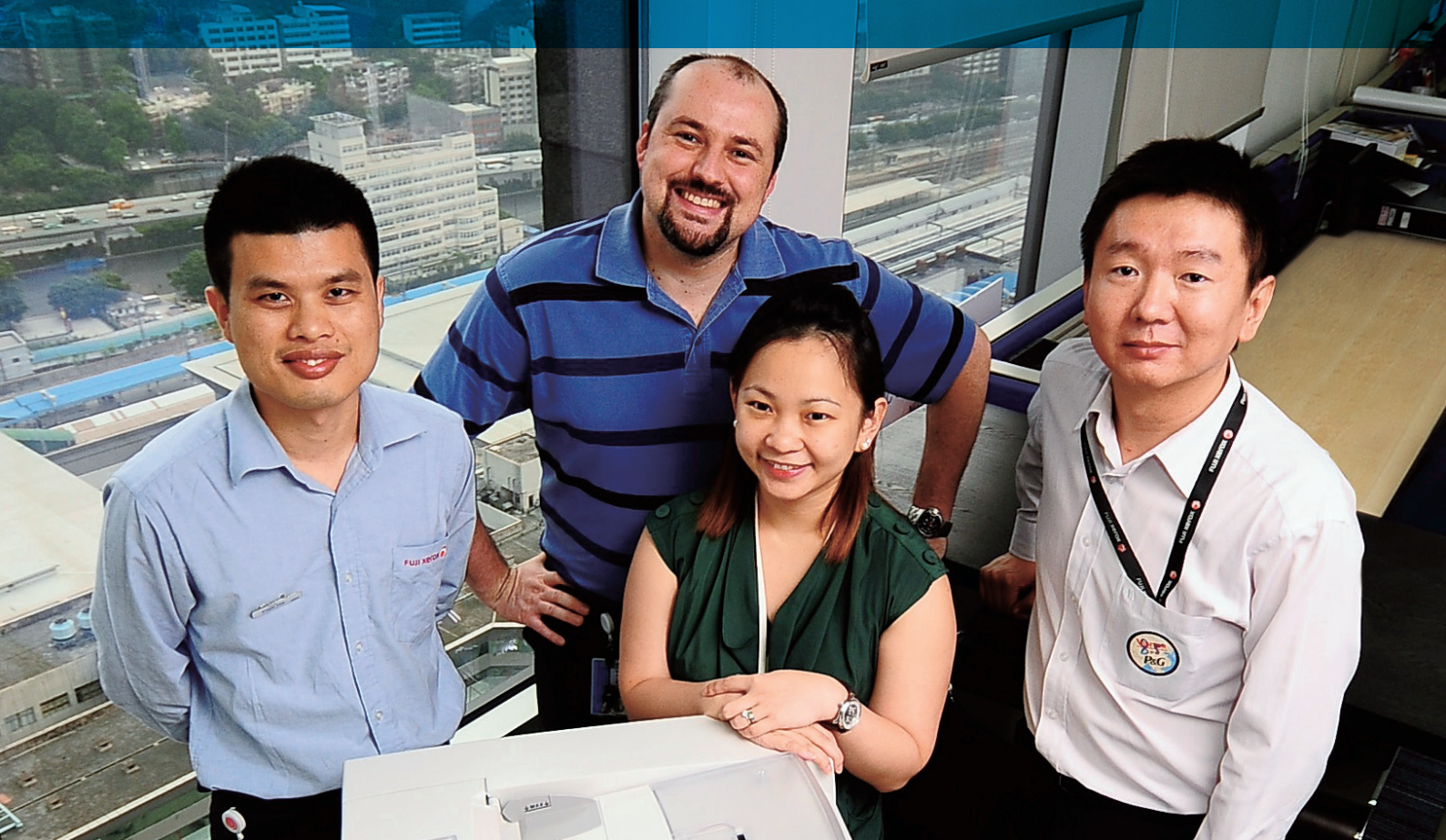
In response to these global requirements, Fuji Xerox announced in February 2009 its targets for greenhouse gas reductions by 2020. These targets have two central components. The first is a shift to low-carbon alternatives for all products, services, and other business activities including research, development,

procurement, production, distribution, and other aspects of customer use ranging from electricity consumption to recycling. It involves reducing CO<sub>2</sub> emissions by 30 percent compared to the 2005 levels, or an estimated total CO<sub>2</sub> reduction of approximately 500,000 tons. The second component involves the reduction of

### 2020 GHG Emissions Reduction Targets







annual CO<sub>2</sub> emissions by 7 million tons by contributing to CO<sub>2</sub> reductions in customer offices and businesses. Fuji Xerox intends to achieve this by popularizing new work

practices and environments.

To meet these ambitious targets, it will be necessary to put in place conditions that enable the current state of emissions

to be accurately assessed in real time so that a wide range of solutions based on its product lineup can be selectively implemented.

## Responsibility to Provide Accurate Environmental Information

In recent years Fuji Xerox has seen a sharp increase in inquiries from customers all over the world in relation to CO<sub>2</sub> emissions and its carbon footprint for products and paper, as well as the methods it employs to reduce the environmental impact. Fuji Xerox has a responsibility to provide customers with fair, accurate, and timely information.

Attitudes toward CO<sub>2</sub> reduction, however, vary greatly between individual countries and regions according to their vested interests. Thus, there is a substantial variation in the assessment indices in individual countries and regions, which are not standardized. In fact, one of the reasons it has been difficult to reach an international consensus following the

Kyoto Protocol is that the developed countries, newly industrialized countries and developing countries each stand to gain in different ways.

Furthermore, since environmental efficiency and environmental performance cannot be visually evaluated and numerical data is commonly interpreted in a variety of ways, there is always a risk that products will be misunderstood. Even so, official data and the accuracy of its interpretation indicate a company's stance on these issues. Fuji Xerox must be mindful that the basis for sustainable management is an unremitting effort to disclose accurate information in a fair and timely manner.

"There is a risk that data on the environmental burden and environmental

performance will be expressed in somewhat arbitrary terms," says Takashi Shibuya, general manager of Fuji Xerox's CSR Department. "Given that such data constitutes basic product information, we have to place ourselves in the customer's position and prepare information using globally applicable scientific methods and standards. We have introduced an environmental simulator as well as other systems to enable customers to understand the environmental implications of using our multifunction devices and printers in terms of CO<sub>2</sub> emissions. At the same time, we recognize that it is not enough to simply introduce the system and then sit back and relax – we believe it is vital to continue to improve our accuracy," Shibuya continues.

## Integrated Service Tailored to Market Demands

The power consumption of printers and multifunction devices in a normal office generally accounts for 1 percent to 2 percent of the total power consumption,

which means that however great the efforts made in this area, the absolute reduction quantity of the overall consumption will be limited. For this

reason, Fuji Xerox's approach to reducing greenhouse gas emissions not only involves improving its products, but also entails contributing to the realization of a low-





carbon society through innovations in its customers' work practices. Fuji Xerox aims to achieve this by changing the way customers use its products, and by meeting its customer needs in the form of a service business.

Fuji Xerox believes that in the future customers will be looking for an integrated service that offers ease of operation at a sensible price. As the differences between technologies and products disappear, customers want systems that are effective, economical, and simple, as exemplified by cloud computing. What is vital here is the degree of completeness of the service. First, Fuji Xerox will establish practical methods

that enable a real-time and accurate understanding of the environmental impact of all products, services, and business activities as well as visualization of the economic effects based on such data using in-house operations. Next, based on this experience and the ensuing results, Fuji Xerox will look to develop a CO<sub>2</sub> emission measurement and proposal implementation service for its customers' offices and businesses. Fuji Xerox is already preparing the terms for the provision of such a service based on these ideas.

As the first step, Fuji Xerox launched its Environmental Impact Visualization Project in 2009. This program involves

a comprehensive, companywide review of management standards, deploying assessment systems and information systems to enable consolidated management of CO<sub>2</sub> emissions related to product design, procurement, production, and distribution, as well as offices, which have to date been managed separately based on individual requirements. This will enable various data, including data on the economic effects, to be visualized in real time and applied as management information. A companywide task team has now been set up and is working with the relevant departments on this project, which is scheduled to be completed in two years.

## Responding to High Level Requirements of Leading Companies

How does Fuji Xerox propose to offer customers solutions that accelerate reductions of the environmental burden while at the same time offering improvements in efficiency and productivity? Let us now look at an example that details the direction Fuji Xerox intends to pursue.

The Procter & Gamble Company (P&G) is the world's largest manufacturer of daily consumables, cosmetics, and food products, employing approximately 127,000 staff in nearly 80 countries. P&G has positioned sustainability at the center of its business strategy for decades. One of its measures, as announced by P&G's U.S. head office in 2009, was the switch from a system where overseas affiliates independently managed their own multifunction devices, copiers, printers, facsimiles, and other office hardware to the Xerox Group's Managed Printing Service (MPS). MPS is a comprehensive service under which Fuji Xerox undertakes responsibility in the Asia-Pacific region for the management of devices as well as analyzing usage and providing advice about optimal placement. The results are increased office efficiency, cost savings, and reduced environmental

impact. MPS also provides customers with quantitative data on these matters.

In 2007, P&G established five strategies for sustainability, positioning achievement of one of their strategies, which is to reduce the environmental footprint of their operations, to be achieved by 2012. In Asia, one of the main items put into action to reduce the environmental footprint was implementation of Managed Print Services at all key general offices.

From the initial implementation, P&G requested that Fuji Xerox measure the paper and power consumption changes based on the same measurement standards, particularly in all of its regional offices where MPS is implemented. Before, it was not possible for P&G to gather the data, as it had been using more than 45,000 individual multifunction devices, copiers, printers, scanners, fax machines and other hardware.

"It is vital that our 16 sites in Asia measure the paper and power consumption changes according to the same standards and inspire each other in our efforts to help reduce the operational footprint of our offices," Rene Co, general manager of Greater China External



Rene Co  
General Manager of Greater China External Relations,  
Procter & Gamble (Guangzhou) Ltd.

Relations, Procter & Gamble (Guangzhou) Ltd., commented.

In actual fact, Fuji Xerox and the sales companies in the various countries in which it operates had also faced similar problems in this regard. The levels of understanding of and policies on the reduction of the environmental burden differ enormously between countries and regions. There



Explaining Fuji Xerox's system to improve productivity for customers (at P&G Japan Kobe office)

were concerns that if the purpose of these activities could not be correctly communicated, the objectives would not be met and the activities would lead to employee dissatisfaction. "It doesn't matter how wonderful your system is, if it fails to match the motivation and understanding of the operational staff and other users, it will be impossible to create a homogenous top-level service," says Edward Chin of the Global Service Management Department. "The first thing we had to do was to set about changing the behavior of the employees who will use this service."

Bearing this in mind, Fuji Xerox embarked on an educational program on methods designed to substantially reduce the environmental impact in cooperation with P&G's Singapore office. Also, to enable Fuji Xerox to make more effective proposals to customers, the Fuji Xerox Global Services team, in collaboration with P&G's Singapore team, tested various strategies, such as providing displays relating to the paper

output status of each floor and department and holding contests to reduce paper usage.

Beginning with Singapore, these activities were introduced in stages to each of the P&G regional sites in Asia.

"The integration of printers and multifunction devices, as well as the reduction of paper cannot be achieved without the understanding of the employees who work there," Co says. "There was a misunderstanding among our employees that these activities would be more inconvenient. To resolve this misunderstanding, it was necessary for us to explain the effectiveness of implementing measures for reducing the environmental burden into our operations, while at the same time, convince the staff that it is a meaningful activity. So, with the help of Fuji Xerox, we held educational programs and other activities such as organizing seminars to raise awareness, creating posters, and holding contests."

Fuji Xerox is collaborating with other P&G affiliates in Asia to contribute to changing

the printing behavior of the employees toward reducing the environmental burden.

"In partnership with Fuji Xerox, we were able to steadily increase our sustainability practices in the workplace by engaging employees in long-term activities that included changing their way of thinking and behavior," Co continues. "Over the course of these activities, we improved productivity and implemented a program to improve work efficiency by encouraging employees to think before printing, and to use digital documents more often. These activities enabled us to increase our employees' understanding of the direct correlation between increasing productivity and efficiency at work, which helped to reduce our environmental footprint. In terms of fulfilling our objectives of a 20 to 30 percent reduction in paper usage and a 30 percent reduction in power consumption in the Asia Pacific region, the actual achievement for fiscal 2009 after implementing MPS was higher than expected by a substantial amount."

## Innovations in Customer Work Practices

Reducing the environmental impact should not simply be seen as a business tool. For Fuji Xerox, it is important to provide an environment that makes it easy for our customers to shift to low-carbon operations and thereby support the move toward a sustainable society. To achieve this, Fuji Xerox hopes to receive high-level requirements from leading global customers and pass on the knowledge gained to society through its business. It is the expertise gained in the field that is meaningful rather than plans formulated at the desk.

However, current services such as MPS are designed to optimize "usage," but have yet to reach the stage of innovation in our customers' work practices.

"By maximum use of mobile technologies, we want to create future offices that enable

efficient work practices and a healthy and happy working environment that improves employees' work-life balance, and at the same time, reduces the environmental burden from offices," says Masaki Okano, executive director responsible for Fuji Xerox Global Services. "These values will transcend national borders as well. Customers' management issues will present new challenges for us. It is our desire to become the most professional team in the world and to drive business toward realization of a worthwhile service."

Fuji Xerox has begun implementing programs to meet our objectives of reducing greenhouse gases by 2020. The goal of reducing our customers' emissions of CO<sub>2</sub> by 7 million tons annually is very ambitious, and will require cooperation not only within

Fuji Xerox but also from customers and partners. Fuji Xerox will continue its efforts in meeting this ambitious target.



Masaki Okano  
Executive Director, Global Services  
Fuji Xerox Co., Ltd.



## Market Evolution and Global Management: The New Governance Challenge for CSR

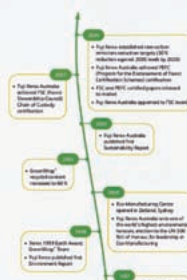
Market demand is changing rapidly, and customers are requiring disclosure of CSR efforts. Fuji Xerox needs to develop a new CSR governance scheme to respond in a timely manner. This is a report on Fuji Xerox and its affiliates' endeavor to establish a new organizational scheme to address sustainability.



### Fuji Xerox and Sustainability

"Sustainability in its broadest sense underpins our business. We aim to run Fuji Xerox Australia based on a set of principles that guide continuous improvement across economic, environmental and social criteria. Our responsibility to internal and external stakeholders spans these three pillars of sustainability. Whether they are employees, customers, business partners or the broader community, our stakeholders expect us to act as a good corporate citizen by finding the right balance between economic, environmental and social considerations."

Mark Nagelowski, Managing Director



### The Paper Facts: Paper and the Environment

Is your organisation committed to environmental sustainability? Do you need help identifying paper's environmental impacts and how the industry is addressing them? Do you have criteria for responsible paper procurement but need guidance understanding how to assess compliance?

