

Sustainability Report 2014

Create...Connect...Into the Future



Sustainability Report 2014

Create...Connect...Into the Future

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CSR Communication Policy

Our Approach to Disclosure of Non-financial Information

Fuji Xerox and its affiliates are closely observing the current trends in legal regulations that encompass the disclosure of non-financial information, with European countries leading the way, and we 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 decisionmaking processes and the soundness of our Plan-Do-Check-Act (PDCA) cycle, while also increasing our compliance with international reporting standards such as those in the Global Reporting Initiative.

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

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

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

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

Our Approach to What Information to Disclose

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

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

Our Approach to Ensuring the Accuracy of the Information We Disclose

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

While Fuji Xerox is examining the possibility of 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, as well as that are comprehensive, complete and objective. However, we have incorporated an expert Third Party Opinion, to demonstrate our willingness to listen to third party comments.

Editorial Policy

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

Structure of Sustainability Report 2014

<http://www.fujixerox.com/eng/company/sr/2014/index.html>


CSR Information Covering Our Global Operations

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


CSR Information from Our Affiliates

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

Sustainability Report




Website



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

SkyDesk Media Switch



Wherever you see this symbol in this report, you can access related content using the SkyDesk Media Switch App. Place your smartphone over the image near the symbol, and take a picture of it with the SkyDesk Media Switch App. For details, see the final page of this report.

Our fiscal 2014 report has the following features:

1. We have added a page to convey to our stakeholders what we are trying to accomplish through CSR management.
2. We have included a page giving an overall view of the value we are providing to society through our entire value chain, with a special focus on value delivered to society through our customers.
3. In "Our CSR Management System," we have explained the position of the CSR Committee in our corporate management structure and have described the management process based on the PDCA cycle.
4. In "Fuji Xerox announces its high-priority CSR themes," we have identified CSR themes of special importance to Fuji Xerox and to society. In subsequent pages, we have reported on high-priority CSR themes by stakeholder groups and paid particular attention to making this an integrated report in view of its importance.
5. In "Engagement with Customers" in the section of "Engagement with Stakeholders," we have included a page on how we are delivering value to society by helping customers overcome their challenges through our products and services. Our hope here is to depict a fuller picture of the CSR activities that we are implementing throughout business operations and which are uniquely expressive of the values that Fuji Xerox holds dear.

Other Information Relevant to CSR Management

- Corporate Profile <http://www.fujixerox.com/eng/company/profile/>
- Financial Data <http://www.fujixerox.com/eng/company/profile/finance/>
- 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 Sustainability Report 2014

● Reporting Period

Sustainability Report 2014 focuses on the CSR efforts of Fuji Xerox during fiscal 2013 (April 2013 to March 2014) and also covers some policies and activities for fiscal 2014.

● Organizations Covered

Sustainability Report 2014 covers Fuji Xerox and its domestic and overseas affiliates. When we report on matters restricted to specific regions or corporations, we specify that in the Report.

● Guidelines Consulted

We followed the third edition of the *Global Reporting Initiative's Sustainability Reporting Guidelines* (G3), while also taking into account the approach of the fourth edition (G4), which was issued in 2013. We also consulted the 2012 edition of the Japanese Ministry of the Environment's *Environmental Reporting Guidelines*.

- Next Release of our Sustainability Report
September 2015

● Report to the Global Compact

In our capacity as a corporate signatory 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. Please see page 42 for our activities regarding the Global Compact.



Purpose of CSR Management at Fuji Xerox



Joseph C. Wilson

Better Communications

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

At Fuji Xerox, CSR means

contributing to the development of a sustainable society
by fulfilling the Fuji Xerox Mission Statement.

Operating at all times on the principle that

“CSR is synonymous with corporate management,”

we aim to help our customers create value by ensuring

the unity of words and deeds and to become a company

trusted and cherished by all stakeholders.

Xerox Philosophy

CSR management at Fuji Xerox has its origins in the business philosophy of Joseph C. Wilson, founder of Xerox Corporation, which anticipated today's concept of corporate social responsibility.

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

Joseph C. Wilson

Mission Statement and Shared Values

【Mission Statement】

The Mission Statement sets forth a common goal for Fuji Xerox and all group companies, including domestic and overseas affiliates and sales subsidiaries, as well as all employees.

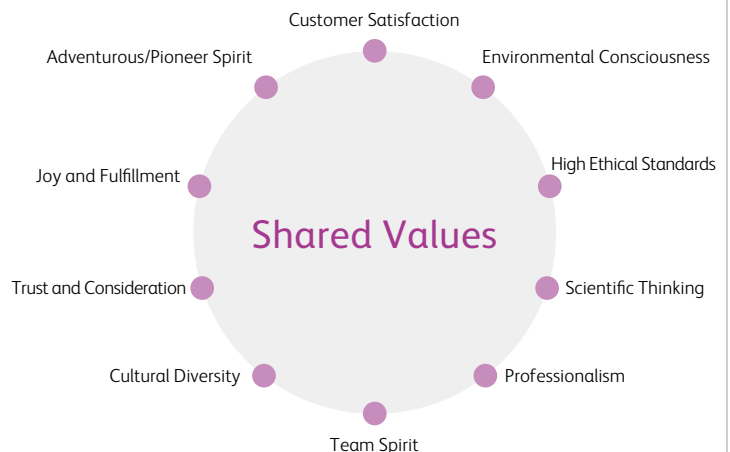
Build an environment for the creation and effective utilization of knowledge.

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

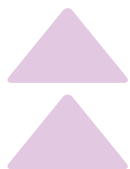
Achieve growth and fulfillment in both our professional and personal lives.

【Shared Values】

Our Shared Values comprise 10 value statements that are commonly held by Fuji Xerox, our affiliates, and all of our employees to achieve the Fuji Xerox Mission Statement. Each of the 10 values emphasizes our responsibility and sets forth how we should approach business as members of society and as individuals based on a fundamental respect for humanity.



Ultimately, the business goal of Fuji Xerox is to contribute to the advancement of the global community by continuously fostering mutual trust and enriching diverse cultures. To achieve this, we work in the fields of document services and communications to build an environment in which our customers can create and effectively utilize knowledge. In the process, we aim to enable every one of our employees to achieve growth and fulfillment in both their professional and personal lives.



The Development of Business Philosophy of Fuji Xerox

From its origins in the Xerox Philosophy, business philosophy of Fuji Xerox has evolved into the Good Company Concept and the Mission Statement.

The Good Company Concept

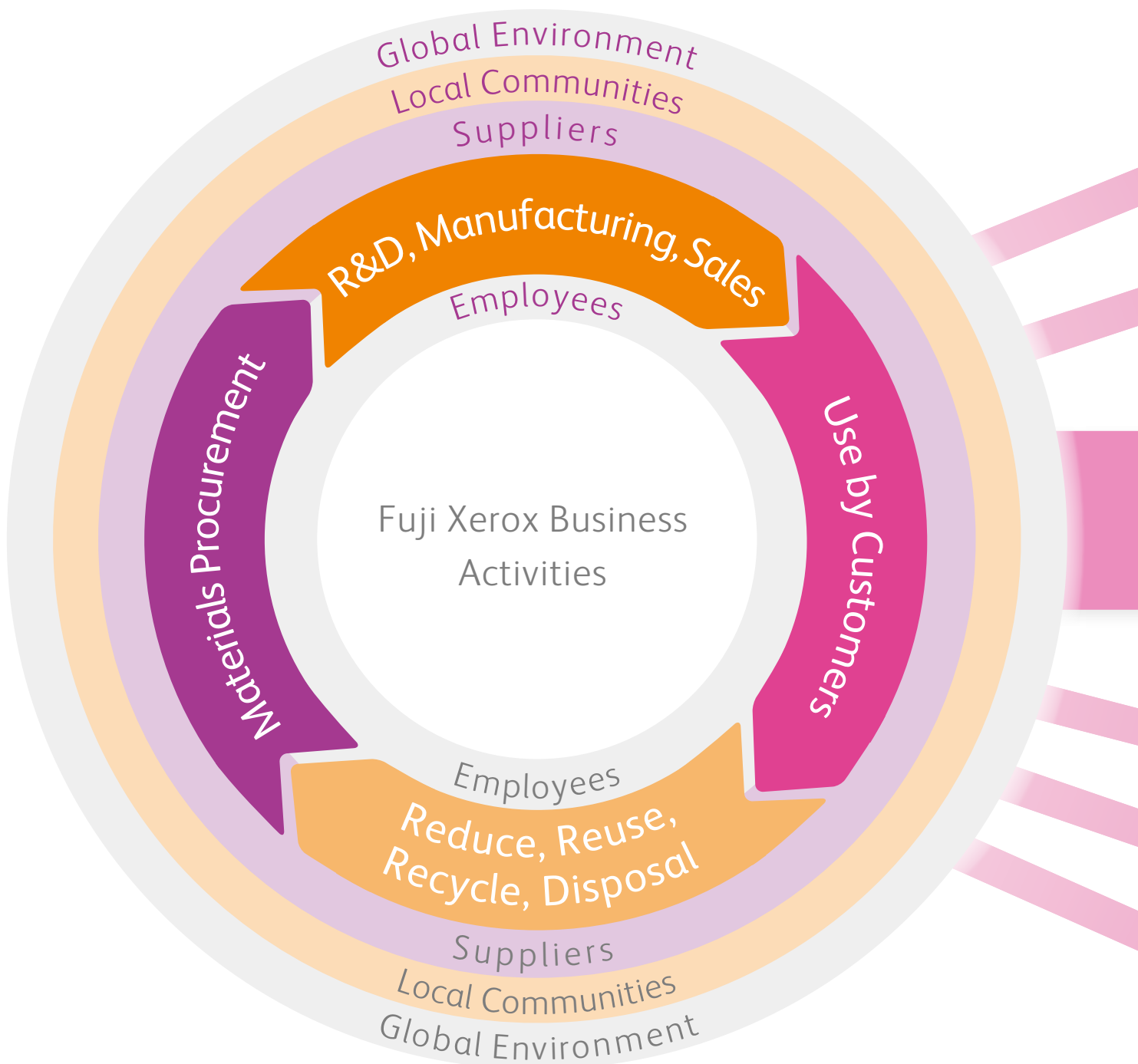
A “strong” company delivers excellent products and services that satisfy customers and is able to reward its shareholders continuously. A “kind” company contributes to local and global communities in terms of environmental conservation, ethical behavior, and social contribution. Employees find their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



How Fuji Xerox Creates Value for Society

Creating Value for Society throughout the Value Chain

At Fuji Xerox we are pursuing ongoing CSR initiatives throughout the corporate value chain, assuming responsibility for all processes, from procurement of materials to 3R (Reduce, Reuse, Recycle) and disposal. Above all, we are striving to contribute to the sustainable development of society by offering customer solutions grounded in a better communication environment, in keeping with our corporate mission.



How Fuji Xerox Creates Value

For Our Stakeholders and Society as a Whole

Suppliers

P. 37-38

Promoting supplier engagement for the mutual benefit of Fuji Xerox and our suppliers

Employees

P. 35-36

Creating a corporate culture that motivates and empowers individual employees to achieve their full potential

Customers

P. 27-30



Working

Creating a new communication environment by unifying printed and digital information and integrating it with cloud services and mobile solutions for freer and more efficient work styles



Living

Supporting more efficient delivery of government services, health care, and other social infrastructure to build a more convenient society



Learning

Enhancing the communication environment in educational settings to improve the quality of learning



Enjoying

Helping people get the most out of life through services that provide easier access to a wide range of content



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

Global Environment

P. 31-34

Doing our utmost to harmonize our activities with the environment in every area of business, mobilizing all our capabilities to lead the industry in the creation of environmental value

Local Communities

P. 39-40

Helping build better communities by leveraging our core competencies to solve social problems and by encouraging employee involvement at the community level

Shareholders/Investors

Building and maintaining a sound, transparent, and sustainable corporation

Top Commitment

CSR Is Synonymous with Corporate Management :
Contributing to Mutual Trust and Cultural Development
around the World through
“Unity of Words and Deeds” (*Genko-Icchi*)



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

A stylized, handwritten signature of Tadahito Yamamoto in black ink.