Fuji Xerox has developed resources to answer some of these questions, clear confusion, and provide transparency about where the pulp and paper industry has improved practices and where there is room for further improvement. Increasing numbers of responsible organizations seek evidence for paper's environmental credentials. However, the environmental issues are not always straightforward and often confused with a broadening range of environmental paper origins and certification systems, responsible paper procurement can become a complex undertaking. The fact is that paper production has a range of potential environmental impacts that are not easily ignored. Some sources can be found in the way and resources into a significant issue. Key environmental issues of concern are from covering water and energy use and emissions to waste, land use and air use, greenhouse gas emissions, and recycled content of paper. Forest, pulp and paper production also has social implications regarding indigenous peoples and labor practices. These are also complex

## Making Progress in Integrating Business With CSR

One of the documents that has created an opportunity for Japanese companies to genuinely understand CSR is the Japan Association of Corporate Executives' 15<sup>th</sup> Corporate White Paper (2003) 'Market Evolution and CSR Management: Toward Building Integrity and Creating Stakeholder Value.'

This White Paper predicts the arrival of an era in which markets will go beyond evaluating and selecting companies on performance comparisons and price competition alone, but incorporate noneconomic values. It then develops the argument that companies themselves

should strive toward harmony with society through enthusiastic initiatives using market dynamism. In reality, incidents like corporate scandals sometimes mean that society evaluates and selects companies using negative criteria. However, those in the corporate world have been doubtful as to how influential society will be in evaluating and selecting companies using positive criteria in response to good corporate behavior, and as to whether this 'market evolution' will actually transpire.

We have seen changes in the business environment in recent years that lend strength to this argument. There is a

spreading international movement in government and major corporate procurement to evaluate and select companies on the basis of good faith efforts to achieve CSR. Purchasing highly environmentally friendly products has become important, too. As a result, in the future, failing to consider CSR, including the question of environmental performance will, from the market's perspective, carry the risk of a loss of credibility in the business world. Responding to 'market evolution' has indeed become a contemporary theme of corporate management.



Tetsuri Yamaguchi  
International Business Group, Fuji Xerox Co., Ltd.

## The Customer's Diversified Requests

The International Business Group's Asia-Pacific Office in Singapore received the following call from one of Fuji Xerox's overseas sales companies, "As part of the government's procurement process bid specifications (Requests for Proposals or RFP), we have been asked for detailed data on the environmental impact of Fuji Xerox products and information on the progress of the entire group's CSR efforts. Please provide the data urgently." Tetsuri Yamaguchi, the International Business Group, who is

in charge of sales support, collected the required data one way or another with the support of the Corporate Social Responsibility (CSR) department at Fuji Xerox's Tokyo headquarters, referring to an earlier case handled by Fuji Xerox Australia.

"There has been a trend for European and American multinational corporations to deploy ethical procurement practices for local suppliers in the Asia-Pacific region, but in recent years we have seen the same trend on the rise even in public procurement carried





out by various countries,” Yamaguchi says. “These kinds of questionnaires contain a lot of questions, and each is different, so we are handcrafting responses in each case. When we are asked for data not held locally, we also need overseas connections,” Yamaguchi continues in describing the hard work involved in actually responding to customer

questionnaires.

In most cases, what customers seek is not limited to data on the CSR performance of the local corporation, but includes the performance of the entire corporate group and supply chain. In addition, customers request that the data be converted into indices in a variety of formats before

submission, such as ecological footprint per sheet of paper. Even if an index exists as a concept, the reality at Fuji Xerox local offices is that they agonize over how to respond due to vague calculation standards, or in some cases, because the data they handle on a day-to-day basis is inadequate.

## Roles and Cooperation Between Local Bases and Tokyo Headquarters

It is unacceptable for Fuji Xerox to overlook its customers’ real requirements by giving pat responses. In December 2009, staff from Fuji Xerox Australia, the International Business Group and the Tokyo headquarters CSR Department held a meeting at Fuji Xerox Australia headquarters. Fuji Xerox Australia has a dedicated team to promote sustainability, and has been putting efforts to link sustainability with marketing activities.

The objective of the meeting was to discuss what is happening at the front line and how Fuji Xerox can adjust the roles and responsibilities between local offices and Fuji Xerox’s Tokyo headquarters to facilitate effective cooperation.

The Tokyo headquarters CSR Department gave a detailed explanation of the implications and issues in the energy efficient products, international resource recycling system, ethical procurement and

participation in the Global Compact the Department has promoted to date. A number of participants from Australia expressed the view that “We were not aware of the true value of Fuji Xerox’s groupwide CSR activity efforts. Since we are investing considerable energy in worthwhile activities, we should cooperate more in appealing to customers on the basis of the entire group’s efforts.” While Fuji Xerox’s Tokyo headquarters was doing its best in communicating its promotion of CSR to stakeholders, it was limited to those in Japan. The CSR Department was acutely aware that it had made too little effort to visit the front line in each country to exchange information face-to-face.

Amanda Keogh, Environment and Sustainability manager at Fuji Xerox Australia, spoke of her recent thoughts on the role desired for Fuji Xerox’s Tokyo headquarters as follows, “The pressing issue

in terms of guaranteed business results and growth for Fuji Xerox’s sales subsidiaries and affiliates in all countries is for them to prepare



Amanda Keogh  
Manager, Environment and Sustainability,  
Corporate Affairs, Fuji Xerox Australia Pty. Ltd.



and provide information that customers seek on CSR performance in a timely manner. An interim issue is to communicate a clear policy to the officers and employees in each country as to what leadership the Tokyo headquarters

will take, and in what way, in relation to environmental or societal concerns. At the same time, if the extent of the discretion authorized for local management is clarified, we should be able to cooperate more

efficiently with faster speed.”

These comments revealed a common perception among stakeholders that there is an immediate need to strengthen global CSR governance.

## Founding of Global CSR Working Group

Steady progress is being made on a global scale in setting standards in the CSR field, including through *International Standard ISO26000 Guidance on Social Responsibility*, the *United Nations (UN) Global Compact* that summarizes CSR principles and the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines*. However, the real CSR issues and their priority differ among countries and regions. Further, approaches and ideas that gain societal consensus can only emanate from localities. CSR promoted solely on the basis of orders issued from headquarters in Tokyo would fail to give adequate consideration to the requirements of local society, and could hardly be described

as authentic.

After three months of discussion through teleconferences among the participants who met at Fuji Xerox Australia, the members decided to place priority on sharing information on the concept of integrating business with CSR, so that staff of various departments at headquarters have a similar understanding. This concept and awareness will no doubt spread across the entire Asia-Pacific region in the next few years.

The members gathered for a second time in Tokyo in the spring of 2010. Amanda Keogh commenced by explaining Fuji Xerox Australia’s operations to headquarters staff, including those from the business planning,

international business, human resources, education, corporate communications and environmental departments, reporting that environmental and social factors play a significant and increasing role in customers’ standards when selecting providers. Tokyo headquarters staff who heard Keogh’s account felt a keen sense of responsibility to prepare and provide the necessary information as a global headquarters to enable local sales teams in each country to respond flexibly. At the same time, Keogh’s presentation reaffirmed the urgent need to train and secure global human resources to facilitate understanding of the situation on a global scale and flexible operational cooperation.

In light of this, the members discussed the need to create a system to allow the smooth coordination of information. Another matter raised for discussion was that Fuji Xerox’s existing region and function based decision-making processes make it difficult to respond from a broad perspective. They decided to start a Global CSR Working Group comprised of Fuji Xerox Australia, the International Business Group and the CSR Department. This Global CSR Working Group will share the needs and trends of each country and consult from a local perspective in relation to CSR-related policies of all Fuji Xerox companies. In concrete terms, they decided to first organize the information by Fuji Xerox’s customer’s request, particularly in countries and regions where the integration of business with CSR is advanced. Then, separate those customer requests to clarify which information should be organized by headquarters, and which



Fuji Xerox Australia’s website actively communicates its activities and philosophy on sustainability.



should be done by each local sales company. Once they have clarified these points, they would then seek involvement of the sales companies in each country. Yamaguchi explained that these activities have just started, but we want to create a system that will allow us, as members of the International Business Group, to form close relationships with the local sales companies and respond rapidly to customer needs in each country.

Takeshi Hibiya, corporate vice president responsible for human resources, general affairs, legal, and CSR makes the following assessment of this series of activities. "When

I visited a famous temple in early spring, I stopped in front of the words 'One who thinks a year ahead plants a flower, one who thinks 10 years ahead plants a tree, and one who think 100 years ahead educate a person.' I sometimes reflect that recently we have focused too much on encouraging employees to achieve results immediately. In global business, there is never a single correct answer, nor a common work manual. So each of us has to find a way by ourselves. Thus, employees must think deeply about the root causes of problems, prioritize them and act on their ideas. Employees who can

communicate effectively to involve many others and who can deal with people of diverse cultures will, in my view, support this company and accomplish personal growth. This way of working will surely grow importance in the future. What I mean is, someone who can quickly sense the issues faced by sales at the front lines, and communicate across national borders to make suggestions about ideal measures for future management, as is the case here. I believe it is vital for management to listen open-mindedly to such suggestions."

## Toward a New Kind of CSR Governance

"I sense that 'market evolution' is definitely progressing in the Asia-Pacific region," says Katsuhiko Yanagawa, senior vice president responsible for Fuji Xerox's international business. "I have observed strong customer demand for us to take environmental measures in the Australian, New Zealand, Singaporean and Hong Kong markets that have much in common with European and American markets. Recently, some demands are getting stronger in countries like China, Thailand and the Philippines. If this situation progresses, I think that there will also be an expectation that if Fuji Xerox is asked, we will deliver cutting-edge solutions that emerge in any corner of the world."

"Fuji Xerox aims for 'glocal' management that thinks globally and acts locally," Yanagawa continues. "While the themes that directly affect the company's large-scale investment and branding will be driven by the leadership of the company's global headquarters, Fuji Xerox's fundamental approach is for each affiliate company to come up with activities rooted in the region. Further, it is also an important role of the company's headquarters to work side by side with these local efforts to extract themes

representing the Fuji Xerox spirit from among the independent activities carried out by each affiliate in response to issues faced by each region and apply them to other issues."

"What is needed in the rapidly changing global management climate is outstanding foresight and strong leadership, with the ability to turn concepts into reality," Yanagawa says with passion. "Fuji Xerox's global CSR governance is shifting from asking 'what should we do' to the stage of asking 'how should we do it.' To put this into practice, we will strengthen ties between Fuji Xerox's affiliates and the Tokyo headquarters, while striving to perfect policies that would take us to the next step, including promoting a diverse range of professional employees and augmenting information sharing systems, aided by the Global CSR Working Group's proposals."

Fuji Xerox stakeholders want to encourage national and regional initiatives, strengthen ties among affiliates to have a real sense of pleasure in contributing to regional development, bolster the feeling of unity among employees including officers, and also interlink to build trust in Fuji Xerox and the Fuji Xerox brand, while realizing glocal

management through the combination of the themes to be driven by headquarters and the activities to be carried out independently at each affiliate.

Fuji Xerox's global CSR governance stands on a new threshold. The realization of more advanced CSR governance will elevate Fuji Xerox to a truly global company, and serve to develop both Fuji Xerox customers and society. Further challenges lie ahead for Fuji Xerox.



Katsuhiko Yanagawa  
Senior Vice President Fuji Xerox Co., Ltd.

# Building a Fulfilling Work Environment for Every Employee

Chinese society is seeking well-balanced corporate management that encourages employees to advance their high aspirations as well as to strive for personal growth. This Highlight introduces Fuji Xerox of Shenzhen's endeavors, based on its Employee Assistance Program (EAP), to foster heartfelt communication between management and employees.



## Economic Developments and Changes in Worker Attitudes

In March 2010, the Chinese government decided at the National People's Congress to switch its economic policy from dependency on exports and investment to expanding domestic demand and consumption, and at the same time to implement policies aimed at eliminating the disparity between rural and urban areas. However, given the backdrop of the ever-growing income gap and rising living costs in urban areas, there have been a rash of calls for higher wages across China, mainly in foreign enterprises.

Fuji Xerox of Shenzhen, which commenced operations in 1995, introduced the Employee

Assistance Program (EAP) in fiscal 2006 to improve communication between workers and management. As a result, the retention rate for factory workers is three-fold higher than that of the average for Shenzhen.

"EAP is an indispensable program, in particular for our factory workers," says Ying Wang, general manager of the General Administration Division. "Unlike our office employees who live offsite with their families, many factory workers live in onsite company dormitories. With no family nearby, they rely on their friends and colleagues, where in some cases their advice may be somewhat misguided.

So it is important for us to provide access to outside experts and give our workers easy ways of getting objective, accurate information."

This is a report on how EAP at Fuji Xerox of Shenzhen is being developed.



Ying Wang  
General Manager, General Administration Division  
Fuji Xerox of Shenzhen Ltd.

## The Development of Fuji Xerox of Shenzhen's EAP Initiative

In 2006, when Fuji Xerox of Shenzhen held a communication course in cooperation with a local NGO, the Shenzhen Institute for Contemporary Observation (ICO), which promotes capacity building for young migrant factory workers from rural areas, the response was greater than expected. When a survey was conducted, the results were disturbing: 37 percent complained of impediments to communication with superiors and colleagues, 19 percent felt isolated, 14 percent felt relationship problems and 30 percent of them sensed psychological instability.

Given these results, the Fuji Xerox of Shenzhen managerial departments collaborated to implement a three-year, factory-worker-training program, with the continued cooperation of ICO. In addition to Interpersonal Communication, the training program covered topics such as how to save and use your salary, friendship skills and communicating with the opposite sex as well as mental health. To date, a total of 12,105 workers attended the training, and it garnered a satisfaction rating of more than 90 percent, with persistent requests for the program to be

maintained and expanded.

The great success of the Fuji Xerox of Shenzhen program is largely due to the steady efforts of the staff on the grounds.

"When we engaged ICO, we communicated in detail the nature of our work and our workers' circumstances," says Meihua Liu, section manager of the Fuji Xerox of Shenzhen CSR Department, who has led the overall planning and promotion of this initiative. "Before each monthly seminar, we have the facilitator explain the proposed theme and outline the contents. Then we give the





facilitator feedback from the company's perspective before we ask the facilitator to prepare presentation materials. Next, we have a trial seminar presentation, which we then ask the facilitator to revise for greater effectiveness. So, the seminar contents are tailored to our own needs with ICO's expertise."

It became clear, as a result of analyzing the participants' questionnaires, that there was a need for an individualized response to employees who were under a high stress. The program facilitators received several letters from factory workers seeking advice on personal concerns. The company responded rapidly with a variety of measures, including setting up a telephone counseling hotline and face-to-face counseling to provide individualized advice. Fuji Xerox of Shenzhen also introduced systems where the factory workers can always submit their views.