1. CSR: Synonymous with Corporate Management

Fuji Xerox is acting swiftly to globalize all its activities, including development, manufacturing, and sales, with the aim of achieving sustained growth. While global business development presents many new opportunities, it also comes with various risks. Differences in commercial practices as well as labor laws and practices and interactions with overseas suppliers can at times lead to unintended involvement in environmental destruction and human rights violations. With the development of information and communication technologies (ICT), the expansion of socially responsible investment (SRI) funds, and the integration of environmental, social, governance (ESG) issues into investment, both society and investors are more rigorously monitoring the activities of businesses. Companies are now expected to recognize that they are accountable for their entire value chain, including all upstream and downstream activities, and to pay careful attention to environmental and social factors in their operations.

At Fuji Xerox, we find our calling in document services and communications. Our primary objectives are to assist customers in creating value and to contribute to the progress of society by providing an environment for valuable communications. Our Mission Statement commits us to “Build an environment for the creation and effective utilization of knowledge,” “Contribute to the advancement 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.” These three points are our CSR objectives. For Fuji Xerox, CSR is synonymous with corporate management and cannot be separated from our business pursuits. For us, CSR starts with insightful observation of social issues and extends to thoughtful reflection on how to deliver value to customers, how our actions impact stakeholders, and how to realize the vision of Fuji Xerox including our organizational culture.

Providing customers with outstanding products and services is an essential requirement for any business. No less important is the question of how to accomplish this. “Transforming business processes while making a firm commitment to stakeholders to uphold values that the company believes to be right” and implementing the necessary activities through “unity of words and deeds” (*Genko-Icchi* in Japanese) pose an enormous challenge, particularly in light of the broad range of issues related to quality and cost competitiveness. Regardless of the difficulty of this challenge, we at Fuji Xerox understand this to be an indispensable part of becoming an Excellent Company that is truly cherished by its customers.

2. Integrating CSR with Our Core Business

I believe that significant changes have to be made to establish CSR as an integral part of corporate culture at Fuji Xerox. All business

processes and work styles at the front lines of our business must be transformed with an eye to CSR values, and we must create an environment in which all corporate activities are assessed and executed from the perspective of whether or not they contribute to delivering value to stakeholders. To achieve this purpose, Fuji Xerox has established a CSR Committee comprising directors and corporate officers responsible for all functions of the value chain and charged with determining priorities in responding to important CSR issues in light of management strategies. “Improving customer satisfaction” has always been our top priority and we added the following four high-priority themes for fiscal 2013: “Improving employee satisfaction,” “Strengthening environmental management,” “Enhancing ethical procurement,” and “Engaging in local community development.” After establishing a series of key management indicators and numerical goals at the start of the year, we undertook semi-annual management reviews and implemented the plan-do-check-act (PDCA) cycle.

Goals established by management are embedded in frontline plans for product development, procurement, manufacturing, sales, and other activities. As I have been emphasizing, it is critically important to clarify the link between CSR and the mission and objectives of each organization and to achieve a full integration between CSR and our core business. By helping us obtain new technologies, develop attractive products and services, and strengthen cost competitiveness, I believe the integration of CSR and our core business activities is key to creating a new awareness within the company as we pursue our principal business and to changing work processes. My ultimate objective is to create a situation in which each employee realizes the social significance of the work that he or she is performing and CSR management evolves in a natural and self-sustaining way.

3. CSR Activities at Fuji Xerox

In a word, CSR activities at Fuji Xerox can be characterized as the thorough and committed pursuit of innovative and progressive themes that anticipate the needs of the age. While delivering new value to our customers and society through our core business, we have selected an evolving series of key CSR issues beginning with “New Work Way” in the late 1980s. This was followed by “Integrated Recycling System” in 1995 and “Ethical Procurement” in 2007. At the same time, we have applied the principles of CSR to our entire value chain, acting step-by-step to expand the scope of our CSR activities to include group companies and partners.

The following sections present the main points of our CSR activities during fiscal 2013 as seen from five perspectives: (1) creating a better communication environment for human society by helping customers solve problems, (2) realizing happiness and growth for employees, (3) realizing a sustainable global environment, (4) enhancing supplier

Transforming business processes while making a firm commitment to stakeholders to uphold values that the company believes to be right—this is an indispensable part of becoming an Excellent Company.



engagement, and (5) contributing to local community development by utilizing our core business and more.

(1) Creating a better communication environment for human society by helping customers solve problems

Fuji Xerox aims to expand the horizons for services and styles of work by improving communications quality and productivity in all settings, including offices, government agencies, educational institutions, and medical facilities by integrating paper-based and digital information and linking this with cloud and mobile technologies to form a seamless network. To create this form of high-value communication that is “human-centered,” Fuji Xerox goes beyond the development and sales of equipment and promotes solutions and services that can generate a fundamental transformation in the business processes of customers. During fiscal 2013, we moved forward on cloud services and mobile solutions that contribute to work styles that are not bound by IT environment and location. We also introduced an array of products and services designed to match the specific needs of local markets in various countries. Thanks to these efforts, once again in fiscal 2013, Fuji Xerox achieved a high ranking in customer satisfaction surveys conducted by external organizations. We will continue to make customer satisfaction our top management priority and will strive to further improve our performance in this critical area by strengthening relations with customers at all customer contact points.

(2) Realizing happiness and growth for employees

Employee satisfaction is the wellspring of innovation and a company’s ability to meet new challenges. At Fuji Xerox, we believe that creating a workplace where employees can utilize their capabilities to the maximum is one of the most important aspects of our management base. During fiscal 2013, Fuji Xerox as well as its domestic sales companies and affiliates developed a common format for their employee morale surveys. Parallel to this, the CSR Committee discussed how to improve employee satisfaction and identified a series of companywide challenges for achieving this objective.

Key CSR indicators are steadily improving at Fuji Xerox. These

include the adoption of appropriate working hours, increasing the ratio of women in managerial positions, and reducing the number of work loss days. Going forward, Fuji Xerox will implement the PDCA cycle to enhance employee satisfaction and will actively promote remote working and other forms of ICT-based flexible working styles. We will nurture an organizational culture that supports a satisfying and stimulating workplace and encourages all employees—regardless of gender, nationality, disability, or age—to aim to become professionals whom customers trust and rely on. We will step up our efforts to strengthen our managerial capabilities and to support dialogue in the workplace. Fuji Xerox will promote corporate transformation by identifying emerging problems with a highly honed sensitivity to changes in the social and business environments, and by accelerating the training of human resources capable of acting on their own and taking ownership in the challenge to create change.

(3) Realizing a sustainable global environment

Fuji Xerox is committed to countering global warming, one of the most pressing challenges in realizing a sustainable earth. For this purpose, we have established goals for reducing greenhouse gas emissions with 2020 as the target year, and we are working toward reducing the whole-life-cycle CO₂ emissions of our products and lowering the CO₂ emissions of customer sites. Subscribing to the principle that “used products are not waste but constitute valuable resources,” we constantly endeavor to achieve resource recycling and zero-waste throughout all our business territories in the Asia-Pacific region.

In fiscal 2013, under internal slogan “Challenge Eco No. 1,” Fuji Xerox launched a companywide initiative aimed at providing the world’s top-level environmental value. In this program, individual employees on the front lines of operations identify problems intrinsic to our core business from the perspective of creating new environmental value, such as resource saving, transport saving, and space saving, and endeavor to transform business processes and approaches to work. These efforts are aimed at reducing CO₂ emissions over the entire value chain and target such challenges as accelerating the introduction of products and services based on the concept of “RealGreen” (the parallel achievement of customer utility and environmental friendliness), providing solutions and services that contribute to reducing the environmental burden caused by society overall, developing technologies for improved energy efficiency, and building businesses that recycle and reuse resources.

(4) Enhancing supplier engagement

Fuji Xerox launched ethical procurement of production materials in 2007 by integrating the required QCD (Quality, Cost, Delivery) and CSR. In the following years, the initiative was expanded to cover logistics and general products as well. A pro forma pledge to ethical procurement can lead to potential risks. To avoid such problems, it is important to develop a common awareness of the purpose and challenges of ethical procurement with suppliers’ top executives so that they will take the initiative in undertaking necessary improvements. Fuji Xerox and its suppliers form partnerships for joint study and empowerment aimed at achieving ethical

procurement. Based on this partnership, the business processes of suppliers are reviewed in order to minimize CSR risks in such areas as the environment, human rights, labor, and corporate ethics. This approach allows us to respond to the requirements of society while at the same time reducing procurement risks.

In the procurement of production materials, Fuji Xerox continued in fiscal 2013 to dispatch its procurement personnel posted at its manufacturing sites in China to perform on-site checks of supplier factories. This monitoring process was bolstered by reviewing the checklist and drawing on the assistance of expert teams. In the area of logistics, the scope of overseas suppliers covered by ethical procurement initiatives was expanded. With regard to conflict minerals, a cross-functional organization was created within Fuji Xerox to respond appropriately to customer needs and to review the sourcing of conflict minerals used in our products. Going forward, further efforts will be made to strengthen supplier engagement on a global scale, including the start of an ethical procurement program at the new plant that came into operation in November 2013 at Fuji Xerox Hai Phong (Vietnam).

(5) Contributing to local community development by utilizing our core business and more

Fuji Xerox and its affiliates actively harness their products and human resources to foster mutual trust and to enrich diverse cultures of the world by contributing to local community development in the fields of document services, communications and more.

During fiscal 2013, Fuji Xerox focused on strengthening its social contribution programs related to “Education for future generations” and “Conservation of diminishing cultures and information” by utilizing its core business. In the area of educating future generations, Fuji Xerox is collaborating with customers and local NGOs to produce and deliver educational materials for underprivileged children in emerging economies using our cloud technologies and production printers. The first such project was started in the Philippines. For the conservation of cultures, we opened a center to reproduce historical documents at Fuji Xerox R&D Square, our main base for research and development. Significant contributions were made to the reproduction of historical documents based on state-of-the-art technologies for color matching and the production of specialized toners.

Fuji Xerox is continuously learning new things through its social contribution in areas affected by the Great East Japan Earthquake of 2011. One such initiative that draws on our business strengths is the development of an integrated patient information system to support community-based medical services in depopulated and aging areas. We intend to assist other regions and communities in overcoming similar challenges by offering this system to them.

4. Constant Pursuit of New Growth and Value Creation

During fiscal 2013, Fuji Xerox continued to make steady progress in transforming itself as a provider of solutions and services. At the same time, Fuji Xerox was able to achieve revenue and profit growth thanks to strong sales in all the countries and regions where it operates. For Fuji Xerox, fiscal 2014 will mark an important milestone in the further transformation of its business structure and in establishing a clear vision for the realization of future growth. In this context, we believe that strengthening CSR management is key to building a firm foundation for future growth.

The business environment is constantly changing and CSR will remain a perpetual challenge so long as companies continue to exist. Our starting point in CSR boils down to three simple questions: How can we ensure the sustainability of Fuji Xerox and of society by acting through our business activities to assist customers in the solution of management problems? How can we bring satisfaction and happiness to stakeholders? And, what are the fundamental requirements for realizing these objectives? At Fuji Xerox, we are committed to thinking these questions through and to conveying a powerful message to society on what we hold to be true. I pledge to make a united and constant effort to create a common understanding of CSR principles and values among all employees, to encourage all employees to hone their sensitivity to ongoing social changes, and to continue to be a provider of excellent solutions to customers and to society. It is our firm belief that such solutions fostered through the process of “unity of words and deeds” (*Genko-Icchi*) can be the key to breaking through barriers and obstacles.



It is critically important to clarify the link between CSR and the mission and objectives of each organization and to achieve a full integration between CSR and our business.

Our CSR Management System

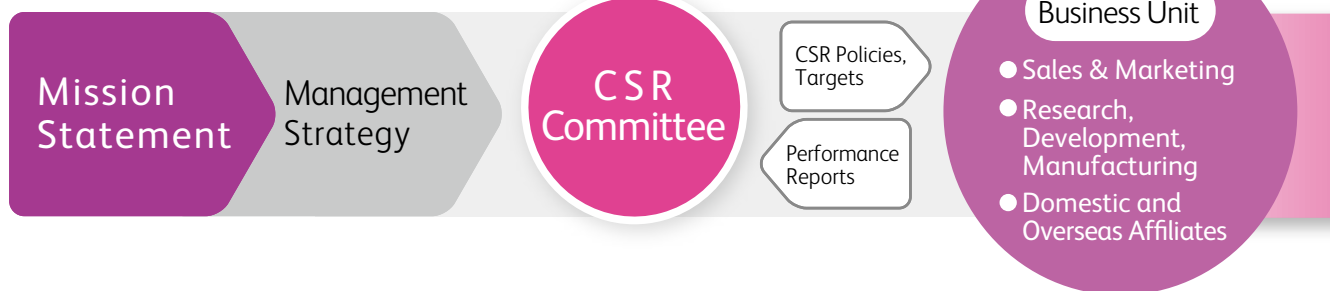
In Pursuit of Sustainability

The aim of our work at Fuji Xerox is to promote mutual understanding and cultural development by creating a better communication environment and to realize the dream of a sustainable society by helping each of our stakeholders achieve sustainability.

To accomplish these aims, we recognize the need to create ever-evolving value by incorporating stakeholders' CSR expectations and demands into our management practices with the changes in social and business environment in mind, and by implementing the PDCA (plan-do-check-act) continuous improvement cycle.

Operating on the principle that "CSR is synonymous with

corporate management," we will continue to contribute to the betterment of society by creating new value for our stakeholders while continuously boosting our competitiveness through improvement of our business processes.

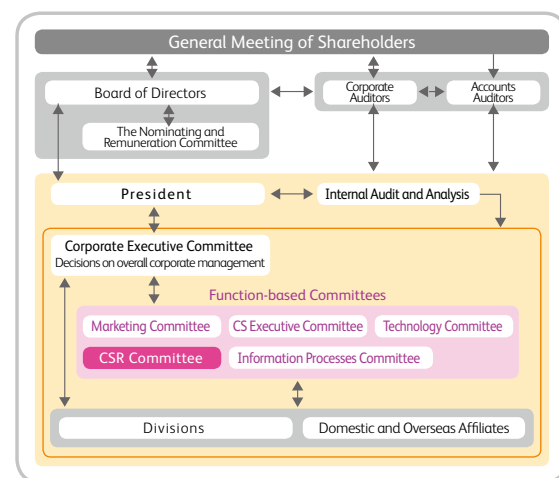


CSR Governance

In April 2010, Fuji Xerox instituted the CSR Committee as part of our ongoing effort to fully integrate CSR into our business operations. The CSR Committee is one of several "function-based committees" established under the Board of Directors and the Corporate Executive Committee. In addition, Fuji Xerox has developed a management process under which the CSR Committee plays a leading role in translating the policies and plans adopted by top executives into concrete action by each business unit and also receives and responds to the feedback from the front line as part of the PDCA (plan-do-check-act) continuous improvement process.

In July 2012, Fuji Xerox began holding CSR Committee meetings on a regular basis to identify CSR issues in each of our stakeholder groups and draw up corporate commitments for improvement (CSR indicators). In fiscal 2013, the CSR Committee reviewed the top CSR issues for Fuji Xerox and ranked initiatives by level of priority.

An important topic under the CSR Committee's jurisdiction is risk management. At Fuji Xerox, we are serious about managing risk, not only through emergency preparedness but also through risk management operations aimed at managing ordinary risk, especially latent risks, in terms of likelihood of occurrence and anticipated severity of impact on business in case of occurrence. Fuji Xerox executives regularly hold CSR Committee meetings to identify, discuss, and make decisions on high-priority risk-



management items.

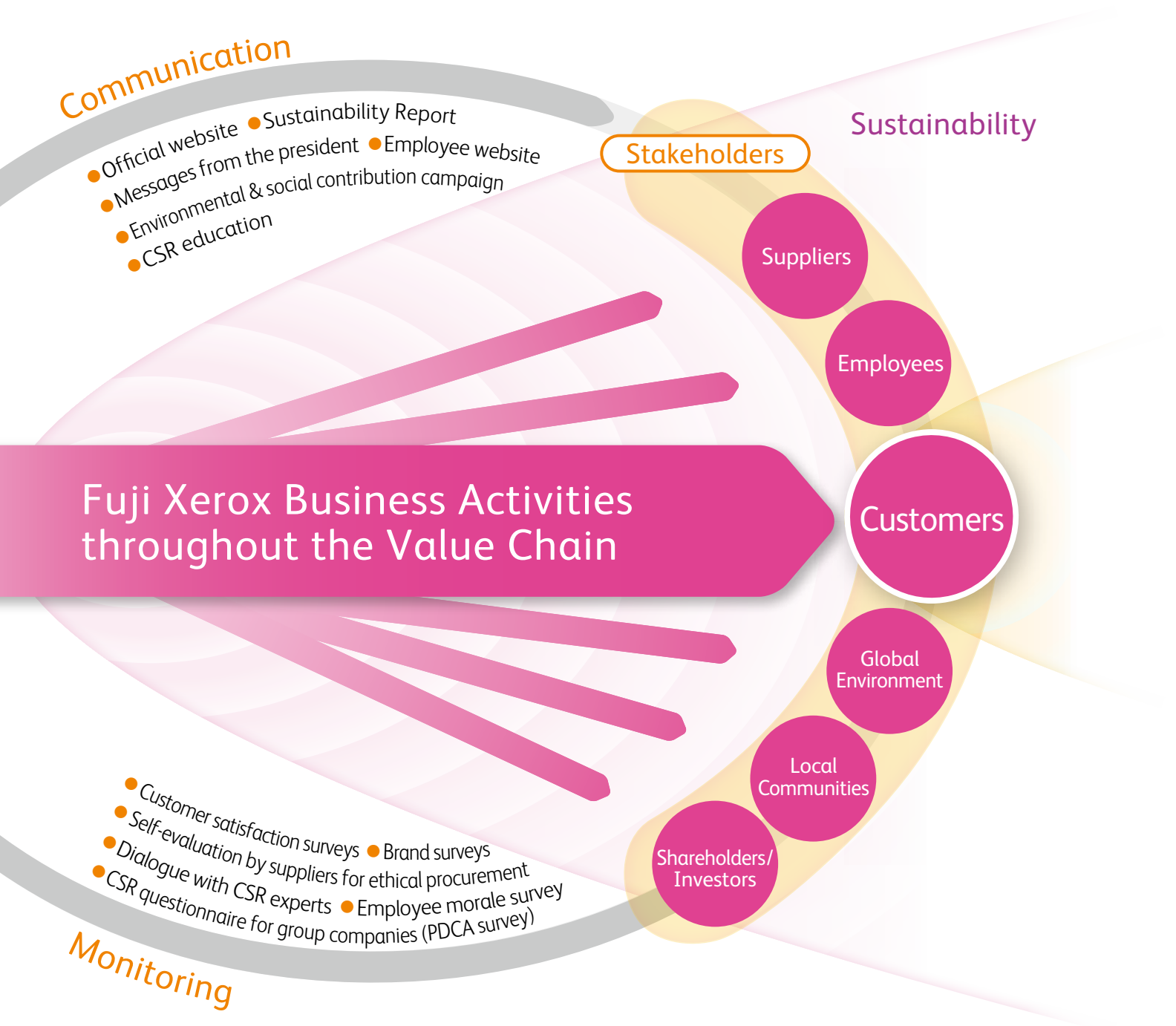
As in fiscal 2012, we promoted measures in fiscal 2013 to prevent large-scale natural disasters drawing on what we have learned from the Great East Japan Earthquake, and we reviewed key risks that the company should address as priority.

Communication and Monitoring

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

1. Communication

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



2. Monitoring

We believe it is important to monitor how well we are meeting the expectations of our stakeholders and to incorporate that feedback into our management decisions so as to ensure the ongoing development of CSR management at Fuji Xerox. For this purpose, we periodically hold Stakeholders' Dialogues in which top executives discuss CSR topics with outside experts, conduct stakeholder satisfaction surveys, and distribute an internal CSR questionnaire to assess progress and identify issues among our affiliates in Japan and overseas.

Fuji Xerox announces its high-priority CSR themes

We at Fuji Xerox have identified, from a wide range of social issues, those that are the most important for our CSR management to address in light of factors such as the nature of our business and our management goals. In fiscal 2013, we narrowed down our high-priority CSR themes based on social needs as well as the nature of our own business and our management goals. Here, we report on the process of clarifying our CSR issues and the priorities we have identified.

The Process of Identifying Our High-priority CSR Themes

CSR issues were distilled and narrowed down in three steps.



Stakeholders' Dialogue

Every year, Fuji Xerox holds a stakeholders' dialogue with outside experts on one of our main CSR themes, with the objective of continually enhancing our corporate value by listening to the views of a wide variety of people, including our suppliers and members of the community, and responding to their expectations. In fiscal 2013, we invited four experts from environmental fields and held a dialogue on our promotion of environmental management. Seven of our executives took part and a lively discussion ensued.

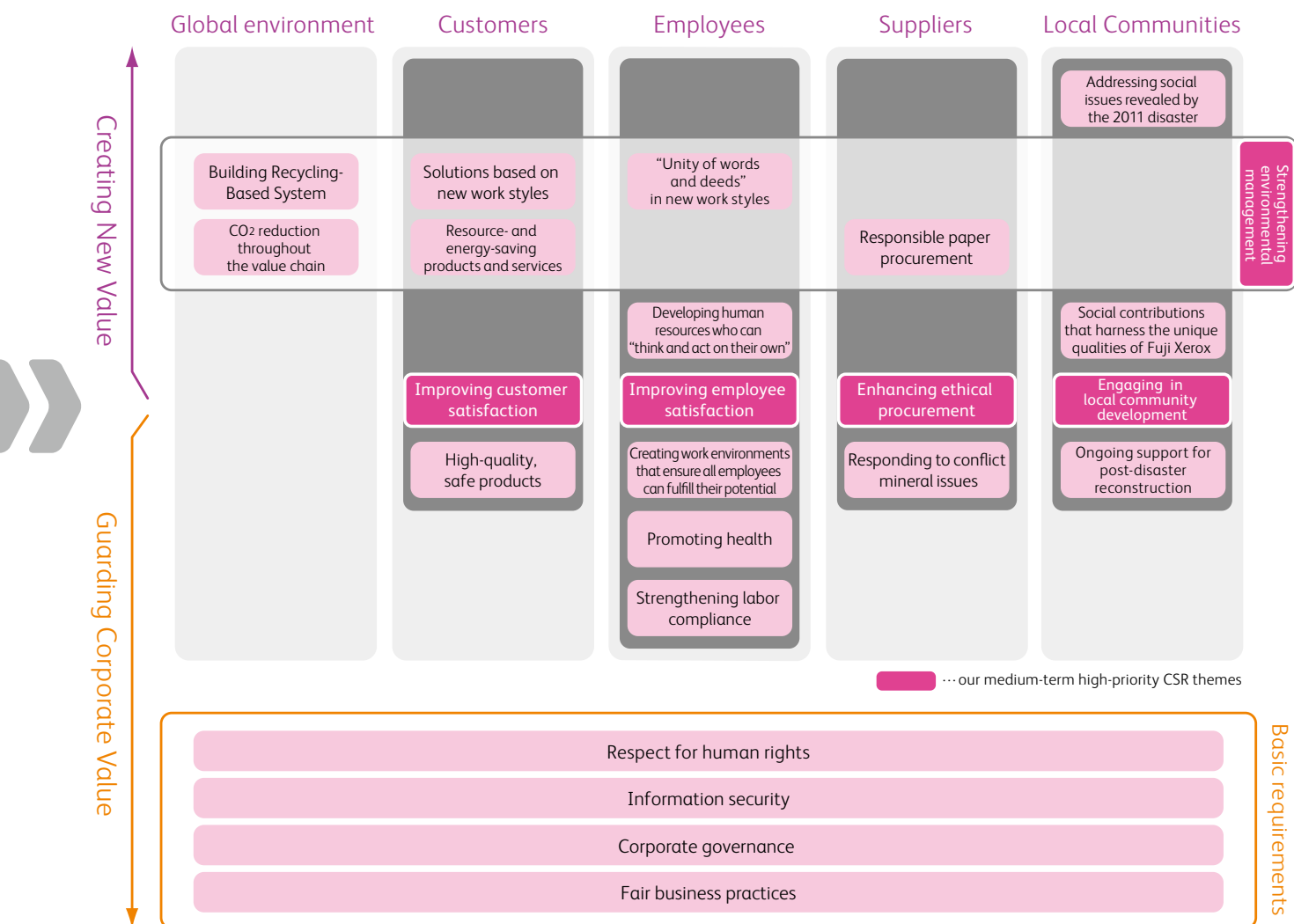
From their statements, it was clear that the panelists have high expectations of our performance. One commented, "I'd like to see Fuji Xerox set out a concrete image of how it can help solve global environmental problems and then make sure that the efforts of every employee are in tune with this approach." Another had this advice: "As a company that offers solutions, Fuji Xerox should think about how to do away with the incompatibility between the present desire of companies to grow their business in emerging nations and the future prospect of eventually being unable to continue operations due to resource depletion and environmental degradation."