Yingpin Dai, who is the representative of the Shenzhen EMH Psychological Consulting CO., Ltd., which provides the psychological counseling mentioned above, and who herself holds counseling qualifications, lists four main causes for workers' stress in the Shenzhen area. First, problems in romantic and family relationships; second, work pressures; third, issues in parenting and children's education; and fourth, emotional stability challenges.

"China is rapidly becoming a high-stress society," Yingpin Dai continues. "Workers

are subject to strict work management from their superiors in the factory, and if they don't settle in, both at the workplace and to dormitory life, they cannot feel comfortable. Even if the company can show that it has the paternal discipline to drum in knowledge and skills, it is difficult to foster psychological stability in the same way that a mother does."

Counseling is usually carried out on the condition that the individual's real name is not revealed. However, when Fuji Xerox of Shenzhen received an urgent message from Yingpin Dai that a certain factory worker was in an extremely dangerous psychological state, the company immediately contacted

the worker's family, school teacher and a hospital in order to avert disaster. The psychological counseling hotline and face-to-face counseling also have the effect of preventing suicides and disappearances.



Yingpin Dai  
General Manager  
Shenzhen EMH Psychological Consulting CO.,Ltd.

#### Outline of Employee Assistance Program at Fuji Xerox of Shenzhen

Programs	Contents	Outline / Results
Systems for giving employees a voice (introduced in 2006)	① CSR Opinion Box	Introduced in 2005, approximately 1,000 messages received each year.
	② Exchange of Opinions With Functional Departments by Email Utilizing Intranet	Introduced in 2006, approximately 100 messages received each year.
	③ Roundtable Discussions Between Executives and Employees	Introduced in 2008, held 18 times each year.
Mental Health and Adult Education Training Seminars for Employees (Introduced in 2006)	① Seminars for New Employees	For all employees.
	② Seminars for Staff	Voluntary: Held six times in fiscal 2009.
	③ Seminars for Factory Workers	Voluntary: Held 22 times in fiscal 2009. 99% of participants stated they were 'satisfied' in a follow-up-questionnaire.
Systems for Supporting Psychological Stability (Introduced in 2006)	① Psychological Counseling Telephone Hotline (outsourced to specialist provider) commenced in September 2006	Users in Fiscal 2009: Total of 681 users and 591 counseling hours.
	② Face-to-Face Counseling (outsourced to specialist provider)	Users in Fiscal 2009: Total of 97 users and 146 counseling hours. Early diagnosis of depression, consideration and introduction of measures to combat depression when it begins.



## Ever-Changing Employee Attitudes

How did Fuji Xerox of Shenzhen factory workers' attitudes toward work and their own growth change through these initiatives?

"The second seminar in the series, 'Live a Happy Life' was the most helpful. I know a lot more now than my high school classmates – I feel much more mature than before," says Lu Jiang, who joined the company in 2006 from Hubei Province. "Work is tiring, but I have come to think of it as a good opportunity to experience the value of work as well as to earn a living. I'm learning Japanese too, so I can become a group leader. I'd also like to attend staff training seminars, so I can learn more."

Many factory workers have developed a passion for learning through EAP in the same way as Lu Jiang. On the other hand, it is also worthwhile to ask how experienced employees feel about EAP.

"I'm used to how the company functions



Lu Jiang  
Manufacturing1, Fuji Xerox of Shenzhen Ltd.

because I have worked here for a long time, but I think there are a lot of junior employees who are really stressed," relates Zhiming Hu from Hubei Province. "The reasons are that to be competitive in the market, the company is always looking for personnel reductions, cost improvements and double digit productivity improvements in the workplace and in our jobs. In addition, the generation born in the 1990s has different values and common sense, while the complexity of



Zhiming Hu  
Manufacturing1, Fuji Xerox of Shenzhen Ltd.

human relationships and communication is increasing. Amidst these complexities, there is heightened stress in terms of having to ensure safety first and reach quality goals. I participate in EAP seminars because I learn a range of conceptual approaches and it helps me to avoid stress."

It is fair to say that EAP supports factory workers' confidence and security in a work environment where their responsibilities increase year by year.

## Beyond EAP

With China's heightened presence in the international community due to its rapid economic development, China faces two fundamental employment issues. First is the difficulty that university graduates with high academic qualifications find in securing employment. Second is the gradual decrease of the labor force that is fundamental for production. Given EAP as a starting initiative,



Dr. Kaiming Liu  
Executive Director  
Institute of Contemporary Observation

Fuji Xerox needs to ask which issue it should tackle next.

"The stress and dissatisfaction of workers as well as unemployment are rising rapidly due to factors such as employment mismatching, the widening disparity between the rich and poor and policies that increase internal demand, which primarily benefit the middle classes and above," explains Dr. Kaiming Liu, executive director of ICO in Shenzhen. "What business needs to do is to think from the workers perspective, expand employment opportunities and help workers improve their ability to help themselves. Educated, experienced employees become good leaders in the workplace, and will no doubt contribute toward increasing productivity. So, it is important for the company to take a path that will benefit both the workers and the company: For example, if the company

becomes a place where workers can feel a keen sense that if they root themselves in the company they will be able to develop their own potential."

Meihua Dong, department manager of the Fuji Xerox of Shenzhen Human Resource Department also points out that there are signs of a transition from the stage where factory workers come to the city to work to where they strive for self-fulfillment through work.

"For business to secure highly qualified employees and retain them long enough for the company to have time to train and equip them with various skills, employee satisfaction becomes key," Dong says. "When we hired new employees based on the recommendations of current employees, we found that new employees participated with enthusiasm, even though we did not reward them monetarily,





Seminars for Staff



A lounge where expectant mothers can rest. Expectant mothers can rest for one hour each day during working hours. In 2009, two seminars, "Loving Your Child" and "Child Psychology," were added to the seminar menu for employees.

and we were able to hire 300 people who more than met our hiring standards. We also need to think of EAP as moving from the stage of producing overall improvements to the stage of helping individuals to express themselves. We would like to have the program evolve, within a few years, to a program that incorporates the ability for each employee to design his or her own career. At the same time, we also want to roll out human resource policies that prioritize human values, as well as strive for improvements in our system that allow our employees to choose working styles suited to their life stage."

Company and local government policies



Meihua Dong  
Department Manager, Human Resource Department  
Fuji Xerox of Shenzhen Ltd.

that support a work-life balance are indispensable toward employees achieving self-fulfillment. At Fuji Xerox of Shenzhen, we are seeing an increasing number of female employees who continue to work after giving birth.

Hong Li, who joined the company in 1996 from Sichuan, tells her story.

"I married another employee of Fuji Xerox of Shenzhen and have a five-year old child," Li relates. "The reason I keep working here is that I can enjoy my work every day with colleagues who I get on well with. The most important thing for me is to live together happily with my family. The company has been supportive of me in balancing work and family life, and I can keep on working without worrying. We, employees, who have come from the country face impediments when we want to use medical services or schools because of the current family register system. (Note: Families on rural and urban registers have different entitlements in terms of the public services they can use.) If an employee wants to be registered in the city, the company even helps with the application."

"Fuji Xerox of Shenzhen's EAP is something that contemporary factory management in China really has to think about," Dr. Liu Kaiming points out. "I am currently also cooperating with the local government in resolving labor disputes. I recommend what Fuji Xerox of Shenzhen is doing in its EAP to the local government representatives as a model. I would like more people to know about the significance of these programs in alleviating workers' stress and meeting their needs, while also producing improved retention rates and productivity."

Fuji Xerox's three principles, that a good company should be "Strong", "Kind" and "Interesting," are being put into practice in Shenzhen.



Cards are distributed to all employees to raise awareness of the hotline and counseling.

## Toward the Next Stage

The role of China, which emerged as the world's factory, armed with an ample supply of low-cost labor, faces a major transition in its role. The question is whether companies will be able to conduct global management that makes use of China's strengths amidst that major change.



Toshihiko Okaji  
President, Fuji Xerox of Shenzhen Ltd.

"Fuji Xerox of Shenzhen is expected to perform very highly in terms of volume, quality and speed," Toshihiko Okaji, president of Fuji Xerox of Shenzhen relates. "This is because we need to continue to adjust and respond to growing numbers of products, fluctuating production demand, and the need to respond to OEM customers. In addition, we integrated another Fuji Xerox Group company's factory with Fuji Xerox of Shenzhen. We have to constantly be aware of the risk to our employees' psychosomatic health caused by the fact that what we ask of each of them is also changing rapidly. We have inherited a corporate management culture that values employees. We recruit all our permanent employees by having our

Human Resources staff visit schools across the country to interview and decide on applicants. This ensures our Human Resources recruiter understand that they are recruiting young people who have families, who are someone's beloved child – and it is also the driving force behind the success of EAP to date. We will be continuing to emphasize EAP and CSR and to make steady progress in management that is grounded in our employees as well as continuing to listen to local voices. Thorough implementation of the basics will allow us to strive to grow as a global business."

The challenges facing Fuji Xerox of Shenzhen – which promotes growth through the lens of capacity building for employees – are ongoing.

# The Role of Technology in Supporting the Rights of Children With Visual Impairments

## Brought About by Fuji Xerox's Support for Large-Print Textbook Production

Corporate Social Responsibility (CSR) that is not deeply rooted in a company's core business is undoubtedly short-lived. Fuji Xerox has been investigating the possibility of using its technologies and services to support the education and independence of children with visual impairments. We sought the advice of Dr. Yasushi Nakano, professor of the Faculty of Economics at Keio University, whose work, based on his field of psychology, is at the forefront of educating children with visual impairments.



Experiencing weak eyesight using simulation glasses.

## Identifying Social Contributions That Make the Best Use of Technological Assets

Since 1994, Fuji Xerox has been offering the free use of our digital color photocopiers and multifunction devices to volunteers who make large-print copies of textbooks to assist visually impaired children. In 2009, when the Ministry of Education, Culture, Sports, Science and Technology asked the company to undertake a Survey on Best Practice in the Provision of Digital Textbooks, Fuji Xerox submitted a practical report to the government on aspects such as the data formats, information provision and support environments that volunteers find most user-friendly.

**Taneda** We are much obliged to everyone who has given such positive feedback regarding Fuji Xerox's free use of our photocopiers and multifunction devices to the large-print textbook volunteers. However, we don't think we have fully met our responsibility simply by allowing volunteers

to use our products that are housed in our showrooms. We think we might be able to generate new developments by also having Fuji Xerox technology deeply involved in classrooms where children with visual impairments study.

**Nakano** The company's offering of the

free use of photocopiers and multifunction devices has meant that the generosity of Fuji Xerox employees and its sales subsidiaries has reached throughout Japan, making a significant difference to visually impaired children. There are also a large number of visually impaired young people that I know





Professor, Department of Economics, Keio University and  
Deputy Director, Research and Education Center for Natural Sciences, Keio University

## Yasushi Nakano

Professor Nakano holds a masters degree in psychology from Keio University. His graduate research used experimental psychology methods to conduct foundational research into the human perception. Professor Nakano was subsequently involved in research carried out at the National Institute of Special Needs Education into assessing the vision of persons with disabilities and assistive technologies. He also undertook practical research into human interfaces and the inclusive society at Research Center for Advanced Science and Technology, the University of Tokyo. Professor Nakano is currently engaged in research and activities aimed at establishing 'barrier-free science'.



## Interviewed by Kengo Taneda

Senior Vice President of Fuji Xerox, Representative Director  
and President of Fuji Xerox Advanced Technology

whose love of learning and study skills have improved dramatically through expert use of the enlargement and monochrome inversion functions. One reason that I am here today is to express my appreciation for what Fuji Xerox has done for these children.

**Taneda** Thank you. We think that making our products and services user-friendly, including for people with disabilities, is one way we can contribute to society. For many years now, we have been doing research and development into Universal Design and accessibility of our products, on the premise that they will be used by a wide cross-section of people in offices, convenience stores, schools and libraries. However, the truth is that both our

R&D members and our sales teams have found the task daunting, because it is difficult to forecast the precise needs, thus making it hard to ensure commercial viability, to provide these features permanently.

**Nakano** I know just what you mean. I have been researching education methods that use digital technology since 1988 myself. I have experienced difficulties to obtain understanding of the needs for visually impaired children's education. I have felt that even when the technologies for developing Universal Design and accessibility are there, those technologies cannot reach those who obviously need them, unless the social system is well in place to accept those means.



Inversion is effective in reducing glare for visually-impaired children  
An educational publisher, KYOIKU-SHUPPAN Co., Ltd. provided the original textbook, Social Studies for 6th Grade II

## Importance of Ensuring Accessibility to Information in Early Childhood

In 2006, the United Nations adopted the *Convention on the Rights of Persons with Disabilities* (Japan has signed but not yet ratified the Convention). The Convention requires the realization of human rights and basic freedom of expression for people with disabilities, and substantive guarantees of their right to life and quality of life, in every social context, including all kinds of systems, laws, facilities and services. The Convention marks a philosophical turning point, from merely enhancing support for people with disabilities, to guaranteeing their basic human rights.

**Taneda** The Barrier-Free Textbooks Act was enacted in 2008 in Japan, thanks to the concerted efforts of those concerned. I understand that the Act prescribes two supply routes for large-print textbooks for visually impaired young people that Fuji Xerox has been helping to produce. One is where publishers issue their own textbooks according to standard specifications and another is a private service that uses community volunteers to produce large-print textbooks. I agree with the perception that this is an epoch-making advance. Nevertheless, what other initiatives do you see as important in terms of educating children with visual impairments?

**Nakano** Now that we have solid prospects for a stable supply of large-print textbooks, my view is that the next major challenge is ensuring that pre-schoolers have access to information suited to their age, which the education system assumes children have acquired before school. We want pre-schoolers with visual impairments to be ready for school through getting plenty of time reading books and scribbling at home. Drawing pictures provides solid experience for hand-eye coordination. Furthermore, building up enjoyable experiences of the written word, for example through picture and comic books, is extremely important for a child's later development.

**Taneda** I am sure that pre-schoolers need to belong to a group where they communicate with other children and interact with and internalize a range of information, like popular anime cartoons and music.

**Nakano** Exactly. However, it is difficult for their parents and guardians to make accessible versions of all this information by hand, and the volunteers who create large-print textbooks have their hands full, too. I think that so many children and caregivers will benefit if the distribution of digital data broadens to provide mechanisms that allow the necessary data conversion to be carried out easily.

# Utility and Limitations of Digital Data for Visually Impaired Children in Classrooms

In December 2006, the U.S. Individuals with Disabilities Education Act (IDEA) was amended to establish NIMAC, the National Instructional Materials Access Center, through federal government funding. The Center developed NIMAS, the National Instructional Materials Accessibility Standard, which is a national formatting standard for elementary to high school textbooks and supplementary educational materials, and manages a system for providing digital textbook data provided by textbook publishers in a specialized standard format to authorized users.