High-priority CSR Themes at Fuji Xerox

Organizing the issues by stakeholder under the broad categories of what might be called “offense” (creating new value) and “defense” (guarding corporate value), we have established the medium-term high-priority themes to be addressed in our CSR management. They are “Improving customer satisfaction,” “Improving employee satisfaction,” “Strengthening environmental management,” “Enhancing ethical procurement,” “Engaging in local community development.”

In the future, we will further strengthen our CSR management by overseeing the progress of initiatives with a medium-term perspective in these focus areas.



Highlights in This Report

1. Addressing Social Issues Revealed by the 2011 Disaster
Advancing Hand in Hand with the Local Community (P.15-18)



2. Responsible Paper Procurement
Toward Sustainable Paper Procurement (P.19-22)



3. Social Contributions that Harness the Unique Qualities of Fuji Xerox
Helping to Educate Children in Disadvantaged Communities (P.23-26)





Highlight 1

Advancing Hand in Hand with the Local Community

From Our Dialogue with Disaster-affected Areas Comes Support for Community Medical Care



As Japan becomes a super-aging society at an unprecedented rate, the question of how best to support medical and welfare services in the community is a growing concern. The support of Fuji Xerox for the areas hit by the March 2011 earthquake and tsunami led to a series of dialogues with physicians and other home-care providers in the affected areas of Iwate Prefecture, and these in turn led us to develop an “integrated patient information system.” This system is indispensable for the coordination of home-care provision by a team of specialists. It ensures that all the records they need are at their fingertips, even during emergency house calls, thus easing the doctors’ task and giving the patient a sense of security. This year, we began expanding the system throughout the three prefectures most affected by the disaster. Its advantages are appreciated by the local medical associations, and we have also been hearing from doctors outside the affected areas who would like to use the system outside the home-care setting. Thus, The innovative solution of Fuji Xerox is taking on an important role in realizing the integrated community care that the Japanese government recommends as the new model for community health and welfare services.

- Japan’s elderly population(age 65 and over), 2015 estimated number and percentage
..... 33.95 million, 26.8 percent
(National Institute of Population and Social Security Research, Population Projections for Japan)
- Number of patients per day receiving home medical care..... 98,700
(Ministry of Health, Labour and Welfare, Patient Survey, 2008)
- Number and percentage of medical institutions that provide home visits
..... Hospitals 2,407, 28.0 percent
..... Clinics 19,950, 20.0 percent
(Ministry of Health, Labour and Welfare, Static Survey of Medical Institutions, 2011)
- Number of daily home visits per doctor at Kamaishi Family Clinic 25

The Realities of Frontline Community Care

In October 2013, the integrated patient information system became fully operative at Kamaishi Family Clinic (KFC), the main provider of home care in Kamaishi City and Otsuchi Town, Iwate Prefecture. When the Director, Dr. Naohiro Terada, makes a house call, he can use a tablet device to access not only KFC's records for the patient but also test results, home nursing care records, pharmacy data, and so on, all displayed chronologically. Thus, no matter how late at night or how urgent the call, every bit of relevant information is at the doctor's fingertips. There is never a need for a detour to the clinic to pick up paper records.

Even before the March 2011 earthquake and tsunami, Kamaishi City was facing a rapidly dwindling and aging population and a falling birthrate as its key industries declined. The city suffered a blow in 2007 when one of its main hospitals providing emergency services closed. Since the 2011 disaster, a host of factors have aggravated Kamaishi's health care situation: seniors make up over 35 percent of the population, many of them living alone; an increasing number of caregivers are themselves elderly, and households where the only caregiver for a person with dementia suffers from the same condition are on the rise; and to these problems must be added the dislocation of the community by the disaster.

Says Dr. Terada: "The demand for home care will go on rising. But



Dr. Naohiro Terada
Director, Kamaishi Family Clinic

medical care alone is no longer enough to solve the district's health problems. When a community is fragmented, it becomes vulnerable physically, mentally, and socially. We needed to gain an overview of community care and home care from the perspective of how to restore the community to health in all of those areas."

Dialogue Sheds Light on the Type of Support Needed

For Fuji Xerox, this initiative is an integral part of the support we have provided in the areas affected by the disaster. Immediately after the earthquake, we decided to make multifunction devices available on loan, for free, in the affected areas. We went to work installing them in August 2011, in liaison with the medical associations of Iwate and Miyagi Prefectures, and after we formed the Innovative Revitalization Group in October 2011, Group staff members began to call on all the clinics that had reopened in temporary facilities in Kamaishi and Otsuchi, two of the areas hardest hit by the tsunami.

As a result of these visits, we installed multifunction devices in 24 medical facilities in the two prefectures, and members of our Innovative Revitalization Group continued to respond attentively to requests from both medical providers and local residents, helping them with everything from operating the multifunction devices to using their personal computers.

"You could say the multifunction devices were the hubs around which small communities formed," says Toshiya Yamada of the Innovative Revitalization Group. Thanks to the loan program, bonds of trust developed in each locality, and over the course of the next

six months we gained insights, little by little, into the problems facing frontline care providers. This period also saw a dialogue begin between the Group and care providers including doctors, nurses, and long-term care support specialists. With the cooperation of KFC and other facilities in the affected areas, such as Hamato Neurological Clinic, we began studying how Fuji Xerox could best provide assistance in the medical and related fields.

Doctors called out late at night carrying thick paper files, night-duty staff back at the clinic urgently locating further records needed by a doctor on the phone: these images left a deep impression on the Group members. And so Office Manager Kunishi Higuchi, Toshiya Yamada, and their colleagues changed course as they explored the form that our assistance should take. "We started out picturing a system on a large scale," says Higuchi, "but then came to see that what was something entirely different. We needed to create a system, that would truly meet the local residents' real needs.



Toshiya Yamada
Manager of Innovative
Revitalization Group, Fuji Xerox

The Value Generated by the Integrated Patient Information System

To find out what was really needed, Toshiya Yamada, Takefumi Miyata and others from the Innovative Revitalization Group visited KFC every Wednesday night. "I wouldn't have expected a private-sector company to go that far," comments Dr. Terada, who was himself hoping to take an innovative step toward reconstruction.

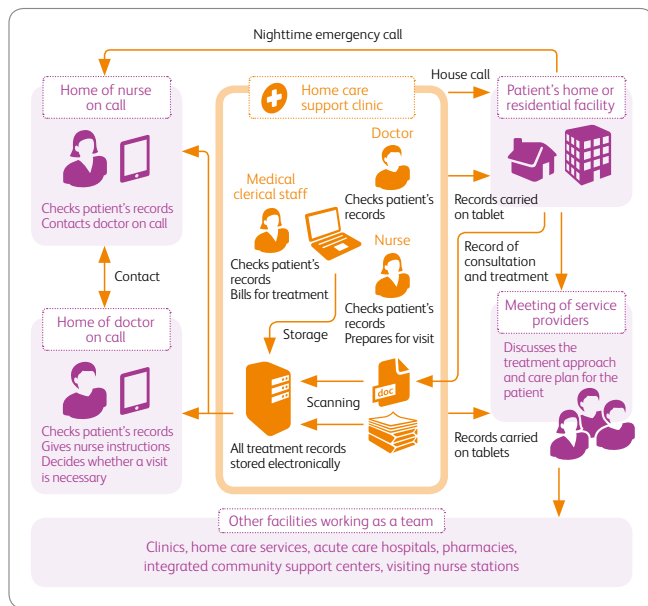
Hundreds of hours of intense discussion followed. "Can we avoid carrying around thick paper files?" "The system constraints won't allow data entry from tablets!" "If that's the case, can we create a system where we can handwrite notes on paper and access data by tablets during house calls? It will be a big job, though, to scan notes back at the clinic." "Well, let's give it a try and find out where the problems lie!"

When both partners set aside their preconceptions and took a fresh look at clerical support operations and the potential role of documents in medical practice, a new procedure emerged that was in no sense a compromise. It consists of the doctor on house call making handwritten entries on a specially designed form (generally one sheet per consultation), to which a nurse or other staffer back at the clinic adds meta data such as dates, and then scans with a multifunction device. Thus all of the patient's information, regardless of whether it is paper or digital data, is organized in sequence. Test results and other data that, on paper, would be held in separate files by category can all be inserted sequentially into the record.

"There was no precedent for creating a separate sheet for each consultation," says Dr. Terada. "But on a tablet, this format is very easy to take in, and it enhances our understanding of the patient information. And the combination of hand writing notes and accessing data by tablets has proved easy to use." The necessary and sufficient information is thus shared via a simple operation, and the resulting system places no burden on frontline care providers.

Dr. Terada stresses that providers no longer risk missing relevant information and that it has become easier to gain a holistic view of the patient. The nurses, too, are unanimous: "We couldn't go back to the days of paper records only," says one. Adds another, "When we receive an urgent call, we are now able to judge whether a doctor's visit is really needed immediately, while checking the patient's medical

Conceptual Diagram of the Integrated Patient Information System



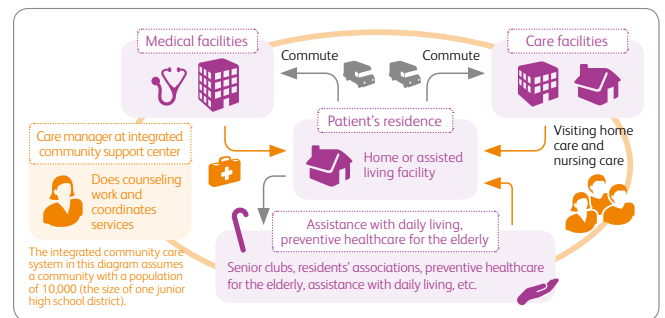
contraindications.” The fine-tuned response that this allows is a step toward cutting waste in home care while ensuring that patients have more peace of mind than ever before.

Care Truly Acceptable to the Community Takes Shape

Anticipating the advent of the aged society, Japan’s national government currently recommends that local governments take the lead in adopting an integrated community care system which seamlessly meets the special needs of the elderly for housing, assistance in daily life, health and nursing care, and preventive medicine. Dr. Terada says, “If we are to marshal local resources effectively on this comprehensive basis, we must gain an overview of the challenges and needs that communities and individuals face. This means we need to integrate the information held by different professionals. Medical institutions play a major role as repositories of information supplied by a number of professions, and integrating patient information within a clinic, as we have done, is an important step toward grasping the big picture.” As Dr. Terada points out, the system developed by Fuji Xerox has much to offer in the area of integrated community care.

We owe our success in creating a realistic, forward-looking, and substantive support model to the candid discussions we were able to hold with local care providers and residents, starting with the issues involved in doctors’ home visits. The system’s performance is rated highly by the local medical association, local governments, and residents of the communities and their surrounding areas, and its

Diagram of Integrated Community Care



Source: Report of the Community-based Integrated Care Research Committee, March 2013

adopters in Iwate Prefecture are beginning to extend beyond home-care facilities to encompass dental clinics, visiting nurse stations, and the like. In Kamaishi City, meanwhile, KFC is working with the Goyoryo nursing home to utilize the system fully in health management for the home’s elderly residents.

In addition to expanding the modes of use in this way, in April 2014 we began providing the standard system in two other disaster-affected prefectures, Miyagi and Fukushima, as well as Iwate.

The problems facing each district may differ, but the importance of teamwork remains the same as the various core facilities that support the community collaborate with medical providers, pharmacists, nursing care specialists, and other care professionals. The large-scale systems that such collaboration requires exist in each district. But integrating information in the truest sense calls for a systematic approach to managing patient data, including the important data stored on paper, in a way that makes it easy for care providers to see the overall picture of each of their patients and, by extension, the community as a whole.

The integrated patient information system has been improved through ongoing dialogue and is gradually entering new areas of use, even as it helps build communities. Going forward, it is also beginning to demonstrate its value in contributing to an integrated community care system that will be truly accepted by the community.



Dr. Yoshiaki Koizumi
President, Kamaishi Medical Association

“The community is crucial to care at the local level. Yet communities today are breaking down, even in the smaller cities and towns. I see the Kamaishi district’s information network as a community-building tool, with various local functions backing one another up and sharing necessary information. Paper continues to be an essential medium in the management and utilization of information, and I expect much of the integrated patient information system as a vital component of community care.”



Yoshimasa Kubo
Facility Director, the Goyoryo, Nursing home for the aged

“The primary responsibility of a welfare facility like the Goyoryo home for the elderly is caring for our residents’ health. After the tsunami, we worked closely with those around us. In terms of what we can do for our residents now, I regard the ability to convert handwritten records into a digital format so that we can read them chronologically and share them among doctors, nurses, nutritionists, and others, as a significant advance toward providing more efficient and better services. I look forward to pursuing this further, step by step.”



Kunishi Higuchi
Office Manager of Innovative Revitalization Group, Fuji Xerox

“We arrived at a system to resolve local residents’ problems through ongoing dialogue with them, by steadily applying Human Centered Design (HCD), which identifies the issues to address by understanding how the residents see them. This approach also changes the quality of the relationship between local communities and Fuji Xerox, as it means that we become a member of the community-building effort rather than a mere supplier of goods and services, and this experience has taught us that our corporate value to society is enhanced accordingly.”



Highlight 2

Toward Sustainable Paper Procurement

Commitment to Solving Social Problems by Collaborating with Suppliers and Customers



How to supply customers with paper that is compatible with the requirements of environmental and social sustainability? This has become a critical question amid the rise in social concern regarding deforestation. As a company whose core business is document services, problems occurring upstream in the paper supply chain have prompted us to reexamine our responsibilities in the paper business. This section introduces initiatives taken by Fuji Xerox based on its belief in the importance of pursuing unified efforts involving manufacturers, suppliers, and customers.

- Annual loss of natural forests worldwide..... About **13** million hectares^{*1}
(About one-third of Japan's total land area)
- Share of FSC^{*2} certified wood in forests worldwide..... About **5** percent^{*3}
- Fuji Xerox adopts its first Paper Procurement Regulation Standards..... **2004**
- On-site checking of paper suppliers completed by Fuji Xerox **100** percent

^{*1} Food and Agriculture Organization of the United Nations, "Global Forest Resources Assessment 2010," Data for 2000–2010.

^{*2} The Forest Stewardship Council (FSC) certifies wood and paper products produced based on environmentally responsible forestry practices that take into account benefits for local communities and economic sustainability. Consumers can indirectly support the preservation of the world's forests by purchasing FSC certified products.

^{*3} Computed based on Food and Agriculture Organization of the United Nations, "Global Forest Resources Assessment 2010," and Japan's Forestry Agency, "Summary of the World's Major Forestry Certification Systems."

Social Issues Related to Logging

Forest resources that provide the raw material for paper can be sustained as a renewable resource if properly managed. On the other hand, inappropriate logging can lead to serious social and environmental problems. It not only destroys the living environment of local communities but also threatens biodiversity and can have a grave impact on global warming and climate change.

In paper manufacturing, FSC certification and other systems exist for ensuring that raw materials come from properly managed forests. But this has not delivered a fundamental solution because only about 5 percent of the world's forest resources are certified. Various countries have responded to this situation by enacting laws and mechanisms banning trading in illegally logged lumber. The United States and Australia have followed the lead of the European Union to introduce penalties against such illegal trading.

The paper used for multifunction devices and printers constitutes a vital product supporting the core business of Fuji Xerox as a company focused on document services. Recognizing this, we have been involved in promoting the proper management of forest resources for a number of years. For example, in 1996, we invested in a plantation project in New Zealand and have been selling eco-conscious paper based exclusively on lumber from this source and used paper.

In 2004, Fuji Xerox adopted Environmental, Health, and Safety Requirements regarding Paper Procurement ("Paper Procurement Regulation Standards"), establishing key requirements for suppliers, including the traceability of raw materials and the environmental management of manufacturing plants. Our management has consistently believed that achieving stable procurement of our paper products while ensuring social sustainability and harmony with local communities is a basic precondition for our business.

New Forms of Responsibility

Fuji Xerox was deeply affected when the Australian Broadcasting Corporation (ABC) reported in August 2011 that inappropriate logging by a major paper manufacturer had destroyed forests and seriously impacted neighboring communities. The Australian sales company of Fuji Xerox was named as a buyer of paper from this manufacturer. ABC carried the report just as Fuji Xerox was requesting the manufacturer to improve its relations with local residents and environmental NGOs based on its Paper Procurement Regulation Standards.

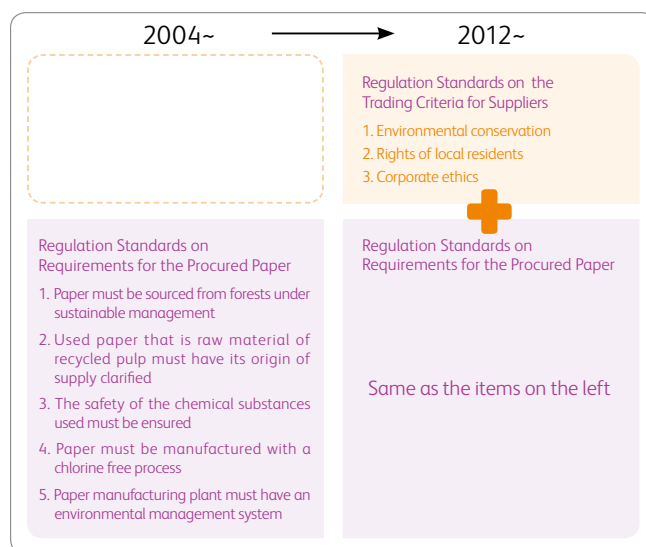
Customer responses to this report were strong and immediate. Fuji Xerox was cast as being involved in inappropriate logging and as acting indirectly to undermine the environment and local communities. Fuji Xerox and its Australian sales company lost no time in consulting outside experts and environmental NGOs, which led us to sincerely recognize the impact of our business activities on society. Based on this we made the management decision that, regardless of intent, Fuji Xerox must not allow its business activities to have a negative impact on the environment and local communities. We suspended all transactions with the manufacturer

in question and embarked on formulating fundamental measures to prevent recurrence.

In formulating these measures, we were acutely aware of a series of challenges. First was the importance of accepting responsibility for the entire supply chain and targeting it for our CSR activities. Second, assessing paper as just another product does not solve anything. Finally, we realized it was essential to share our concern for proper management of forest resources with manufacturers and to encourage them to foster a culture of taking the initiative in solving problems.

With this in mind, Fuji Xerox revised its Paper Procurement Regulation Standards in May 2012, replacing the practice of simple assessment of paper products with a new standard for the comprehensive assessment of suppliers against such CSR aspects as "environment," "rights of local residents," and "corporate ethics" (Supplier Criteria). Under this system, procurement is restricted to suppliers that satisfy the standard set by Fuji Xerox. Manufacturers able to supply paper at an acceptable price and quality are further checked for overall management, including CSR performance. Transactions are suspended if problems are found from the perspective of social or environmental sustainability.

Impact of the Revision of "Paper Procurement Regulation Standards"



To include the views of public in the assessment process, arrangements were made to incorporate the opinions of environmental NGOs. To prevent the assessment from becoming a mere formality, Fuji Xerox conducted on-site checks of the manufacturing facilities of domestic and overseas suppliers to confirm the conditions on the suppliers' front lines.

"We have always acted with speed to achieve socially responsible paper procurement," says corporate Advisor of Fuji Xerox InterField Ken Watanabe who has long been involved in the paper businesses of Fuji Xerox. "Adopting the Paper Procurement Regulation Standards in 2004 is a case in point. We had no previous experience with on-site inspection of paper plants, and creating a new system was not easy. But once the system was in place, we



Ken Watanabe
Corporate Advisor,
Fuji Xerox InterField

persisted with the PDCA cycle and made necessary adjustments and improvements. Keeping an initiative like this going takes commitment and a lot of effort. What fuels our drive is the Fuji Xerox philosophy that the customer comes first at all times.”

In addition to revising the procurement standards and launching on-site checks, a Committee for Socially Responsible Paper Procurement was established as a companywide body to monitor and manage related activities on the executive level. Committee members are drawn from Fuji Xerox and its affiliate Fuji Xerox InterField, overseas sales companies, as well as domestic and international affiliates involved in paper procurement and sales.

The committee periodically checks paper suppliers for compliance with the Paper Procurement Regulation Standards and speedily determines countermeasures when compliance is in doubt.

The committee meets to discuss methods for on-site checking, and receives and reviews reports on the compliance status of paper suppliers. In its deliberations, it has decided to continue the suspension of procurement from two suppliers that have not made satisfactory improvements.

Promoting the Selection of Sustainable Paper

Involving all suppliers in programs for socially responsible paper procurement is vital to accelerating the appropriate management of forest resources. In addition to improvements on the supply side, it is important to encourage customers and society as a whole to opt for the use of sustainable paper that is environmentally and socially friendly. Supporting customers in making the right choice is a responsibility that falls on us. There are encouraging signs of change as some customers are beginning to add environmental and social friendliness to cost and quality criteria in their selection of paper.

In November 2013, Response Ability, Inc. and the World Wide Fund for Nature (WWF) Japan joined five Japanese companies* to form the Consortium for Sustainable Paper Use. Comprising a number of companies that are major end-users of paper, the Consortium aims to expand and encourage the use of sustainable paper throughout society. Its procurement policies and other basic principles accord with those of Fuji Xerox. To support the spread of this movement, we believe Fuji Xerox must take action in relation to our customers on two fronts. First, we must convey to them the importance of selecting environmentally and socially friendly paper. Second, we must endeavor to offer sustainable paper at appropriate prices and quality.

“Paper represents the most heavily used material in banking,” says Chief Sustainability Officer Tsukasa Kanai who is in charge of CSR at Sumitomo Mitsui Trust Bank, Ltd., a member of the Consortium. “Thus, paper holds a very important position in the

supply chain management of banks. The problem is that we use a very wide variety of paper to meet specific needs. Dealing with a broad range of suppliers makes total traceability difficult to achieve. This is why we have high hopes for the program launched by Fuji Xerox. We also hope that this movement will spread to include companies that handle a wider variety of paper than just copy paper. Ultimately, we need to create a society where consumers are empowered to make ethical choices on the use of paper.”

“With its business links to both end-users and paper manufacturers, Fuji Xerox is in a particularly advantageous position to promote the spread of ‘sustainable paper,’” says Mr. Sadayoshi Tobai, Conservation Director at WWF Japan. “We feel that Fuji Xerox can



Sadayoshi Tobai
Conservation Director,
World Wide Fund for Nature Japan

play a very big role, and we hope that initiatives taken by Fuji Xerox will help set a new social standard. To succeed, we would like to see continued efforts on the part of Fuji Xerox conveying the value of this undertaking to both customers and suppliers.”

* Two companies were added to the Consortium in June 2014.

Commitment of Fuji Xerox

As a company positioned in the middle of the supply chain, Fuji Xerox aims to contribute to the resolution of problems related to forestry as well as paper by interacting with both suppliers and customers.

“Supplying sustainable paper that is both environmentally and socially responsible is an integral aspect of social responsibility for Fuji Xerox,” says Director and Executive Vice President Katsuhiko Yanagawa, chair of the Committee for Socially Responsible Paper Procurement, as he explains the future direction of the Company’s policies. “Naturally, we need to thoroughly manage the paper used inside our own company. But it is equally important to work toward solving the problem by developing a shared awareness of the importance of this initiative with suppliers and customers. We are committed to continuing to actively inform the public, both in Japan and overseas, of our ongoing initiatives and to sustaining our activities for ensuring the proper conservation and use of forest resources in the paper business.”

Fuji Xerox will continue to dedicate itself to promoting efforts to share common CSR values with customers and suppliers of paper and realize a sustainable society.



Tsukasa Kanai
Chief Sustainability Officer
Corporate Planning Department
Sumitomo Mitsui Trust Bank, Ltd.



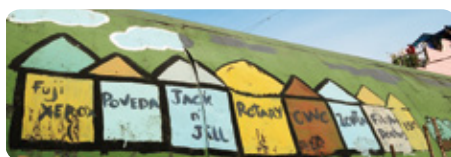
Katsuhiko Yanagawa
Director and Executive Vice
President, Fuji Xerox



Highlight 3

Helping to Educate Children in Disadvantaged Communities

A New Kind of Social Contribution



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

Primary education is critical to breaking the chain of poverty and boosting community development. In the Asia-Pacific region, there are still many children with limited access to education due to economic circumstances. Fuji Xerox has launched a new social initiative in the Philippines to help educate children with limited access and to give back to areas where it does business. In collaboration with Gakken Holdings Co., Ltd. and Gawad Kalinga¹, Fuji Xerox is providing learning materials to children preparing to start school. With corporations, NGOs, and communities joining hands to maximize their impact, this initiative will help nurture the talents of children who represent the future of their nation. This report discusses how Fuji Xerox is partnering with NGOs and other companies to help meet community educational needs in a new way.