**Taneda** I hear there is also a growing international focus on efforts to provide the content of published books to visually impaired children as digital data, so that each user can work with the data in ways that meet their own needs. How did this come about?

**Nakano** Visually impaired children suffer from a wide range of visual deficits; therefore, we need to provide education tailored to each user's stage of development. For example, what would be ideal for visually impaired children would be to provide large-print textbooks in which not only print size, but also features like the spacing between characters, line spacing, fonts, enlargement, Japanese readings for Chinese characters and audio support that had been tailored for each individual's visual deficits and stage of development. So, we need a

flexible system that adapts, at low cost, the needs of different individuals. If we provide information in a digital data format, this enables each user to make adjustments according to their own needs, and we can expect to ensure a high level of accessibility at very little cost.

**Taneda** I understand the effects you are talking about because we anticipate that electronic publishing will have a deepening connection with the scope of our business. We could also achieve remarkable cost savings when information is distributed as digital data. This is also a useful perspective to have as we face not only the needs of young people with disabilities, but also the aging of our society. However, I am worried that realizing complete freedom in the processing and distribution of information is

not that easy in reality, unless we put it on a commercial basis. That is because protecting the copyrights of the content is extremely important, too.

**Nakano** You are right. Even in a public business like educating young people with disabilities, it is absolutely essential to cooperate with those who hold the rights to the content and to protect the copyrights. A great deal of attention was given to protecting these rights even in the United States where these initiatives are well advanced. There is another issue in terms of the format of digital data. Some, for example, call for a standardized format for digital data, but consideration also needs to be given to ensuring the competitiveness and total cost of each publishing company when making decisions on formats.

## Achieving Development That Overcomes Copyright Restrictions

The 2003 amendments to the Copyright Act made it possible to manufacture large-print textbooks even without the 'consent' of the textbook publisher, so long as 'notice' was given to that publisher (if for profit, accompanied by monetary compensation). However, it is still necessary for users who share digital data or the fruits of production with others to obtain individual 'permission.'

**Taneda** When legislative amendments and national budgets become involved things can take a long time. It is often the case for private enterprise to gather supporters, form a consortium and implement change using an informal approach aimed at setting up de facto standards. I understand that copyright organizations are responding realistically to the wave of digitization in the United States, and for the sake of this flexibility, that we maintain and strengthen international competitiveness.

**Nakano** Although there are still a lot of issues that we have to resolve concerning the creation and use of digital data, we need to make rapid progress for the sake of these children. Rather than aiming for full-featured perfection in terms of digital textbooks, I

think it is acceptable to think about creating supplementary educational materials that ensure the written word is accessible when used together with textbooks. To make digital textbooks a reality soon, it is okay to accept a 90 percent accuracy rate. The original textbook will remain authoritative where doubts arise. I also feel that during the transition to the fully featured digital formats of the future, there will be value in looking into adjunctive methods for guiding a reader through a text. These might include electronic tags embedded in paper format text that provide summaries of key information.

**Taneda** Given that data and image processing is at the core of our services business, we think there may be additional contributions we can make in aiding the

diffusion of standard formats for digital data. The important thing is, no doubt, that it be possible to achieve this within the scope of the burden that content rights holders can realistically bear. We also need to convince that rights holders who join this movement will benefit in the mid- to long- term.

**Nakano** I agree. It is vital that when rights holders are invited to participate they are made to understand that the new format will not impede the expression or production of their works. Careful consultations should take place amidst a consensus-building process with the parties involved. This will ensure that the spread of standardization, and new standardization initiatives, will deliver market growth and a competitive advantage.



## From Paper to Data, From Data to Paper

Companies provide support to their employees with disabilities, including barrier-free buildings, text-to-speech software, sign language interpreting, and condensed transcriptions of meetings using PCs. Employees with visual impairments read information they receive in paper form using assistive optical equipment or by scanning it and enlarging it on a computer monitor. A variety of measures are needed in addition to the distribution of digital data.



**Taneda** What we at Fuji Xerox want to provide is an environment in which it is simple to convert data from one format to another smoothly: From Data to Paper; from Paper to Data. Our particular specialty is the ability to ‘read’ paper media and accurately recognize text and images and process them to suit the user, so that the data input can be processed, edited and output using easy steps. It seems likely that technology in this field will also have applications outside the office.

**Nakano** Education for children with visual impairments supports their own efforts toward independence and societal participation. No matter how far digitization progresses, paper media will not disappear, so there is a need to cultivate the ability to access the printed word as well. The

advantage of the printed word is that it is easy to pick up, and then the whole document can be viewed at a glance. While this also applies to the importance of ensuring accessibility to information in early childhood mentioned before, a tool that allows ubiquitous paper media to be instantly converted to an accessible format would make dramatic improvements possible.

**Taneda** Yes, to make changes to the enlargement, layout, typeface fonts and the thickness of lines when we scan paper media into the scanners. I feel that this is achievable by combining technologies that already exist. This also applies to fields like machine translation, but the fact is that promoting the sharing and creation of knowledge, without treating the task as a conversion process, in other words promoting communication within

society, is the very principle that Fuji Xerox stands for as a company.

**Nakano** That is a wonderful perspective. It is not only visually impaired young people who struggle with visual deficits. Visually impaired adults, the elderly, and those who have temporary difficulty seeing due to illness or medical treatment also have the same needs. It might also be possible to expect commercial dividends if we gain a thorough grasp of this field. Although an initiative might be launched as a social contribution activity, if expanding the scale and target markets mean that the activity grows into a business then I think that is desirable, because it means a continuous, stable supply of a needed social service.

## Stretching the Value of Technology Through Social Contribution Activities

It has long been pointed out that the CSR that is most important is CSR that emanates from a company’s core business. Rather than thinking of social contributions as an extension of a company’s core business, what is crucial is ideas and actions that expand the borders of the core business to include social contributions, and to work at building the kind of collaboration with society that makes this a reality.

**Nakano** There is tremendous potential for advances in the education of visually impaired children through digital technology. The need for a solid base for making this happen is now urgent. There is much for researchers to do, too. For example, we need to establish methodologies for assessing what kinds of textbooks and educational materials are best for children with particular types of visual deficits. This kind of foundational research has to be carried out thoroughly so that we can use digitization to broaden the range of available choices in educational methods.

**Taneda** Fuji Xerox specializes in communications-related technologies and knowhow, so we definitely want to participate in the development of research in these fields. We partner with a wide range of providers in areas like DTP and mimeography as well. We understand that society expects us to come

up with ideas that ensure a stable supply of high-quality products and services, aided by cooperation and practical assistance from these partners.

**Nakano** The *UN’s Convention on the Rights of Persons with Disabilities* aims at full and effective participation and inclusion in society to guarantee the dignity and rights of people with disabilities. I see the Fuji Xerox “From Paper to Data; From Data to Paper” initiative as an important technological step for guaranteeing the rights of the disabled. It is no overstatement to say that the technology in the hands of Fuji Xerox and its partners can change the lives of visually impaired young people. I hope to see Fuji Xerox capitalize on CSR that emanates from the company’s core business to provide ongoing support for the human rights of visually impaired children, and give them the strength to pursue their

hopes and dreams. I sense a real opportunity for the company here and would be grateful for your support.

**Taneda** Fuji Xerox’s business is built around a B2B model, so your sentiments have given me a whole new perspective on the value of using our technology. This is a fresh reminder for me that CSR for manufacturers means looking for ways to capitalize on technology in terms of service to society, and not just in terms of market competition. I want today’s discussion to be the spark behind new initiatives to build a social infrastructure that brings the true worth of our technology into play, including in social businesses developed through cooperation among industry, government and academia.



## ► CSR Initiatives by Our Affiliates Around the World

# Fuji Xerox Is the Stage That Connects Us to Society



A sales company in Thailand: 1,265 employees.

### Leading Eco-Initiatives in Thailand

Awareness of environmental issues is increasing rapidly in Thailand, including through the Thai government setting a 60 percent achievement target for green procurement by 2011. Fuji Xerox Thailand has brought 40 environmentally friendly multifunction devices certified with the Thai Green Label into the market in Thailand, while also actively implementing green purchasing within the company. The Thai government, by conferring the Green Products and Services Company Award, has recognized these initiatives.

We have also been initiating Sustainable Forest Planting in Thailand. Since our business activities in Thailand produce 3,800 tons of CO<sub>2</sub> emissions annually, we have set a target of planting more than 3,800 trees in five years and nearly 400 of our employees and their families are involved. We are also engaged in efforts to protect the distinctive Thai elephant, which is threatened with extinction, not only by donating funds, but also through the involvement of more than 200 of our employees.

We will continue to strive in the future to understand the environmental needs of the government and other customers and provide products and services that satisfy those needs, and to unite in companywide environmental initiatives.



A sales company in China: 1,619 employees.

### Hope for a Bright Future for Our Children

In 2007, we built a Fuji Xerox Sunshine School in Kaixian county in the municipality of Chongqing, a mountainous region of China to give ongoing support for the local children's education.

While the educational gap between the rural and urban areas is an issue in China, the opening of a school has meant a broad scale improvement in the educational opportunities for the several hundred children in this mountainous region.

We are continuing to support the school through the company's donation of computers, printers and library books, while gifts such as stationery and sports equipment from our employees are also ongoing. In addition, every year we also provide scholarships for those students who have financial difficulties as well as financial support for all the hard-working teachers.

We want to be continually mindful of cultivating the next generation in regions that are still under development, and to strive to realize a balanced and harmonious society.

\*Fuji Xerox of Shenzhen and Fuji Xerox Shanghai are also involved in similar educational support initiatives. Fuji Xerox companies in China support six elementary schools.



A sales company responsible for the Tokyo metropolitan area: 2,553 employees.

### Creating Jobs That Allow People With Disabilities to be Proud and Independent

We have established a Document Service Center (DSC) within the company, achieving both the legally required ratio of employees with disabilities\* and improvements in our internal productivity.

The DSC is tasked with all processes relating to our internal documents, from preparation to disposal, including creating and sending out everything from sales promotion posters to marketing letters to customers and collecting and delivering internal mail. All of these documents are important sales tools and must be of the highest professional quality, and the close attention that our DSC staff pays to these documents means that their services are in great demand, and contribute significantly to lightening the workload of staff working on the front line. We ensure that our sales offices communicate their thanks to our DSC staff so they have a real sense of the value in their work, and consider their needs in a variety of ways, including pairing two DSC staff in each role so that it is easier for each staff member to take leave when unwell. Moreover, we encourage our DSC members to take pride in their work by conducting the tours themselves when our customers tour the DSC.

\*In Japan, national legislation requires that at least 1.8 percent of the employees at all companies with 56 or more employees must be people with disabilities.



Fuji Xerox consists of 63 companies with 40,228 employees (as of March 2010, 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 CSR initiatives that meet those needs into practice. We would like to introduce some of the most vigorous initiatives underway at our corporations.

►Initiatives in place at other corporations can be found on our website:

Global Affiliates' CSR Activities <http://www.fujixerox.com/eng/company/sr/2010/stakeholder/community/activity.html>



**Fuji Xerox  
New Zealand**

A sales company in New Zealand: 573 employees.

## Raising the Environmental Awareness of Tomorrow's Young Leaders

At Fuji Xerox New Zealand, we have partnered with the Sir Peter Blake Trust and have established a program prize in cooperation with the Trust to recognize young people who have made a contribution to the preservation of the environment. In addition to providing administrative support for the Trust, our employees have been using the two-days volunteer leave they can take each year to participate in the Trust's environmental protection initiatives, including cleaning up rivers and beaches.

These activities have led to a year-on-year rise in our employees' awareness of environmental protection and social contribution issues, engendering an organizational culture where each of our employees asks and thinks about what their local community needs and takes action on their own initiative.

Environmental and sustainability requirements are increasingly becoming part of the tendering process among our major corporate customers in New Zealand. We want to educate even more of our employees so that they take part in these initiatives to help build New Zealand's future.




**Fuji Xerox  
Asia Pacific Pte Ltd.,  
Malaysia Operations**

A sales company in Malaysia: 576 employees.

## Let's Green It!

In Malaysia, too, environmental awareness is increasing at a rapid pace. Fuji Xerox Malaysia has introduced our new environmentally friendly multifunction devices, and at the same time announced our environmental slogan, Let's Green It! and distribute T-shirts printed with the slogan to all employees. We have asked our employees to wear the T-shirts at work on our company Green Days and when they participate in external environmental protection activities and events.

We have also carried out a tree planting campaign through events aimed at our customers. Each attendee at these events planted five trees, and in 2009, we planted a total of 1,000 mangrove trees in collaboration with an NPO, the Malaysian Nature Society.

Furthermore, we have set up a showroom at our Malaysian headquarters called Ecospace, which serves as a customer showcase for all of our environmental management and environmental burden reduction technologies and solutions that we have been involved in to date. In the future, we will be using the Ecospace to actively propose environmentally friendly products and services to our customers and continue to work toward recognition as the best possible business partner in terms of environmental management.




**Fuji Xerox  
Kyoto**

A sales company in Kyoto and Shiga Prefectures: 329 employees.

## Restoring Ancient Manuscripts to Preserve Traditional Culture

Kyoto City has a rich history of more than 1,200 years. Some ancient manuscripts known as *saichuoboe*, which record the customs of Kyoto merchant families and incorporate recipes for dishes served at monthly and other events during the Edo Period (1603-1868), have been preserved in the Naraya-Sugimoto residence—a Designated Tangible Cultural Asset of Kyoto City—and are used in daily life, even today. The passage of 200 years means that the manuscripts have deteriorated and are badly damaged; continued use could render them unusable.

We stepped in at this point to create digital originals using our multifunction devices, correcting the soiling of the characters and completing the replication process on new *washi* Japanese paper. We were careful to not simply produce copies using ordinary copy paper, but went to the trouble of using *washi* similar to the original paper, and finding ways to replicate details such as the way the original paper was folded, and the color of the thin black ink used. We hope to use the experience gained on this project in the future to replicate many of the manuscripts that have been used in daily life and are buried in Kyoto's long-standing warehouses, to create an archive of ancient manuscripts that can be handled directly, and contribute to the preservation and showcasing of Kyoto's culture.



## Systems for Monitoring and Review

To quantitatively assess if Fuji Xerox's business activities are reflected back to the various expectations of society and stakeholders, Fuji Xerox monitors the progress using the method on the right and reviews the progress to link improvements on a management level.

### Monitoring Outline

- Third party evaluations: Dialogue with CSR experts
- Stakeholder evaluations: Customer satisfaction surveys, brand surveys, employee morale surveys
- Understanding our suppliers' CSR management through measures such as supplier ethical procurement self-evaluations
- Fuji Xerox and its affiliates' CSR survey (PDCA Survey)

### Fuji Xerox and Our Affiliates' CSR Survey Outline

Since May 2009, for Fuji Xerox and all of our domestic and overseas affiliates to fully understand their CSR initiatives, a CSR survey is sent to all related companies (63 companies in fiscal 2010) 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

### Key category of the survey questions

Key issue (Opportunity) ① Providing society and customers with outstanding products and services that take into consideration CO<sub>2</sub> reductions and Universal Design

Key issue (Opportunity) ② Obtaining and making the best use of diverse human resources to strengthen global and service businesses

Key issue (Opportunity) ③ Supply chain management that will lead to a competitive advantage

Key issue (Risk) ① Compliance with basic working conditions required in global business (Avoiding child labor)

Key issue (Risk) ② Proper management of hazardous chemical substances in products and business facilities (Restriction of Hazardous Substances measures)

Key issue (Risk) ③ The mechanism for Fuji Xerox and our affiliated companies to improve stakeholder satisfaction

### General questions

Topics of general questions for each stakeholder: Employees, customers, global environment/future generations, local community, shareholders/investors

### Examples of questions in our fiscal 2010 CSR Survey

From Key issue (Opportunity) ②: Obtaining and making the best use of diverse human resources to strengthen global and service businesses

4.3 Does your organization have management systems in place to encourage the promotion of female employees to management positions? Please check the appropriate box under "management systems in place."  
If you answered "Yes" or "We do not have management systems but have actual implementation," please check any applicable items below and fill in actual performance figures, plans, the state of preparation of reviews and improvement plans. Please fill in issues or characteristics involved, if there are any.

	Management systems in place		2009 Plan	2009 performance figures	2010 Plan	Do you review the annual plan and make an improvement plan?	Issues or characteristics, if any
	Yes	We do not have management systems but have actual implementation					
System for increasing the number of female managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Yes female employees in managerial posts (official company employees *1): _____ persons <input type="radio"/> No	<input type="radio"/> Yes female employees in managerial posts (official company employees *1): _____ persons <input type="radio"/> No	<input type="radio"/> Yes female employees in managerial posts (official company employees *1): _____ persons <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="text"/>

### Analysis and Utilization of Data

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 is in place, but we are actually 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 independently		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

### Participant's View

"The regional CSR survey provides Fuji Xerox Australia with an opportunity to identify and prioritize sustainability issues on which further plans can be made.



We suggest that future surveys pose open-ended questions about emerging sustainability issues so that Fuji Xerox, as a group, could gain new insights into stakeholder concerns across the Asia-Pacific region."

Nick Kugenthiran  
Managing Director  
Fuji Xerox Australia Pty. Limited



## Ongoing Initiatives ① Efforts to Curb Global Warming

### Special Features of Fuji Xerox's Initiative

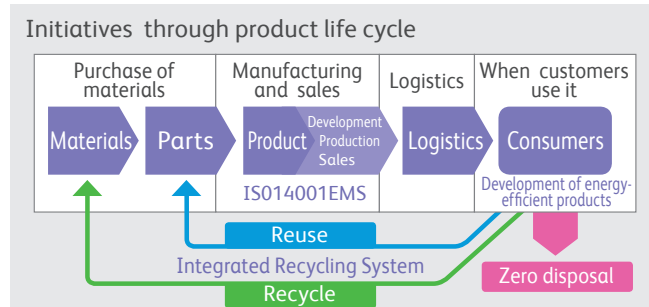
At Fuji Xerox, we regard the environmental burden throughout the value chain as our responsibility. We have made efforts to convert the environmental burden to CO<sub>2</sub>, and have been making efforts to reduce that burden from the early 1990s. To date, we have been working on this issue in two fields, that which is related to our products and that which is related to our business activities, focusing our efforts on the convenience of our multifunction devices and printers for customers, and the development of energy-efficient products that help our customers reduce their energy consumption. This has led to the development of energy-efficient products in all of our product areas, from our low-end to our high-end, monochrome and color products. The results have been our success in winning the Energy Conservation Grand Prize for the 11<sup>th</sup> consecutive year through the period 1999 to 2009.

In February 2009, we re-examined our role and responsibilities toward the long-term target for the global community of a 50 percent reduction in global greenhouse gas emissions by 2050\*<sup>1</sup> and set our targets for reducing

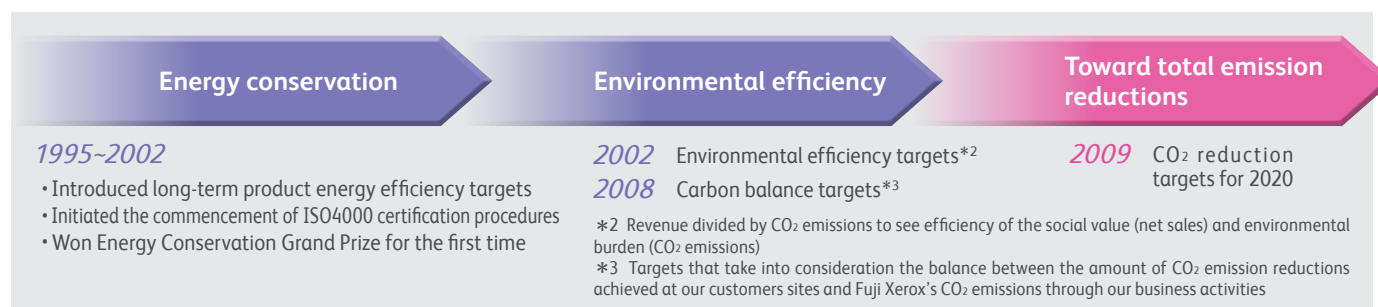
greenhouse gases.

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.

\*1 G8 Hokkaido Toyako Summit Leaders Declaration (July 2008)



### History of Fuji Xerox's Initiative



### Summary of Fiscal 2009 Initiatives

#### Targets for Reductions in Greenhouse Gases by 2020

- A 30 percent reduction from fiscal 2005 levels in CO<sub>2</sub> emissions over the entire life cycle of Fuji Xerox products by fiscal 2020.
- A reduction in our customers' annual CO<sub>2</sub> emissions by 7 million tons by fiscal 2020.

#### Important Steps

- ① The development and diffusion of products that illimitably reduce their environmental burden at the point of use by the customer.
- ② The building of low-carbon production systems including our entire supply chain.
- ③ Contributing to social system reform through new ways of working.

In fiscal 2009, we worked with the relevant company departments to lay down these important steps in reaching the 2020 Greenhouse Gas Reduction Target. We set up a taskforce to promote visual management in environmental impact to design a comprehensive plan that will enable the entire company to have a timely and more accurate understanding of our CO<sub>2</sub> emissions, which will be fundamental to reaching these targets. Moreover, in fiscal 2009, a total of 11 of our

products from eight product types, namely four types of our Apeos Port IV Series full-color digital multifunction device and four types of our DocuCentre IV Series won the METI Minister's Award in the 20<sup>th</sup> Energy Conservation Grand Prize competition sponsored by the Ministry of Economy, Trade and Industry (Energy-Saving Machines and Systems category), making this the 11<sup>th</sup> year in a row that we have been honored, which is a first in the industry.

### Summary of Fiscal 2010 Initiatives

We will be discussing and promoting concrete strategies for achieving our 2020 Greenhouse Gas Reduction Targets with each department concerned. Furthermore, we are planning to have our Environmental Impact Visualization taskforce work toward designing mechanisms

that guarantee improved accuracy in our understanding of the environmental impact of our products throughout their life cycles, while enhancing the development of services and solutions that reduce the environmental impact for our customers.



Please see our website for reports about our earlier efforts.

- News Release:
  - Fuji Xerox to Reduce 30% of FY2005 CO<sub>2</sub> Emissions During Its Overall Lifecycle Stage by FY2020 (February 16, 2009)  
[http://www.fujixerox.com/eng/company/news/2009/0216\\_co2.html](http://www.fujixerox.com/eng/company/news/2009/0216_co2.html)
- Highlights Back Issues: <http://www.fujixerox.com/eng/company/sr/2010/backnumber.html>
- Contributing to Our Customers' Environmental Awareness With Excellent Products (2008)

## Ongoing Initiatives ② Zero Landfill Products Initiative

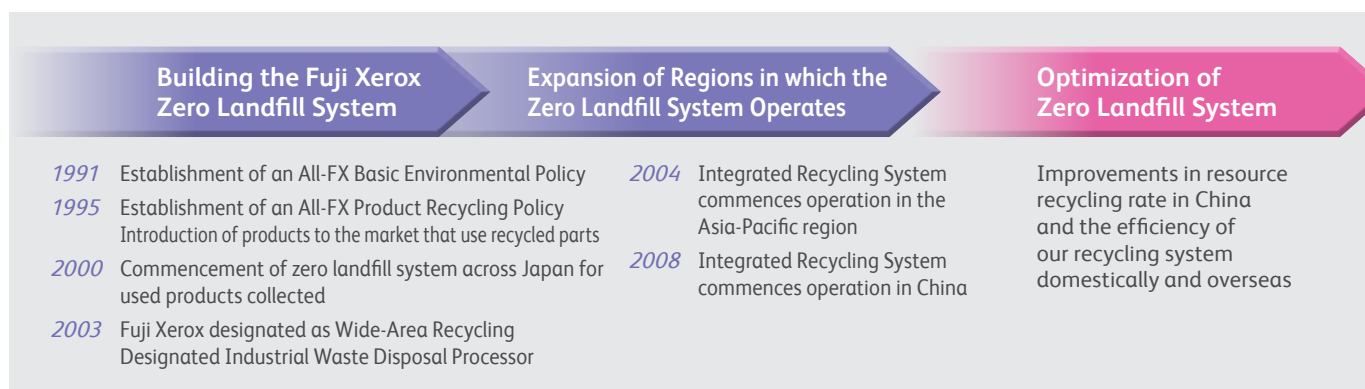
### Special Features of Fuji Xerox's Initiative

Working on the premise that used products are not waste, but rather precious resources, we have promoted our Integrated Recycling System, which aims at effectively using resources so that the waste generated by our products is always zero,\* by collecting our customers' used products and re-using or recycling them. As our business globalizes,

we are establishing recycling bases equal to the Integrated Recycling System we have in Japan in all regions where we do business, including in the Asia-Pacific region in December 2004 (Thailand) and in Suzhou, China in January 2008.

\*Fuji Xerox defines 'zero landfill' as simple incineration and simple landfill not exceeding 0.5% of the weight of the waste produced.

### History of Fuji Xerox's Initiative



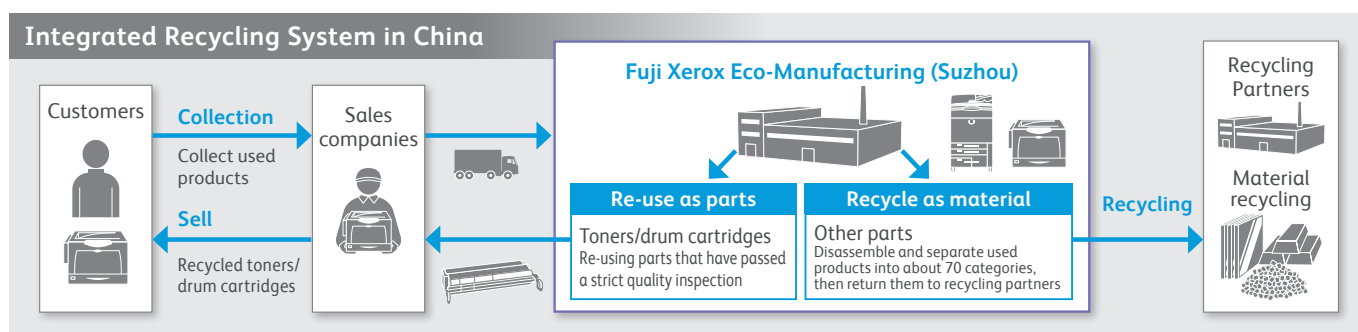
### Summary of Fiscal 2009 Initiatives

In fiscal 2009, we controlled our use of new resources at 4,460 tons, and we achieved a 99.9 percent resource recycling rate from our products in Japan, 99.8 percent in the Asia-Pacific region and 98.6 percent in China. Of particular note is that the cooperation of our local partners in the Asia-Pacific region has meant that we have a system in operation that allows us to use the thermal energy that was lost in simple incineration, so that we have achieved our zero landfill target of a resource recycling rate in excess of 99.5 percent overseas for the first time.

In addition, our activities have received recognition in China, with our China Integrated Recycling System (which commenced operations in 2008) being certified by the Chinese government as a Pilot Remanufacturing Enterprise of Electric Products and as a Pilot Enterprise for Suzhou City's Recycling Economy.



Pilot Enterprise for Suzhou's Recycling Economy Certificate



### Summary of Fiscal 2010 Initiatives

In fiscal 2010, we are working toward improving our resource recycling rate in the China region, targeting zero landfill, and moving forward with optimizing our recycling system, both in Japan and overseas.



Please see our website for reports about our earlier efforts.

- News Release:
  - Zero-Landfill Goal Achieved at Recycling Facility in Thailand (July 6, 2010)  
[http://www.fujixerox.com/eng/company/news/2010/0706\\_fxem.html](http://www.fujixerox.com/eng/company/news/2010/0706_fxem.html)
  - Chinese Government Certifies Fuji Xerox Recycling Site as a Pilot Remanufacturing Enterprise of Electric Products (February 2, 2010)  
[http://www.fujixerox.com/eng/company/news/2010/0202\\_fxems.html](http://www.fujixerox.com/eng/company/news/2010/0202_fxems.html)
- Highlights Back Issues: <http://www.fujixerox.com/eng/company/sr/2010/backnumber.html>
  - Resource Depletion Has No National Boundaries (2005)
  - The Long Road to a Recycling-Based Production System (2006)
  - Integrated Recycling System Contributes to the Creation of a Truly Affluent China (2009)

## Ongoing Initiatives ③ Promoting Ethical Procurement

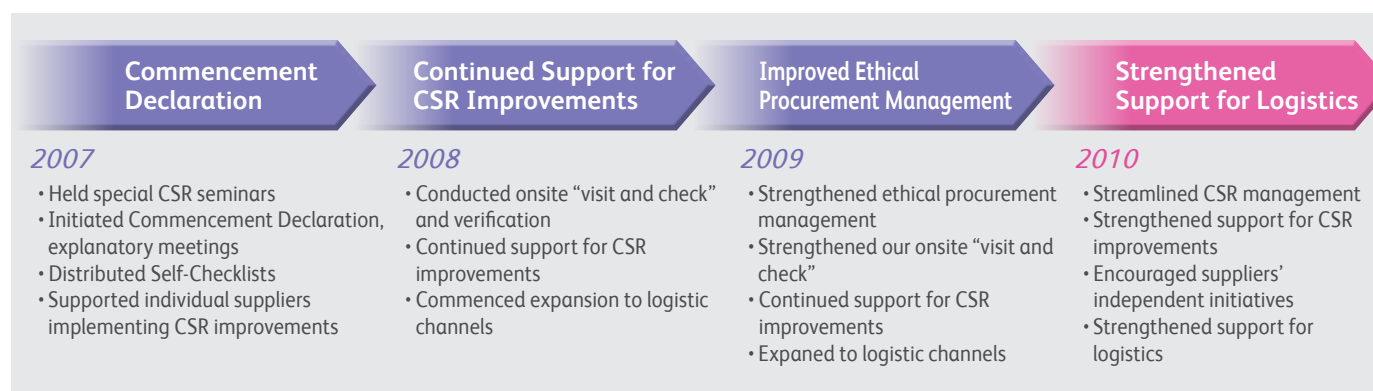
### Special Features of Fuji Xerox's Initiative

We are promoting ethical procurement with the goal of building mutually beneficial relationships with our suppliers through sharing CSR-related values and objectives, aiming to build relationships where we learn together and grow strong together, and minimize risks connected to the environment, human rights, labor and corporate ethics.