- Number of children to whom Fuji Xerox plans to distribute learning materials in this project
..... 100,000 over 10 years in the Asia-Pacific region
..... 30,000 over 10 years in the Philippines
- Population of the Philippines 96,707,000²
- People in the Philippines living on less than US\$2 a day
..... 41.5% of population³
- Net primary school enrolment in the Philippines
..... 89% (average for male and female)²
- Proportion of enrollees who reach the last primary grade 76%²
- People in the Philippines receiving support from Gawad Kalinga¹
..... 2,000 communities, 60,000 families

¹ Gawad Kalinga (meaning to "give care") is a Filipino NGO that aims to end poverty by restoring the dignity of the poor. It has successfully transformed over 2,000 slums into peaceful and productive communities through projects including house-building. Fuji Xerox Philippines, Inc. is a partner in these projects and in 2007 built the Fuji Xerox Gawad Kalinga Village in Taguig City on the outskirts of Manila.

Article in Previous Sustainability Reports: "Helping to Build Society Through a Mutual Benefit Approach" (2009)

² UNICEF (United Nations Children's Fund), "The State of the World's Children 2014 in Numbers"

³ World Bank, "World Development Indicators" (updated July 2014; survey year 2009)

Primary Education in Emerging Nations

Achieving universal primary education is one of the UN Millennium Development Goals. Large numbers of the world's children presently have limited access to primary education due to poverty or other social conditions. This lack of access perpetuates the chain of poverty and hinders community development. According to the UNICEF report *The State of the World's Children*, the rate of completion of primary education ("survival rate to last primary grade") in many of the countries where Fuji Xerox does business, such as Thailand, Indonesia, the Philippines, Vietnam, and Myanmar, is as low as 75 to 90 percent—a long way from universality.

As a company operating in these regions, Fuji Xerox is committed to closing the education gap. By helping resolve this issue through the leveraging of its technology and the spirit of its people, the company can nurture children's potential and contribute to the advancement of the global community, key components of the company's mission statement.

Project Launched in the Philippines

In 2014, Fuji Xerox inaugurated a project designed to help resolve educational disparity among children in the Philippines. To improve lives in disadvantaged communities, the company is providing learning materials to children with limited access to education.

The Towerville district of Bulacan Province lies about two hours' drive from Manila. In this district, there are currently 34 villages built in a cooperative effort by the government and Gawad Kalinga. The villages were created to facilitate the relocation of informal settlers living in urban Manila, and these communities continue to expand.

In June, Fuji Xerox provided workbooks to 450 of Towerville's children around the age of five to help them learn English through self-study. The company held a presentation ceremony and workshop for village leaders, children, and the project volunteers. A total of over 250 people attended the ceremony, including 120 children from nearby villages, their parents, and other people involved with the project. As the adults looked on, the children performed songs and dances, and some were so curious they opened their workbooks and became engrossed in them immediately.



Giving out the workbooks

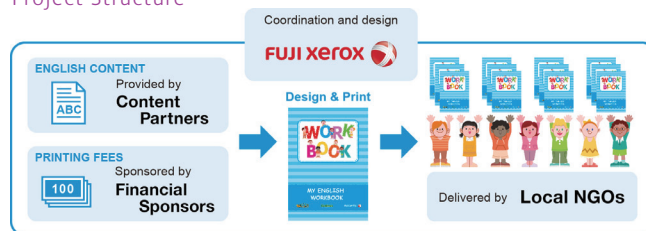
Joining Hands with Others Committed to Education for Future Generations

Over the years, Fuji Xerox has addressed the needs of the next generation and education through a wide array of social contribution programs. In 2013, the company formally designated "education for future generations" as one of its social contribution focuses and launched this project in an effort to harness the strengths of its core business in order to help resolve social issues.

In supplying learning materials, however, there are limits to what Fuji Xerox can do alone, in terms of both content and quantity.

In this project, the company aims to build a long-term structure to provide materials to more children in need by partnering with other companies and groups that share its commitment to educating future generations, and by doing so in precisely those areas in which each has special expertise. Local NGOs identify needs and target groups. Content partners provide learning materials. Financial sponsors cover printing and other costs. By having each organization focus on what it does best, Fuji Xerox aims both to offer improved materials and to expand the project. In 10 years, Fuji Xerox hopes to provide learning materials to 100,000 children in the Asia-Pacific region.

Project Structure



To produce the workbook distributed in June, Fuji Xerox coordinated the efforts of various participants: Gakken Holdings provided English language content for self-study. Gawad Kalinga checked that the workbook was suited to local needs and selected the recipient district and beneficiary children. A Philippine partner company equipped with Fuji Xerox production printers outputted the workbooks.

Fumio Yoshioka, manager of the CSR Promotion Office of Gakken Holdings, which provided the content of the workbook, says, "Using the unique strengths of our company to contribute to society



Fumio Yoshioka
Manager of CSR Promotion Office
Gakken Holdings Co., Ltd.

really made sense to us. Through our involvement in providing the content, which is our core business, we can enhance the quality of these workbooks for Asian children. We are very pleased to have this opportunity."

Iwao Abe, then president of Fuji Xerox Philippines, threw his weight behind expanding the project. A number of firms expressed interest in serving as sponsors when he announced the initiative at DocuWorld expo of Fuji Xerox Philippines and asked clients for their cooperation, explaining "This project takes our commitment to the community and links it to benefiting Filipino children who don't yet have full access to education." Beng Collantes, a member of the project team, is inspired by the unexpectedly strong response: "I'm very aware of my responsibility to turn this support into tangible results that we can deliver to the children. I want more of our employees and our customers to get involved in expanding these efforts." Through this, customers are no longer simply users of Fuji Xerox products; they are partners of a shared cause who are contributing with Fuji Xerox to community development.



Iwao Abe and Beng Collantes speak at DocuWorld

The Significance of a Sustained Effort

The project does not end with just one round of distributing workbooks. Fuji Xerox aims to bring about social change by providing continuing support.

Marisa Apatan, Gawad Kalinga Towerville education leader, comments, "There are many children who start school but end up dropping out. There aren't enough textbooks for each child to have one, and there are also very few teachers. The kids can't follow what's going on in class and get bored and in the end stop going. If children can get into the habit of studying and experience the fun of learning before they start attending school, the chances of them dropping out will be much lower. I believe that these things will open up the way forward." Lydia Tejerero, a volunteer teacher in the district's toddler education program, adds with a smile, "Fuji Xerox has said that they'll be back with the next workbook. We're delighted to have continuing support."

Efforts to ensure that the workbooks are used effectively are essential if the support is to be ongoing and reach more children. Before the presentation ceremony, Fuji Xerox and Gawad Kalinga held a workshop for village leaders and discussed how to do this. Marisa

and Lydia made a proposal: "Many children are not used to studying on their own and their families aren't used to encouraging this. We intend to provide places where the children can gather once a week to study with their workbooks."



The workshop

We want them to get into it together and have fun. We'll talk to the other volunteers and make sure that we can provide this support for all 450 children in the project."

Matt Vergara of Gawad Kalinga staff says, "The commitment of the volunteer teachers, and the partner companies will help the children develop solid study habits which will allow them to excel in school. The fact that the partners are providing support on a continuing basis is very, very encouraging both to the children and to the community."

A total of 22 Fuji Xerox Philippines employees took part in the workshop and presentation ceremony as volunteers, helping to set up the venue, staff the reception desk, and show the children what to do. "As an employee, I am proud that the company is taking the lead in initiatives like this. I intend to stay involved in the future," declares Leo Aquino, who also took part in the housing construction project in 2007. Lolot Domingo told us, "I brought my daughter, and she has already said, 'When's the next one? I want



A smiling mother and child with their workbook

to come again." Fuji Xerox Philippines Vice President John Dulay, who directed the staff volunteers, watched with pleasure as they worked hard despite the hot sun. Says Dulay, "The Philippines face the many contradictions that come with a gap between rich and poor. I am convinced, though, that when companies encourage volunteer activities and create opportunities for social engagement, employees have a shared purpose. The strong sense of solidarity which that generates becomes the engine that keeps the project going."

Future Challenges

Fuji Xerox aims to roll out the program by stages from fiscal 2015 onward, extending similar schemes to other Asia-Pacific countries. Masashi Honda, senior vice president responsible for Asia-Pacific business operations, says, "I have been stationed overseas for 17 years in a variety of Asian countries, and I have seen a real wealth gap in many of them. Our employees also feel the pain of the societies where we do business, and we want to address these contradictions and contribute in any way we can in our company's fields of expertise. It gives me great pleasure to see employees actively engage in efforts of this kind, forming a bridge to the community and at the same time developing rich character and dynamism. And it would be wonderful if the children we support in our project grow up wanting to make their own contribution to Philippine society. Imagine if that extends to other Asian countries in a positive circle. We plan to invite people who share these ideals to get involved. By doing so, we'll be able to establish a structure that can provide continuing support to children. I'll do whatever it takes to achieve that."

Fuji Xerox, an industry leader in document services and communications, seeks to have a positive social impact by partnering with local communities and its customers. Fuji Xerox is entering a new era of social contribution.



Masashi Honda
Senior Vice President, Fuji Xerox



Antonio Meloto
Founder of Gawad Kalinga

For people born at the base of the pyramid to become independent, they need to regain their honor and dignity as human beings. Gawad Kalinga's community construction for residents of disadvantaged areas is in full swing and it is steadily expanding. My next big goal is for people from impoverished backgrounds to be able to create stable employment opportunities for others. Education is the foundation of everything, and the continued cooperation offered by Fuji Xerox is very meaningful in terms of providing the small children who are our future with opportunities to achieve their dreams.

The median age in the Philippines is 23. As the country literally grows, we hope to see more companies invest in the next generation so that each member of society can have honor and dignity. There will definitely be an immeasurable return on that investment.

Engagement with Customers

Our Ideal

Fuji Xerox will provide values that meet customer expectations and contribute to the sustainable development of customers and stakeholders.

Customers

By supporting value creation by customers, Fuji Xerox assists customers in solving management problems. In this way, Fuji Xerox promotes mutual understanding in the world that lies beyond customers and contributes to building a better society.



Working

Supporting New Work Styles

To raise the value of work

Fuji Xerox offers solutions for various types of businesses and operations. By promoting the flow and sharing of information among businesses, Fuji Xerox enhances the value created by our customers through their business operations.

To expand work style possibilities

Fuji Xerox supports diverse and flexible work styles at such places as offices, outside locations, and customer sites.



Living

Building a More Convenient Society

To build a more convenient society

Fuji Xerox contributes to building a more resident-friendly society by enabling the issuance of necessary administrative certifications at convenient places and by developing easy-to-use resident services for local governments.

To help people lead healthy lives

Fuji Xerox plays a part in creating a new community-based medical services framework by contributing to at-home medical care by developing an integrated patient information system.



Fuji Xerox

Fuji Xerox will improve the quality and productivity of customer communications by unifying paper and digital information and seamlessly integrating this with cloud services and mobile solutions.

Document Services

Solutions and Services

To support customers in overcoming management problems and growing their businesses, Fuji Xerox provides solutions and services for solving customers' document and communication challenges from a total optimization perspective.

Production Services

To support the marketing communication needs of customers, Fuji Xerox provides on-demand printing systems for digital printing markets, workflow support services, output devices for mission-critical systems, and one-to-one marketing services.

High-quality and safe products and services and information

Our Basic Approach

Through initiatives based on “unity of words and deeds” (*Genko-Icchi*), Fuji Xerox supports customers in solving their management problems and creating value. Fuji Xerox will gain the satisfaction and trust of customers by being a “partner that can be consulted on all matters.”

delivering value to customers



Learning

Improving the Quality of Learning

To provide new forms of learning

Fuji Xerox offers new ICT-based learning systems to free the learning process from time and place limitations and improve learning efficiency.

To support custom-made learning

Fuji Xerox provides on-demand printing and multilingual systems to create an environment for accessing optimal educational materials by people who need it when they need it.



Enjoying

Making Daily Life More Enjoyable

To enjoy hobbies

Fuji Xerox helps people enjoy their leisure time by providing content services at convenience stores, including photo and music sheet services.

To convey the attractions of local communities

Fuji Xerox will promote better understanding of local communities by visitors and contribute to local revitalization by conveying audio and video information featuring local attractions.