We have worked since 2007, as a first step, to eliminate factors that could give rise to serious risks in the absence of compliance. We have provided a Management Guideline and Self-Checklist to our suppliers

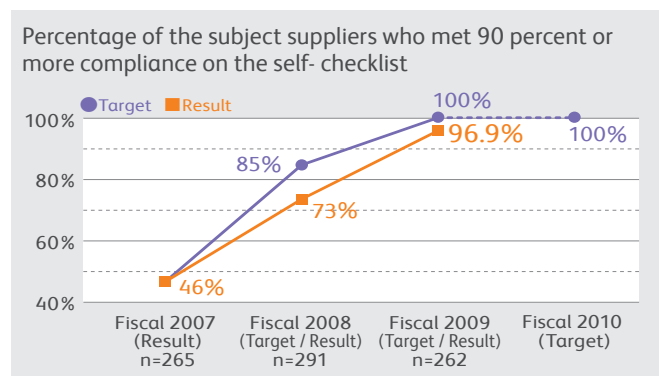
so they will engage independently with CSR, while also sharing successful case studies and supporting each company's efforts to make improvements. Our aim in these initiatives is to build mutually beneficial relationships with each company, and supply chains in which both the QCD (quality, cost, delivery) and CSR aspects are managed at a high level. Since 2008, we have gone beyond procurement for devices to add our logistic channels, working together with FUJIFILM Logistics to expand our efforts to our important primary logistic partners.

### History of Fuji Xerox's Initiative



### Summary of Fiscal 2009 Initiatives

Our aim in terms of our procurement was to achieve at least 90 percent compliance for the 57 most important items on our CSR self-checklist at all subject suppliers, these being items for which failure to comply could lead to serious risks. While not all suppliers reached 90 percent compliance, 96.9 percent of the subject suppliers achieved compliance goals.



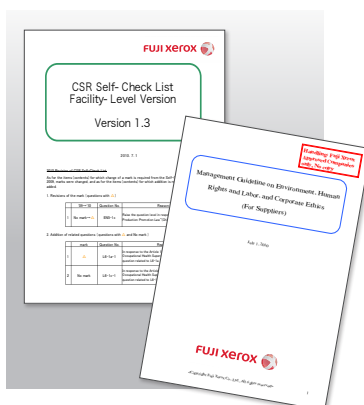
In our logistic channels, too, we interviewed our primary distribution partners in fiscal 2009 and asked them to perform self-evaluations. The outcome raised a range of issues such as variable compliance rates with the important items on the checklist, including low levels of engagement with corporate ethics.

\*See "Self-Evaluation on Progress of Our CSR Performance" on p.37 for more information



Ethical procurement explanatory meeting for new suppliers

Self-Checklist and Management Guideline



### Summary of Fiscal 2010 Initiatives

In fiscal 2010, we will be aiming for all subject suppliers to comply with our 57 key items in the Self-Checklist Management Guideline, while at the same time adding the next 75 important items for those suppliers that have already reached the initial target, so that we will be asking those suppliers to comply with 132 items in total. Further, in terms of our logistic

channels, we will be striving to promote understanding of the purpose of our CSR initiative by holding social gatherings to prevent inconsistencies among distributor efforts. Additionally, to take these initiatives to the next level, we will be putting even greater efforts into supporting improvements made by suppliers, including sharing successful case studies.



Please see our website for reports about our earlier efforts.

- Highlights Back Issues: <http://www.fujixerox.com/eng/company/sr/2010/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)



## Self-Evaluation on Progress of Our 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 (see page 29).

Indicators are shown together with the corresponding Global Reporting Initiative (GRI) categories and/or United Nations Global Compact principles (G.C).

Customers					
Indexes		Companies	Fiscal 2007 Performance	Fiscal 2008 Performance	
Number of Serious Product Incidents					
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, CO <sub>2</sub> poisoning or fire, and which were not considered to be isolated incidents.	Fuji Xerox and all of our affiliates (including OEM sales)	0case	1 case	
Contribution to CO <sub>2</sub> Reductions at Our Customers' Offices and Factories					
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 CO <sub>2</sub> emissions.	Fuji Xerox and our affiliates	821kt-CO <sub>2</sub>	1,006kt-CO <sub>2</sub>	

Employees				
Indexes		Companies	Fiscal 2007 Performance	Fiscal 2008 Performance
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 employees whose contracts are open-ended.	Fuji Xerox only	82.4%	80.8%
		Affiliates in Japan	77.9%	80.3%
		Overseas affiliates	90.2%	90.7%
Percentage of Companies Conducting Employee Satisfaction Surveys				
Definition	Indicates the percentage of companies among Fuji Xerox and its affiliates that conduct employee satisfaction surveys.	Fuji Xerox only	100% (Response rate 89.2%)	100% (Response rate 89.5%)
		Affiliates in Japan	78.2%	100.0%
		Overseas affiliates	89.5%	89.5%
Percentage of Women in Executive and Managerial Positions		GRI LA13 G.C Principle6		
Definition	Indicates the percentage of women in executive and managerial positions at Fuji Xerox and our affiliates. 'Managerial positions' here refers to those positions deemed to be managerial under the Fuji Xerox human resources system, irrespective of whether the position has direct reports.	Fuji Xerox only	1.5%	2.1%
		Affiliates in Japan	2.1%	2.3%
		Overseas affiliates	22.7%	21.1%
Percentage of Companies Attaining the Legally Stipulated Rate of Employment of People with Disabilities (Japan only)		GRI LA13 G.C Principle6		
Definition	Indicates the percentage of companies among Fuji Xerox and its affiliates in Japan that have attained the legally stipulated rate of employment of people with disabilities under the Act on Employment Promotion for People With Disabilities (1.8%).	Fuji Xerox only	100%	100% (employment ratio of 1.88%)
		Affiliates in Japan (excluding sales companies)	58.3%	54.5% (6/11)
		Sales companies in Japan	44.1%	73.5% (25/34)
Annual Work Hours Per Employee		GRI LA7 G.C Principle1		
Definition	Indicates annual work hours per employee at Fuji Xerox and our affiliates.	Fuji Xerox only	2,007.2hours	1,970.8hours
		Affiliates in Japan (office staff)	2,111.4hours	2,113.4hours
		Affiliates in Japan (manufacturing staff)	2,030.7hours	2,064.0hours
		Overseas affiliates (office staff)	2,005.3hours	2,032.6hours
		Overseas affiliates (manufacturing staff)	2,205.1hours	2,285.0hours

From fiscal 2009, the definitions used when making calculations relating to 'employees' and 'local communities' have been changed. The performance figures given for fiscal 2007 and 2008 have been recalculated using the new definitions.

#### Report Items Affected

- Ratio of Direct Employment to Total Employment
- Percentage of Women in Executive and Management 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 at Time of Calculation

- The number of employees is reported using the number of staff with direct employment agreements (on a salary payment basis; until fiscal 2008 the number of employees was reported on a securities reporting basis).
- Both employees who are permanent (have direct employment agreements) 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 seconded employees constitute the indirect employment figures. (Until fiscal 2008 only permanent employees were included in the definition of direct employment).
- The performance of affiliates within Japan and overseas is calculated using weighted averages. (Until fiscal 2008 these calculations were made using the simple averages for each company).

Goals/Fiscal 2009 Performance	Fiscal 2010 Goal	Performance/Goals/Challenges	
0case / 1case	0case	Performance	One incident arose with respect to a monochrome laser printer supplied by Fuji Xerox to three companies on an Original Equipment Manufacturer (OEM) basis. It was discovered that the printer could ignite in very rare circumstances. Fuji Xerox reported the risk to the market together with the three OEM suppliers and instituted a free parts replacement offer. While the incident was not deemed to constitute a serious product incident requiring mandatory notification to the relevant government authorities under the applicable legislation, Fuji Xerox nevertheless undertook this preventative precaution in the interests of consumer safety. (A similar incident occurred in fiscal 2008.)
		Challenges/Goals	Fuji Xerox will review internal product safety management systems and procedures and implement improvements as necessary, including better product safety training for all employees and managers engaged in this area.
1,182kt-CO <sub>2</sub> / 1,038kt-CO <sub>2</sub>	1,025kt-CO <sub>2</sub>	Performance	Fiscal 2009 saw a relative increase in the sales of compact products that generate less energy savings. Also, CO <sub>2</sub> reductions associated with service solutions were below the planned level. As a result, the target for CO <sub>2</sub> reductions was not achieved.
		Challenges/Goals	Fuji Xerox will strive to improve the energy-saving performance of our products and services even further, with the aim of contributing 1,025 kt in CO <sub>2</sub> reductions.

Goals/Fiscal 2009 Performance	Fiscal 2010 Goal	Performance/Goals/Challenges	
— / 83.2%	—	Performance	In fiscal 2009, Fuji Xerox actively promoted a transition from 'temp' contracts to direct employment in Japan to strengthen production lines and shifted the development of technologies to in-house. Direct employment rates rose 2.4% at Fuji Xerox and 4.4% at its domestic affiliates due to factors including an increase in the reemployment of retirees. Direct employment rates fell 1.9% overseas because of gains in 'temp' staff at factories due to rapid increases in production volumes.
— / 84.7%		Challenges/Goals	In fiscal 2010, Fuji Xerox will define the challenges it faces from the perspective of bringing our core operations in-house and ensuring corporate knowhow is handed down from employee to employee, thereby establishing an optimum employment portfolio for the company.
— / 88.8%		Challenges/Goals	In fiscal 2010, Fuji Xerox will define the challenges it faces from the perspective of bringing our core operations in-house and ensuring corporate knowhow is handed down from employee to employee, thereby establishing an optimum employment portfolio for the company.
100% / 100% (Response rate 88.9%)	100%	Performance	Although all Fuji Xerox and our affiliates in Japan maintained 100% implementation of employee satisfaction surveys in fiscal 2009, this percentage fell by 6.2% overseas. Regarding the issue we raised in the Sustainability Report 2009 of ensuring the standardization of key survey components, 11 key components by which core morale is measured, including "job satisfaction", "workplace satisfaction", "support for supervisor's management", "support for human resources systems and operations," and "support for management and organizational operations" were standardized across a total of 34 companies, including Fuji Xerox and our sales company affiliates in Japan. This resulted in an improved ability to grasp the level of employee satisfaction on a domestic consolidated basis, using common criteria.
100% / 100%	100%	Performance	Although all Fuji Xerox and our affiliates in Japan maintained 100% implementation of employee satisfaction surveys in fiscal 2009, this percentage fell by 6.2% overseas. Regarding the issue we raised in the Sustainability Report 2009 of ensuring the standardization of key survey components, 11 key components by which core morale is measured, including "job satisfaction", "workplace satisfaction", "support for supervisor's management", "support for human resources systems and operations," and "support for management and organizational operations" were standardized across a total of 34 companies, including Fuji Xerox and our sales company affiliates in Japan. This resulted in an improved ability to grasp the level of employee satisfaction on a domestic consolidated basis, using common criteria.
100% / 83.3%	100%	Challenges/Goals	Fuji Xerox will be striving to achieve 100% survey implementation across the board, including overseas affiliates. Fuji Xerox will promote a range of measures aimed at improving employee satisfaction.
— / 2.4%	—	Performance	Figures for Fuji Xerox improved slightly by 0.3% (six women) against fiscal 2009, but were generally steady for affiliates in Japan and overseas.
— / 2.2%		Challenges/Goals	Fuji Xerox will make personnel appointments that enable each employee to use their abilities to the fullest, taking into consideration the characteristics of the business Fuji Xerox is in, and the individual's performance, ambition and ability.
— / 21.2%		Challenges/Goals	Fuji Xerox will make personnel appointments that enable each employee to use their abilities to the fullest, taking into consideration the characteristics of the business Fuji Xerox is in, and the individual's performance, ambition and ability.
100% / 100% (employment ratio of 1.89%)	100%	Performance	Fuji Xerox worked with those companies that had not attained the legally required employment rate to promote employment of people with disabilities, including sharing information on best practices and introducing applicants seeking work in their local area. The outcome was that the employment rate improved at four affiliates and sales companies in Japan, and a total of 35 companies achieved the legally prescribed employment rate.
100% / 70% (7/10)	100%	Performance	Fuji Xerox worked with those companies that had not attained the legally required employment rate to promote employment of people with disabilities, including sharing information on best practices and introducing applicants seeking work in their local area. The outcome was that the employment rate improved at four affiliates and sales companies in Japan, and a total of 35 companies achieved the legally prescribed employment rate.
100% / 82.4% (28/34)	100%	Challenges/Goals	Fuji Xerox will continue to work with the nine companies that have not yet reached the legally required employment rate to actively promote recruitment of people with disabilities, while also following up by introducing local jobseekers to each company so that every company reaches the legally required employment rate promptly.
— / 1,926.0hours	—	Performance	During fiscal 2009, Fuji Xerox implemented a range of global initiatives such as reevaluation of production volumes, stricter enforcement of overtime reduction initiatives, reappraisal of job roles and responsibilities, and improved management of working hours. Overall, annual work hours per employee at Fuji Xerox fell by 44.8 hours relative to fiscal 2008. Work hours per employee declined by 72.5 hours at domestic non-manufacturing affiliates, 49.0 hours at domestic manufacturing affiliates, and 51.6 hours at overseas non-manufacturing affiliates.
— / 2,040.9hours		Performance	
— / 2,015.0hours		Performance	
— / 1,981.0hours		Challenges/Goals	Fuji Xerox will continue to consider best practices in terms of annual working hours as part of implementing the company's 'new ways of working' campaign, based on increased job productivity, reduced environmental burden and promoting work-life balance for employees.
— / 2,270.2hours		Challenges/Goals	

Employees				
Indexes		Companies	Fiscal 2007 Performance	Fiscal 2008 Performance
Number of Workplace Accidents per 1,000 Employees		<div>GRI LA7</div> <div>G.C Principle1</div>		
Definition	Indicates the frequency of work or commuting-related accidents calculated on the basis of the assumption that each company employs 1,000 employees.	Fuji Xerox only	— (2.43cases)*2	4.08cases*1 (2.98cases)*2
		Affiliates in Japan	3.76cases	5.56cases
		Overseas affiliates (excluding sales companies)	—*3	—*3
		Overseas sales companies	—*3	—*3
Number of Employees per Industrial Physician/Occupational Health Professional		<div>GRI LA8</div> <div>G.C Principle1</div>		
Definition	Indicates the number of employees per industrial physician/occupational health professional at Fuji Xerox and our affiliates.	Fuji Xerox only	517.0	521.4
		Affiliates in Japan	110.3	89.9
		Overseas affiliates	—*3	—*3

## The Global Environment and Future Generations

Indexes		Companies	Fiscal 2007 Performance	Fiscal 2008 Performance	
CO <sub>2</sub> Emissions at Fuji Xerox Business Facilities		<div><div>GRI</div>EN3,EN4,EN16</div> <div><div>G.C</div>Principle7-9</div>	Domestic and overseas development and manufacturing facilities	119kt-CO <sub>2</sub>	114kt-CO <sub>2</sub>
Definition	Indicates the energy from electricity and other sources consumed at the factories and offices and our affiliates, converted to CO <sub>2</sub> emissions.		Domestic and overseas offices	58.9kt-CO <sub>2</sub>	58.3kt-CO <sub>2</sub>
Reducing CO <sub>2</sub> Emissions at the Manufacturing Stage by Re-Using Parts		<div><div>GRI</div>EN5,EN18</div> <div><div>G.C</div>Principle7-9</div>	Fuji Xerox and our affiliates	25kt-CO <sub>2</sub>	22.4kt-CO <sub>2</sub>
Definition	Indicates the reduction of CO <sub>2</sub> emissions that Fuji Xerox and our affiliates were able to achieve in the manufacturing process by re-using parts, which would have otherwise occurred if new parts were used.				
Resource Recycling Rate for Recovered End-of-Life Products		<div><div>GRI</div>EN27</div> <div><div>G.C</div>Principle7-9</div>	Products in Japan	99.9%	99.9%
Definition	Indicates the proportion of end-of-life multifunction devices and printers recovered within Japan and overseas that could not be re-used as parts and were recycled as resources, including raw materials and heat energy.	Products in the Asia-Pacific region	99.3%	99.2%	
		Products in China	—	96.8%	
Water Usage in Manufacturing Processes		<div><div>GRI</div>EN8</div> <div><div>G.C</div>Principle7,8</div>	Fuji Xerox and our domestic manufacturing affiliates	2.44 million t	2.10 million t
Definition	Indicates the manufacturing process water usage for Fuji Xerox and our affiliates in Japan and overseas.		Overseas manufacturing affiliates	52 million t	48 million t
Number of Chemical Substance Regulation Incidents		<div><div>GRI</div>EN23,EN24,EN28</div> <div><div>G.C</div>Principle7,8</div>	Fuji Xerox and our affiliates	4 cases	5 cases
Definition	Indicates the number of cases of non-compliance (including before sale) with the EU Restriction of Hazardous Substances (RoHS) Directive and other regulations.				
Ratio of Paper Sold That is Forest Stewardship Council Certified or Recycled Paper (ratio of sheets sold)		<div><div>GRI</div>EN2,EN26</div> <div><div>G.C</div>Principle7,8</div>	Fuji Xerox and our affiliates in Japan	40%	17%
Definition	Indicates the ratio of paper sold annually in Japan by Fuji Xerox, and our affiliates that is certified by the Forest Stewardship Council (FSC) or made from recycled paper. (FSC-certified paper…ratio of sheets sold) (Recycled paper… recycled paper pulp as a proportion of total paper sales)				



Goals/Fiscal 2009 Performance	Fiscal 2010 Goal	Performance/Goals/Challenges	
<b>3.66</b> cases* <sup>1</sup> (2.93cases)* <sup>2</sup>	—	Performance	During fiscal 2009, Fuji Xerox strove to boost awareness of preventing workplace accidents through initiatives such as periodic newsletters called Workplace Accident News. These initiatives contributed to a reduction in the workplace accident rate (accidents per 1,000 employees) from 4.08 to 3.66.
<b>4.30</b> cases			
<b>2.84</b> cases		Challenges/ Goals	In fiscal 2010, Fuji Xerox will support the efforts of our overseas affiliates, while continuing to promote initiatives designed to eliminate workplace accidents.
<b>8.84</b> cases			
<b>506.2</b> * <sup>4</sup>	—	Performance	During fiscal 2009, Fuji Xerox continued to urge remedial action of domestic affiliates with insufficient numbers of industrial or occupational health professionals. Relative to fiscal 2008, the average ratio of employees per workplace health professional at Fuji Xerox fell by 15, while the average ratio at domestic affiliates fell by 25.
<b>65.0</b> * <sup>4</sup>			
<b>455.2</b> * <sup>4</sup>		Challenges/ Goals	Fuji Xerox will be following up with companies that lack industrial physician/occupational health staffing levels to clarify the reasons and strategies for remedying the situation.

\*1: From fiscal 2008, the ratio of workplace accidents includes contract employees. \*2: Number of workplace accidents excluding contract workers.  
\*3: Performance figures for overseas affiliates are shown for fiscal 2009 only, since the new standards cannot be applied to past data through to fiscal 2008.  
\*4: Dedicated industrial/occupational health professionals that are employed at Fuji Xerox (non-consolidated) and a number of group companies. All other group companies have non-permanent industrial/occupational health professionals.

Goals/Fiscal 2009 Performance	Fiscal 2010 Goal	Performance/Goals/Challenges	
<b>124kt-CO<sub>2</sub> / 117kt-CO<sub>2</sub></b>	<b>135kt-CO<sub>2</sub></b>	Performance	Fuji Xerox rolled out energy efficiency measures across the company in fiscal 2009, including controls on overtime and enhanced management of air conditioning. Reductions in CO <sub>2</sub> emissions exceeded targets, partly due to lower than expected production volumes as a result of the recession.
<b>57.7kt-CO<sub>2</sub> / 53.6kt-CO<sub>2</sub></b>	3% reduction against fiscal 2007 (57.1kt CO <sub>2</sub> )	Challenges/ Goals	In fiscal 2010, the company will prepare the foundation for realizing Fuji Xerox's 2020 Greenhouse Gas Reduction Target (30% reduction against fiscal 2005 levels). As part of these efforts, Fuji Xerox is promoting further energy efficiency activities, painstakingly managing the energy used per unit in each production process, such as for consumables and equipment, while also strengthening operational management of Fuji Xerox facilities through energy management training and ensuring management standards. Fuji Xerox's fiscal 2010 targets are reflected in the emissions produced by the Yokohama Minato Mirai site, which commenced operations in April 2010.
<b>30kt-CO<sub>2</sub> / 28.1kt-CO<sub>2</sub></b>	—	Performance	The amount of CO <sub>2</sub> emissions saved by re-using parts at the production stage was 28.1Kt. While this did not meet the target set, it was a 25% improvement against fiscal 2008. The resultant figures were due to an increase in the number of units produced using re-used parts as well as a rise in the re-use rate.
		Challenges/ Goals	Fuji Xerox will look further into strategies to provide more products using re-used parts, by involving all Fuji Xerox development and production departments.
<b>99.9% / 99.9%</b>	<b>99.9%</b>	Performance	Fuji Xerox resource recycling rates during fiscal 2009 were broken down by region as follows. At domestic integrated recycling system facilities the rate remained at 99.9%, while China improved 1.8% in annual terms to 98.6%. In Thailand, the installation of a waste energy recovery system at the recycling facility with the assistance of local Fuji Xerox partner companies attained the 99.5% target for the first time.
<b>99.5% / 99.8%</b>	<b>99.8%</b>		
<b>96.8% / 98.6%</b>	<b>98.6%</b>	Challenges/ Goals	Fuji Xerox will be striving to improve our resource recycling rate in the China region to achieve zero landfill, while advancing optimization of our resource recycling systems in Japan and overseas.
Less than 2.984 million t	<b>1.79</b> million t	Performance	In fiscal 2009, considerable savings in water usage were achieved at domestic production sites through initiatives including shutting off air-conditioning systems, regulating the number of compressors in operation, and reducing production output in conjunction with relocation of production equipment. Overseas, meanwhile, water usage increased due to the consolidation and expansion of production sites. Overall, combined water usage at domestic and overseas production sites in fiscal 2009 has fallen substantially by 39% relative to fiscal 2005 levels.
	<b>63</b> million t		
<b>25%</b> Reduction by 2011 against fiscal 2005		Performance	There were two cases of non-compliance with EU RoHS Directives. In both cases, non-compliance was directly attributable to inappropriate management processes at component suppliers. Fuji Xerox has reviewed our own inspection procedures and implemented comprehensive measures to resolve these issues.
		Challenges/ Goals	In fiscal 2010, Fuji Xerox is aiming for further improvement in quality standards, including total elimination of errors and non-compliance incidents, through enhanced RoHS management initiatives and a roll out to local suppliers at the company's overseas bases.
<b>0 cases / 2 cases</b>	<b>0 cases</b>		
<b>①FSC 19% / 14.7%</b>	①Rate of increase in sale of FSC paper 5%	Performance	In fiscal 2009, sweeping changes to FSC certification standards reduced the number of certified Fuji Xerox paper types from 15 to five. Also, the economic downturn saw demand shift toward low-cost paper types. As a result, sales of FSC-certified papers fell to 14.7% of total sales. With the shift toward low-cost paper, sales of recycled paper products fell to 29% of total sales, below the 34% target.
<b>②Recycled paper 34% / 29.0%</b> * <sup>5</sup>	②Percentage of recycled paper in recycled paper products 60% * <sup>6</sup>	Challenges/ Goals	Fuji Xerox aims to boost usage of environmentally friendly paper materials during fiscal 2010. To this end, the company plans to achieve a 5% increase in sales of FSC-certified paper as a proportion of total sales relative to fiscal 2009 levels. In light of the ongoing supply-demand imbalance in recycled paper, the company will seek to boost sales of recycled paper products with high recycled paper content, increase the percentage of recycled paper used in recycled paper products with low recycled paper content, and ultimately achieve 60% recycled paper content in all recycled paper products. Percentage of recycled paper = {Volume of recycled paper used (tons) ÷ Sales volume of recycled paper products (tons)} x 100.

\*5: Target values for recycled paper have been included from fiscal 2009. \*6: Target values for FSC-certified paper and recycled paper have been modified from fiscal 2010.

Local Communities				
Indexes		Companies	Fiscal 2007 Performance	Fiscal 2008 Performance
Changes in Employee Numbers by Country/Region				
Definition	Indicates the number of employees directly employed by Fuji Xerox and our affiliates that are headquartered in the particular country/region.	Japan	26,893	27,189
		Asia-Pacific region	18,310	16,894
		Other regions	49	45
Social Contribution Spending				
Definition	Indicates the total spending by Fuji Xerox and our affiliates on social contribution activities.	Fuji Xerox only	572.27 million yen	521.48 million yen
		Affiliates in Japan	61.46 million yen	72.35 million yen
		Overseas affiliates	32 million yen	102.30 million yen*1
Ratio of Companies Registering Themes Under the One Company, One Theme Campaign for Preserving Biodiversity				
Definition	Indicates the proportion of companies that have nominated a local biodiversity project or activity and registered it with the head office.	Fuji Xerox only	—	—
		Affiliates in Japan	—	—
		Overseas affiliates	—	—
Ratio of Companies Supporting Volunteer Activities				
Definition	Indicates the proportion of companies that have instituted systems such as special leave dispensation to promote employee participation in volunteer programs.	Fuji Xerox only	—	100%
		Affiliates in Japan	—	83%
		Overseas affiliates	—	68%
Ratio of Companies Engaged in Promoting Fuji Xerox Programs That Leverage Our Business Strengths to Support the Underprivileged				
Definition	Indicates the ratio of companies that are promoting support programs for the underprivileged that leverage Fuji Xerox strengths.	Fuji Xerox only	—	—
		Affiliates in Japan	—	—
		Overseas affiliates	—	—

Suppliers				
Indexes		Companies	Fiscal 2007 Performance	Fiscal 2008 Performance
Rate of Supplier Response to Production Materials Ethical Procurement Self-Checklist				
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 its affiliates to our suppliers.	Fuji Xerox and our affiliates	90.3%*3	96.3%*4
Ratio of suppliers with a Compliance Rate of at least 90% on important items in the Production Materials Ethical Procurement Self-Checklist				
Definition	Indicates the ratio of suppliers answering the Self-Checklist that achieved a compliance rate of at least 90% on important items.	Fuji Xerox and our affiliates	45.0%	72.5%
Local Content Ratio for Raw Materials and Parts at Overseas Manufacturing Bases (China)				
Definition	Indicates the ratio of contracts signed with 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.	Fuji Xerox of Shenzhen, Fuji Xerox of Shanghai	65.6%	63.7%

Shareholders and Investors				
Indexes		Companies	Fiscal 2007 Performance	Fiscal 2008 Performance
<b>Number of Serious Corporate Governance/ Compliance Incidents</b>				
Definition	Indicates the number of corporate governance and/or compliance issues during the year deemed serious enough to warrant a formal press release.	Fuji Xerox and our affiliates	1 case	0 cases

Goals/Fiscal 2009 Performance	Fiscal 2010 Goal	Performance/Goals/Challenges	
<b>26,742</b>	—	Performance	In Japan, though an increasing number of contract employees were converted to direct hire employee status during fiscal 2009, this was offset by a greater number of retiring employees, and as a result the overall employee number fell to 26,742. In the Asia-Pacific region, meanwhile, the number of employee increased to 17,507 in line with higher production levels. The number of employees in other regions was 47. (NB: In previous years, only the number of permanent employees was reported. Starting from this fiscal year, the total number of all direct hire employees, including contract employees and temporary employees, will be reported.)
<b>17,507</b>		Challenges/Goals	Fuji Xerox will promote employment and job training in line with required working conditions for local employees.
<b>47</b>			
<b>462.85</b> million yen	—	Performance	During fiscal 2009, Fuji Xerox conducted a comprehensive overhaul and reconfiguration of existing social contribution programs with respect to involvement in priority initiatives and projects as set out in the company philosophy and basic policy on social contribution programs. As a result, expenditures on social contribution programs by Fuji Xerox and our domestic and overseas affiliates topped 642.88 million yen for the fiscal year.
<b>85.99</b> million yen		Challenges/Goals	To ensure steady implementation of social contribution programs in the future, in fiscal 2010, Fuji Xerox will again conduct a review of our social contribution programs with regard to expenditures and contents. The company will also begin work on a set of guidelines for involvement in social contribution programs by the company and our affiliates.
<b>93.05</b> million yen			
<b>100%</b>	Ratio of companies registering activity themes concerning environmental conservation in general: 100% (63 companies) Ratio of companies that registered themes concerning preserving biodiversity: 40% (24 companies of 63)	Performance	The One Company, One Theme Campaign encourages all affiliates to become involved in local biodiversity projects and activities. Fiscal 2009 saw the first step of inviting companies to submit registration of nature conservation and environmental protection projects. Registrations were received from only 31 of the 62 affiliates (50%).
<b>47.7%</b>		Challenges/Goals	Fuji Xerox aims to receive registrations from all affiliates in fiscal 2010. As the second step, Fuji Xerox will work on creating a system designed to encourage affiliates to share information on projects and maximize the benefits of such activities.
<b>55.5%</b>			
<b>100%</b>	—	Performance	In fiscal 2009, 37 of 44 domestic affiliates (84%) had personnel systems or procedures to promote employee participation in volunteer programs, along with 13 of the 18 overseas affiliates (72.2%). This represents no change since last year in the proportion of domestic affiliates, and a slight increase in the proportion of overseas affiliates.
<b>84.1%</b>		Challenges/Goals	Companies that are yet to institute systems or procedures to promote employee participation in volunteer programs will be asked to explain their reasoning and encouraged to design systems or procedures tailored to the specific circumstances of the company.
<b>72.2%</b>			
<b>100%</b>	—	Performance	The two main programs Fuji Xerox is involved in within Japan that leverage the company's business strengths to support the underprivileged are the loaning of multifunction devices to the Special Olympics and support for the production of large-print textbooks*2. In fiscal 2009, 43 bases at 26 companies, centered on Fuji Xerox itself and our sales companies in Japan, were active in supporting the production of large-print textbooks.
<b>81.8%</b>		Challenges/Goals	Currently, there are only two major programs in Japan that leverage Fuji Xerox business strengths to provide assistance to special needs groups. In light of the changing requirements for large-print textbooks and a general lack of activities on this particular perspective in overseas affiliates, Fuji Xerox will reevaluate policy proposals and action programs in this area.
<b>16.7%</b>			

\*1: [Apology and correction regarding Fiscal 2008 Performance] 101.12 million yen should have been 102.30 million yen. We have amended this figure, as the data shown in the 2009 Sustainability Report was incorrect.