& Communications

Global Services

To help our customers cut costs and improve operational efficiency, Fuji Xerox offers various outsourcing opportunities ranging from comprehensive managed services for output and printing to outsourcing of business processes for mission-critical systems.

New Services

Fuji Xerox offers innovative communication services based on new media and cloud technologies to create customers' advanced business environments for customers and to revitalize local communities.



security provide the foundation for businesses of Fuji Xerox.

Improving Customer Satisfaction

Features of Fuji Xerox Activities

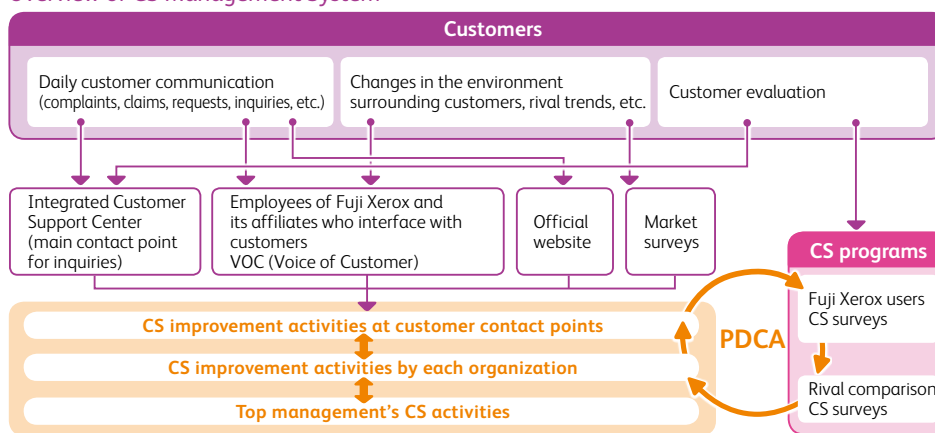
Fuji Xerox regards customer satisfaction (CS) as the starting point of all its corporate activities. Accordingly, Fuji Xerox places importance on communication with customers at all points of contact. The company aims to build long-term relationships based on mutual trust with its customers by continuously meeting their needs and expectations.

In 2001, Fuji Xerox formulated a conduct guideline entitled “CS Guidelines.” The guideline requires all employees—whether in Japan or overseas—to constantly strive to contribute to the resolution of the issues customers face, by harnessing company-wide strengths of Fuji Xerox while increasing their responsiveness

to customers.

For example, Fuji Xerox Integrated Customer Support Center created by combining call center functions for processing repair requests and orders for consumables, help desk functions for responding to software and network related requests, and technical support functions requiring special expertise. Fuji Xerox also creates a verification environment corresponding to customers’ individual contracts. Through these integration and verification environment, Fuji Xerox provides quick and precise one-step services to customers. This allows help desk and technical support staff to work together in speedily responding to the advanced requirements of customers for hardware, software, and systems.

Overview of CS Management System



CS Guidelines for Fuji Xerox and Its Affiliates

1. Listening to the “Customer’s Voice” is the **beginning** of our job.
2. Thinking of the “Customer’s Viewpoint” is the **basis** of our job.
3. Meeting the “Customer’s Expectation” is the **responsibility** of our job.
4. Earning the “Customer’s Deep Trust” is the **joy** of our job.
5. Receiving the “Customer’s Evaluation” is the **measurement** of our job.

Fiscal 2013 Performance

With “winning the customer’s trust” as our goal, we endeavored at all times to strengthen our relationships with individual customers, to come as close as possible to eliminating all complains and claims, and to improve our operating processes and product planning capabilities based on opinions and requests received from customers. As a result, Fuji Xerox once again received high ratings in CS surveys conducted by external organizations.

- Ranked highest in IT Consulting/Upstream Design Services Category (Information Service Companies) in 18th Customer Satisfaction Survey appearing in August 22, 2013 issue of Nikkei Computer.
- Ranked highest for second consecutive year in the document equipment service provider segment of the 2013 Japan IT Solution Provider Customer Satisfaction Index StudySM by J.D. Power Asia Pacific, Inc.
- Ranked highest for fourth consecutive year in the 2013 Japan Color Copier Customer Satisfaction Index StudySM by J.D. Power Asia Pacific, Inc.
- Ranked highest for fourth consecutive year in the 2013 Japan Color Printer Customer Satisfaction Index StudySM by J.D. Power Asia Pacific, Inc.

Fiscal 2014 Initiatives

The goal for fiscal 2014 is to be recognized by customers as their “best partner” (a partner that can be consulted on all matters). The key to accomplishing this is to “bring together the comprehensive capabilities of Fuji Xerox and all of its affiliates to solve problems faced by customers.”

Fuji Xerox will endeavor to maintain its high CS ranking in the multifunction device segment, the core of our business. In solutions and services, we ensure our devices flawlessly support customer operations. Going forward, we will act with greater speed to improve CS. iVOC—our core system for integrated management of the voice of customers received by employees interfacing with customers and opinions and requests identified in internal CS surveys—will be positively utilized and findings will be reflected in product and service planning and marketing activities.

All employees will be encouraged to transform their interaction with customers through education, training, and corporate culture improvement programs. Fuji Xerox will strive to contribute to the business growth of both its domestic and overseas customers by being their best partner.



- Fuji Xerox Official Website: <http://www.fujixerox.com/eng/company/cs/>
- Aiming for Customer Satisfaction

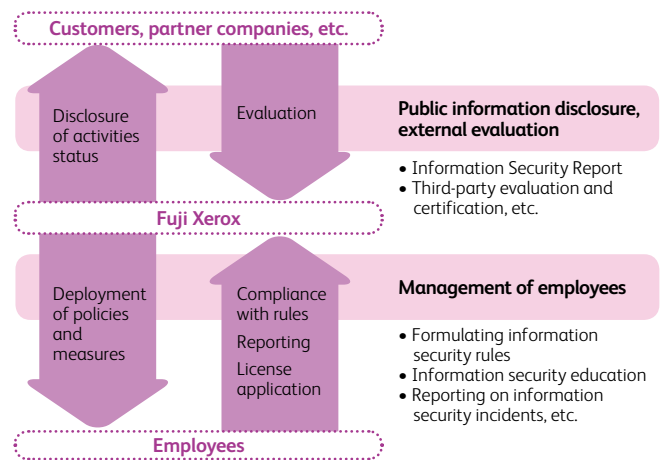
Information Security

Features of Fuji Xerox Activities

At Fuji Xerox, information security is an integral part of risk management. We consider the greatest information security risk to be information leakage, such as leakage of personal information and confidential information entrusted to us by our customers. Fuji Xerox has established an information governance structure and implements a PDCA cycle to prevent information security incidents and to achieve continual improvements in management.

We ensure employees have a thorough understanding of policies and rules and we carry out thorough reporting in the case that an information security incident occurs. We also strive to achieve a higher level of information security governance through reporting on our information security activities in the annual Information Security Report to customers and partner companies and requesting them to evaluate our efforts.

For details, please refer to our Information Security Report.



Fiscal 2013 Performance

During fiscal 2013, we addressed information security risks related to new styles of work and established internal rules and guidelines for at-home work and “straight home” assignments. As part of this program, Fuji Xerox provided secure mobile tools and the required IT environment to all sales personnel and field SEs.

Cyber-attack countermeasures were revamped to keep abreast of the shift of operating infrastructures from internal to Internet-based networks. Conventional approaches to defense focused on reinforcing firewalls are being replaced by multilayered defense systems.

Fiscal 2014 Initiatives

Fuji Xerox will revise its information security rules during fiscal 2014 to correspond to the revisions of ISO/IEC 27001:2013 that were made in 2013. The new rules will be designed to lay the groundwork for the global application of our information security rules and for the introduction of BYOD.*

For overseas affiliates, we are planning to implement retraining in security rules that serve as the foundation for information security governance.

We will also expand the scope of our ISMS certification and strengthen the security management of confidential information entrusted to us by our customers.

* “BYOD” means “Bring your own device” and refers to the use of individually owned devices in business operations.

High-Quality and Safe Products

Features of Fuji Xerox Activities

Fuji Xerox has formulated Basic Policies on Quality Assurance and Basic Policies on Product Safety to direct our best efforts to ensure the quality and safety of our products. We are implementing product assurance programs by incorporating international standards and advanced technologies in all life stages of our products, to achieve total elimination of product safety problems.

We respond swiftly to any product safety incident and endeavor to maintain and improve customer confidence by thoroughly pursuing measures for preventing recurrence.

Quality and Safety Forums are held regularly, where quality assurance staff from domestic and overseas manufacturing centers and sales companies gathers to discuss and exchange views on providing customers with safe and secure products.

Fiscal 2013 Performance

During fiscal 2013, one product safety incident occurred involving a monochrome laser printer supplied by Fuji Xerox under OEM arrangements. The OEM counterparty in this case publicly announced the product risk, which led to the implementation of a free parts replacement program. Related information was swiftly disclosed to customers and advance reports were filed with the Ministry of Economy, Trade and Industry and other supervisory agencies before launching the free parts replacement program.

A decision was made at the Fiscal 2013 Quality and Safety Forum to bolster efforts for preventing product quality and safety incidents.

Fiscal 2014 Initiatives

Lessons from the product safety incident that occurred during fiscal 2013 will be taken to heart, and every effort will be made to eliminate product safety problems. We believe the answer lies in rigorous compliance with laws and regulations as well as the establishment of improved safety and assessment technologies. Fuji Xerox will endeavor to rise above conventional approaches focused on recurrence prevention, and will develop integrated mechanisms covering manufacturing and sales functions for early identification of customer dissatisfaction. Based on this input, we will promote systems designed to respond to the globalization, diversification, and increasingly network-based structure of markets and customers.

Engagement with Global Environment

Our Ideal

Fuji Xerox will do its utmost to harmonize its activities with the environment in every area of business, mobilizing all its capabilities to lead the industry in the creation of environmental value.

Our Basic Approach

Our environmental efforts, divided broadly between product/service measures and product lifecycle measures, have focused on the three key goals of curbing global warming, conserving and recycling resources, and reducing chemical risk.

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

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

History

Building an Environmental Management System

1991

- Company-wide Basic Environmental Policy

1995

- Long-term targets for product energy efficiency
- Company-wide Product Recycling Policy

2000

- Nationwide launch of zero landfill recycling of recovered products

Intensifying Our Efforts

2004

- Recycling system launched in Asia Pacific (Thailand), Taiwan, and China

2009~

- Achievement of zero landfill with recycling systems in Asia Pacific (Thailand) and China
Gradual extension of recycling system to Korea, Australia and New Zealand

2009

- 2020 Greenhouse Gas Emissions Reduction Targets

Building Advanced Systems for the Long Term

2010

- RealGreen product / service development concept

2011

- Environmental impact visualization system

2013

- Company-wide environmental slogan: Challenge Eco No 1.

Company-wide Environmental Efforts

Global environmental problems, including climate change, depletion of resources, and the destruction of ecosystems, pose a grave threat to the future health, safety, and prosperity of humankind.

Over the years, Fuji Xerox has consistently taken initiatives that anticipate society's environmental needs. Examples include our development of the Integrated Recycling System and our full lineup of energy-efficient products. But we cannot afford to be complacent. When it comes to creating environmental value, Fuji Xerox must stay at the forefront or risk forfeiting the trust of our customers and society as a whole. As we see it, the survival and growth of our business depend on our ability to provide world-class environmental value and help solve global environmental

issues and build a sustainable society.

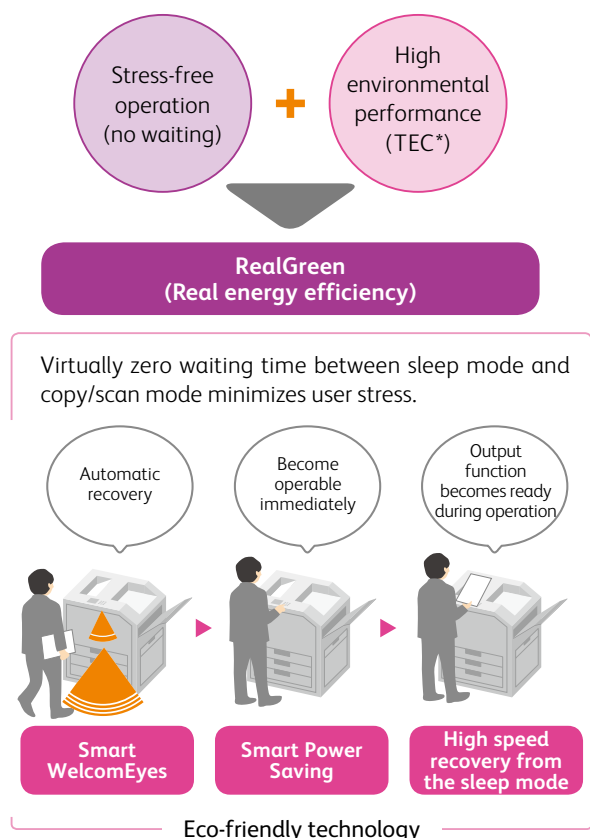
Fuji Xerox wants to be the kind of company that can lead the way and point with pride to its efforts in behalf of the environment. To this end, we have decided to launch a company-wide campaign to revamp our operations and processes with environmental impact in mind, placing environmental management at the very heart of our business activities. If all our employees rethink the way they do their jobs, we believe we can further reduce our environmental impact across the board. By sharing these green initiatives and reforms with our customers and the wider community, we hope to make an important contribution to the reduction of the environmental impact of society overall.