\*2: 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.

Goals/Fiscal 2009 Performance	Fiscal 2010 Goal	Performance/Goals/Challenges	
<b>100% / 97.3%</b>	<b>100%</b>	Performance	In 2009, Fuji Xerox conducted a thorough review of ethical procurement programs at production material suppliers and provided seminars for new suppliers as part of Fuji Xerox's commitment to promote suppliers' self-evaluations using self-checklists. As a result, the proportion of suppliers who conducted self-evaluations rose from 96.3% to 97.3%.
		Challenges/Goals	At the remaining suppliers who did not conduct a self-evaluation, Fuji Xerox will work with each supplier to identify the causes of the delay and provide implementation support to achieve a 100% implementation rate.
<b>100% / 96.9%</b>	<b>100%</b>	Performance	During fiscal 2009, Fuji Xerox provided support such as onsite assessment and tailored advice to suppliers whose rate of compliance was less than 90% in last year's questionnaire survey. Suppliers with compliance rates of 90% or more were urged to maintain their compliance efforts. For new suppliers subject to ethical procurement, Fuji Xerox provided training sessions on the principles of ethical procurement. As a result of these initiatives, the proportion of suppliers with a compliance rate of 90% or more rose from 72.5% to 96.9%.
		Challenges/Goals	To achieve the top priority goal of a minimum of 90% compliance by all designated suppliers, Fuji Xerox will strengthen efforts to disseminate information on good practices and achievements and provide tailored support to suppliers. Suppliers who have already reached 100% compliance will be urged to implement a medium priority goal.
<b>— / 65.1%</b>	—	Performance	In fiscal 2009, Chinese suppliers were asked to boost local procurement and manufacturing of parts. This resulted in a minor increase in the local procurement rate to 65.1%.
		Challenges/Goals	Through Fuji Xerox China Procurement Service Ltd., established in June 2009, Fuji Xerox will enhance our procurement efficiency, cultivate local procurement sources and boost local procurement rates in China.

Apology and correction: \*3: [Fiscal 2007 Performance] This figure was reported at 75.4% in the 2009 Sustainability Report but should have been 90.3%.  
\*4: [Fiscal 2008 Performance] This figure was reported at 100% in the 2009 Sustainability Report but should have been 96.3%.

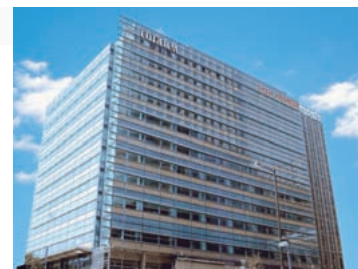
Goals/Fiscal 2009 Performance	Fiscal 2010 Goal	Performance/Goals/Challenges	
<b>0 cases / 0 cases</b>	<b>0 cases</b>	Performance	Fiscal 2009 saw no corporate governance or compliance incidents serious enough to warrant a press release. Furthermore, no 'material weaknesses' were identified in the financial reports on internal controls made by the company in accordance with the Financial Instruments and Exchange Act.
		Challenges/Goals	Fuji Xerox will continue to enhance corporate governance and compliance in all group companies and at all level of the organization.



# ► Fuji Xerox Corporate Overview

## Corporate Information

<b>Name</b>	Fuji Xerox Co., Ltd.
<b>Headquarters</b>	Tokyo Midtown, 9-7-3 Akasaka, Minato-ku, Tokyo JAPAN 107-0052
<b>Telephone</b>	+81-3-6271-5111
<b>President and Representative Director</b>	Tadahito Yamamoto
<b>Date of establishment</b>	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)
<b>Capital</b>	20 billion yen
<b>Shareholders</b>	FUJIFILM Holdings Corporation (75%) Xerox Limited (25%)
<b>Number of employees</b>	40,228 employees (consolidated, March 2010); 9,911 employees (March 2010, unconsolidated)



Business summary	Office Products Business	Office Printers Business	Production Services Business	Global Services Business
	Business centered on digital color/monochrome multifunction office devices.	Color and monochrome laser printer business based on Xerography technology; integrating manufacturing system from 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 documents and business processes.



## Business sites

**Headquarters:** Tokyo

### Development, manufacturing and research sites:

- Japan:** Yokohama Minato Mirai 21 (Kanagawa), Ebina (Kanagawa), Takematsu (Kanagawa), Nakai (Kanagawa), KSP (Kanagawa), Fuji Xerox Advanced Technology Co., Ltd. (Kanagawa), Fuji Xerox Manufacturing Co., Ltd. (Kanagawa, Mie, Toyama and Niigata)
- Overseas:** Fuji Xerox of Shanghai Ltd. (Shanghai, China), Fuji Xerox of Shenzhen Ltd. (Shenzhen, China), Fuji Xerox Eco-Manufacturing Co., Ltd. (Thailand), Fuji Xerox Eco-Manufacturing (Suzhou) Co., Ltd. (Suzhou, China), FX Palo Alto Laboratory, Inc. (California, USA)

### Main sales and service offices in Japan:

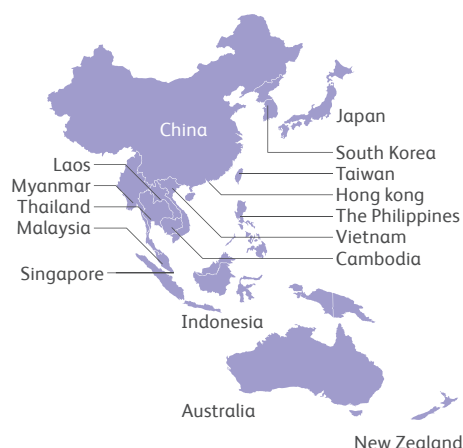
Approximately 300 major locations, including Sapporo, Sendai, Tokyo, Yokohama, Nagoya, Kyoto, Osaka, Kobe, Hiroshima, Fukuoka and Okinawa.

### Overseas bases (countries/regions):

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

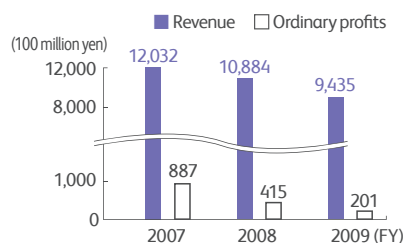
## Sales and Service Areas

Fuji Xerox's sales and service areas covering Japan, China and other countries and regions in the Asia Pacific. The Americas, Europe and other regions are handled by Xerox Corporation and Xerox Europe.

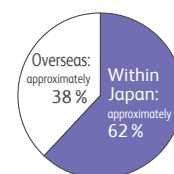


## Key Management Indexes

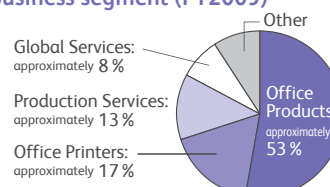
### Revenue/Ordinary profits (Consolidated)



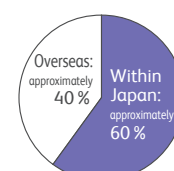
### Consolidated revenue by region (FY2009)



### Consolidated revenue by business segment (FY2009)



### Consolidated employee numbers by region (FY2009)





Sachiko Takami

Japan Representative of International NGO The Natural Step

Ms. Sachiko Takami has resided in Sweden since 1974. From 1995, she has been involved in introducing Swedish environmental protection practices to Japan through activities including coordinating environmental observation tours to Sweden and her written work. She has been engaged since 1999 in establishing the Japan office of the Sweden-based international NGO The Natural Step, which implements environmental education for business and government. Ms. Takami became the Japan Representative for The Natural Step in 2000. She is active in facilitating environmental education for business and local government.



The Fuji Xerox's Sustainability Report and website have one excellent point. It is the fact that although many companies tend to report only their successful CSR initiatives, Fuji Xerox sincerely communicates with stakeholders about the societal and environmental issues the company is facing and about the challenges involved.

### Cultivation of Human Resources in China

The consolidated number of Fuji Xerox employees stands at 40,288 persons. Broken down by country and region, 26,742 are employed in Japan, with China following with 10,232 employees. Viewed comparatively, the percentage of overseas Fuji Xerox personnel employed in China swamps Australia, which is in third place with 1,794 employees. While China has become a financially prosperous nation, we hear that the wealth disparity is enormous, and a legal infrastructure that protects human rights is not yet in place. It is no overstatement, in my view, to say that the most important stakeholders for Fuji Xerox in China are the company's local employees.

Given this background, I set high value on the detailed communication in the Fuji Xerox Sustainability Report Highlights about the current and future employment and working environment issues the company is facing in China, and the measures being taken to address those issues.

I consider Fuji Xerox's policy of engaging in cooperation with local NGOs to hold communication seminars and to survey and analyze the psychological health of the local workforce as proactive. And when the survey uncovered shocking results, the company took swift action to begin a three-year plan to educate the local factory workers. It is great that in order to support the emotional stability of factory workers, Fuji Xerox took initiatives included setting up a telephone hotline and psychological counseling (outsourced to

specialist providers) and establish a system for employee to say their opinion and social education program for employees are extremely important.

The steps Fuji Xerox has taken to support employees in other ways, such as in obtaining the new family registration required when a Chinese person moves from a rural to an urban area, are also excellent measures from a CSR perspective. And although achieving a work-life balance is a vexed question in China, which lacks social welfare infrastructure, Fuji Xerox has the experience in promoting the cultivation of human resources in Japan. I look forward to the company putting the wisdom obtained in that endeavor to good use to come up with solutions in China.

### The Work-Life Balance in Japan

The most serious social issue in Japan is long working hours. In order to address this issue, Fuji Xerox has prescribed a maximum for hours worked outside prescribed working hours and has workers who work long hours consult an industrial physician. These steps have been very successful. Most notably, overall working hours decreased from 2008 to 2009 at Fuji Xerox affiliates in Japan by as much as 73 hours.

The company has also made specific efforts to support women in balancing work and child rearing, but regrettably there have been very few users of the child-rearing support system. I hope to see the company identify the cause and work at a solution.

Although the company does have a system for encouraging a standard level of promotion of women to managerial positions across the company, the fact that a trifling 10 percent of managers are women means that it is a big challenge. In Norway, the introduction of a quota system has meant that companies where women do not occupy 40 percent of senior management positions do not receive licenses to operate. I would like to see Fuji Xerox take urgent steps to

develop strategies and systems in this area.

### Fuji Xerox's 2020 Greenhouse Gas Emissions Reduction Target

From what you 'backcast' is extremely important. There is currently a new scientific theory emerging in Europe to the effect that a reduction in greenhouse gases of at least 100 percent will be necessary by 2050. Working from this new theory, a reduction of 30 percent against 2005 levels by 2020 falls short of the mark. In addition, while we speak of reductions across a product's entire life cycle, there is a question as to whether this includes the suppliers' CO<sub>2</sub> emissions. Moreover the term 'carbon balance indexes' used by Fuji Xerox seems to be a term coined by the company itself. The standards under ISO14021 on self-declared environmental claims will be published at the end of 2010. I recommend that Fuji Xerox adopt those standards to ensure clear global communication.

### 'Glocal' Management – Thinking Globally and Acting Locally

The real issues and order of priorities relating to CSR differ by country and region. Therefore, it is a very wise strategy for Fuji Xerox to have established a working group to address CSR around the globe. The working group's first task is to share the needs and trends from each country, then to debate CSR policy directions for the entire company. I believe that as collaboration with each country progresses, giving considerable discretion to local management teams will facilitate the development of activities better tailored to each community.

I have high expectations of Fuji Xerox's challenge to implement 'glocal' management.

## Editorial Postscripts

The British politician Winston Churchill (1874-1965) is remembered for saying that “We make a living by what we get; we make a life by what we give.” At Fuji Xerox, our view is that applying this maxim to management will provide a compass for the way we think about and implement CSR.

This 2010 Sustainability Report has been prepared from the perspective of asking what kind of value we can provide in the global arena, and how we can build wisdom that is shared across national boundaries.

As we prepared this Report, we reconfirmed the importance of passion and boldness. Through the editing process, we felt that there is a common thread to when working people and local people feel happiness, irrespective of the national, social or organizational context. Further, we met many people who are working energetically, with passion and boldness, to enable an even greater number of others to experience that joy.

A young factory worker that we interviewed for Highlight 3 was waiting for our editor at the main gate the following morning. Overflowing with vitality, she offered a friendly smile and asked if she could tell us more about her dreams. How wonderful it is for a company to give employees the chance to dream and for employees to restore vitality to the workplace.

We, ourselves, were heartily encouraged through preparing this year’s Sustainability Report. We would like to express our sincere gratitude to everyone who cooperated in this task. We want to come to grips with the phrase “we make a life by what we give” as we strive to realize even higher levels of CSR in the future.

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A background image of several dandelion seed heads with their seeds blowing away, creating a sense of movement and dispersal. The seeds are small and white, while the stems are thin and brown.

## **Sustainability Report 2010**

Fuji Xerox Co., Ltd.