Environmentally-friendly Products and Services

Features of Fuji Xerox Activities

At Fuji Xerox, we are committed to reducing the impact of human activity on the environment by providing products and services that offer new value thereby minimizing our products' impact on global warming. The basic principle guiding our development of new products and services is the RealGreen concept, which seeks to maximize energy efficiency without compromising user convenience.

RealGreen Concept

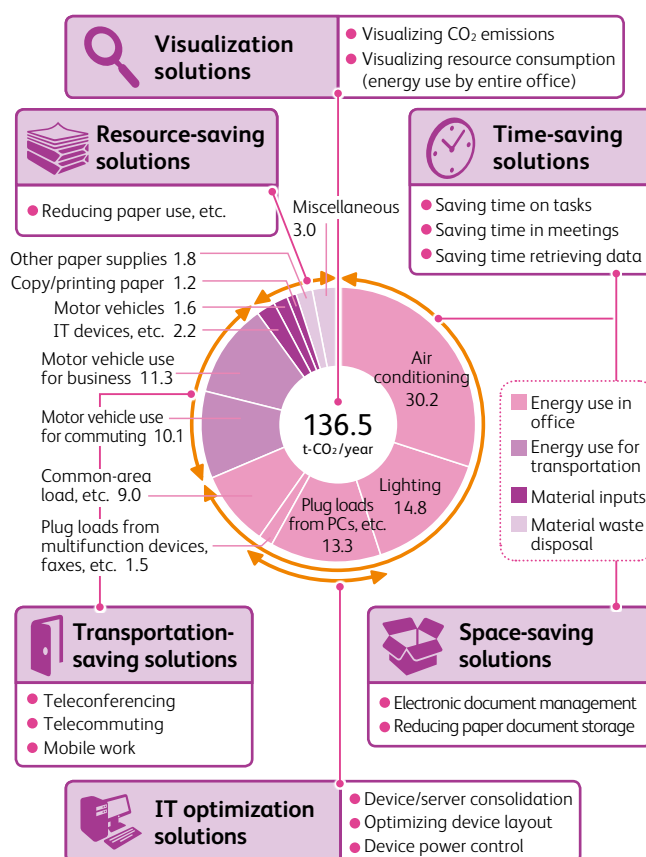


* Typical Electricity Consumption (TEC): The amount of power consumed by office equipment, such as printers and copiers over a conceptual week (five days of operation and repeated sleep/power-off mode, plus two days of sleep/power-off mode).

By integrating and optimizing a wide array of eco-friendly technologies, we are striving to offer a new kind of value that combines energy efficiency with ease of use. We call it "Comfortable Eco." As we pioneer the shift to new time-saving, space-saving, and transportation-saving work styles, we are applying the lessons learned from these efforts to develop innovative solutions for our customers, working with them to minimize our combined impact on the global environment.

Average Office CO₂ Emissions, Estimated (based on 50-employee office)

(From Fuji Xerox paper delivered at EcoDesign 2008 Japan Symposium)



Fiscal 2013 Performance

In fiscal 2013 we continued our quest to deliver the ultimate in environmentally-friendly, user-friendly products with the market launch of devices incorporating advanced RealGreen technology. These include multifunction devices equipped with Smart WelcomEyes Advance, an improved version of our unique Smart WelcomEyes sensing technology. Installed with a human-detection camera and a facial recognition camera, these devices are able to distinguish an approaching user from a passerby and recognize individual users. It will then immediately display a user-specific menu that has been set up in advance. In addition, Fuji Xerox products equipped with our Smart Energy Management Technology are giving new meaning to "Comfortable Eco" by drastically cutting energy use, CO₂ emissions, and noise.

Meanwhile, as part of our campaign to reduce customer CO₂ emissions by 7 million tons per annum, we

embarked on an environmental analysis of our entire range of workplace solutions and intensified our focus on new work style solutions that offer real economic benefits for our customers along with superior environmental value (CO₂ emissions reduction).

Fiscal 2014 Initiatives

In fiscal 2014 we will continue to boost our products' environmental performance and other environmental features and respond proactively to global trends in environmental regulation with society's changing needs in mind. In addition, we will work to accelerate reductions in CO₂ emissions from customer offices by actively promoting cloud services, mobile solutions, and other new work style solutions with the potential to drastically reduce environmental impact.

Reduction of CO₂ Emissions in the Value Chain

Features of Fuji Xerox Activities

At Fuji Xerox, we are pursuing an array of environmentally friendly initiatives in which we assume responsibility for the whole life cycle of our products—from the procurement of materials to manufacture, sale, customer use, reuse, and recycling. In particular, efforts to help curb global warming are at the heart of the company's environmental management, and we are currently implementing measures to achieve the goals we announced in 2009 in our 2020 Greenhouse Gas Emissions Reduction Targets. The targets are divided into two groups: one for reducing whole-life-cycle emissions for Fuji Xerox products and the other

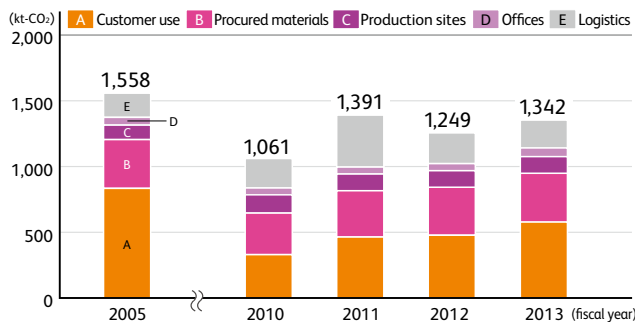
for helping our customers and society as a whole reduce CO₂ emissions by facilitating new work styles for a low-carbon society.

Fuji Xerox views the attainment of these targets as a way of contributing to the welfare of our customers and of society while ensuring the growth of our business.

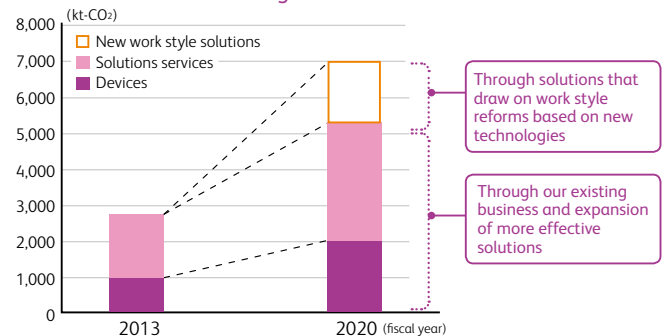
2020 Greenhouse Gas Emissions Reduction Targets

- By fiscal 2020, reduce whole-life-cycle CO₂ emissions of our products by 30 percent from fiscal 2005 level.
- By fiscal 2020, reduce CO₂ emissions by our customers by 7 million tons per annum.

Whole-life-cycle Emissions of Fuji Xerox Products (kt-CO₂)



Our Contribution to Cutting Customers' CO₂ Emissions



Fiscal 2013 Performance

We succeeded in attaining our fiscal 2013 target for whole-life-cycle CO₂ emissions for our products through wide-ranging initiatives to improve carbon intensities, which reduced the emissions to 1,342 kt. This is 14 percent lower than the fiscal 2005 level, and we have thus made 46 percent of the progress required to meet our fiscal 2020 target.

Our performance in helping customers and society reduce their CO₂ emissions saw a high growth rate of 16 percent year on year, mainly due to increasing sales of solutions that are highly effective in reducing CO₂ emissions.

At our overseas sales companies, we implemented Environmental Management Guidelines to ensure a consistent approach by means of integrated management and analysis of data based on common management items and areas.

Initiatives to Reduce Product-life-cycle CO₂ Emissions

•Customer Use

Although we made further progress in developing energy-saving technologies and incorporating them in new products, growing shipments in overseas markets led to a year-on-year increase of about 22 percent in total CO₂ emissions due to use of our products at customer sites.

•Procured Materials

There was a slight increase over the previous fiscal year due to the rising volume of production.

•Production sites

Even as production increased, a 6 percent reduction from fiscal 2012 was achieved through ongoing electricity-saving measures and improved the unit energy consumption in production processes.

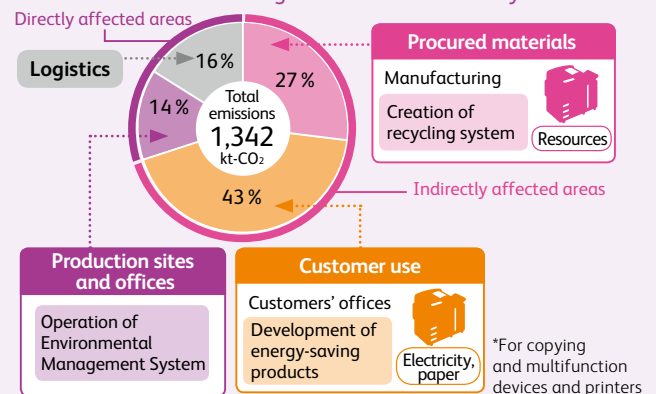
•Offices

Despite continuous energy-saving measures, the expansion of our operations, including acquisition of overseas affiliates, led to an increase over the previous year's results.

•Logistics

Extensive efforts to cut back on air transport were able to offset the greater number of units shipped, resulting in a decline of approximately 11 percent from the year before.

CO₂ Emissions at Each Stage of the Product Life Cycle



Fiscal 2014 Initiatives

In fiscal 2014, we will continue our multi-pronged improvement efforts and will curb the rise in CO₂ emissions as our operations expand.

We will ensure that our sales growth is compatible with curbing CO₂ emissions and achieving the 2020 targets, both by increasing sales of solutions and services that are effective in reducing CO₂ emissions and by improving the unit energy consumption in all areas.

We will further aim to minimize CO₂ emissions at every stage of the product life cycle by developing technologies to boost our products' energy-saving performance, incorporating more eco-friendly materials (recycled and biomass materials) into products, and creating a recycling-based business model.

Creating Processes of Recycling System

Features of Fuji Xerox Activities

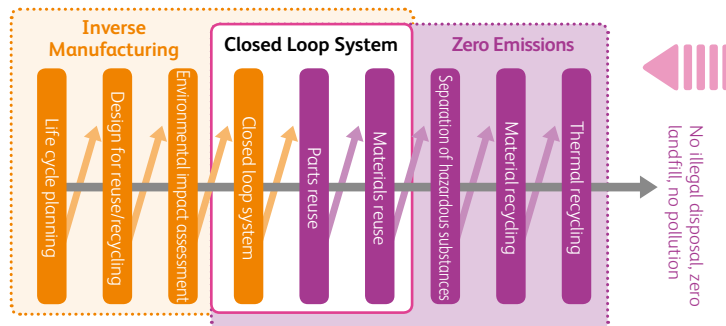
Fuji Xerox believes that used products are valuable resources, not waste, and the recycling program that we run on this principle is one of the mainstays of our efforts to conserve the environment. By collecting our customers' used products and reusing or recycling them, we have been promoting a recycling system that aims to effectively utilize resources with the goal of achieving zero landfill.*1 On the basis of a "closed loop" system in which products released to the market are collected and the parts sorted from them are circulated in a closed circle under strict quality assurance, we have extended our activities to "inverse manufacturing," in which we aim from the planning and design stages to make products with a lower environmental burden, and "zero emissions (zero landfill)," in which we strive to select and recycle nonreusable parts and utilize them as resources.

*1. Fuji Xerox defines "zero landfill" as simple incineration and simple landfill that amounts to 0.5 percent or less of the total weight of the waste produced.

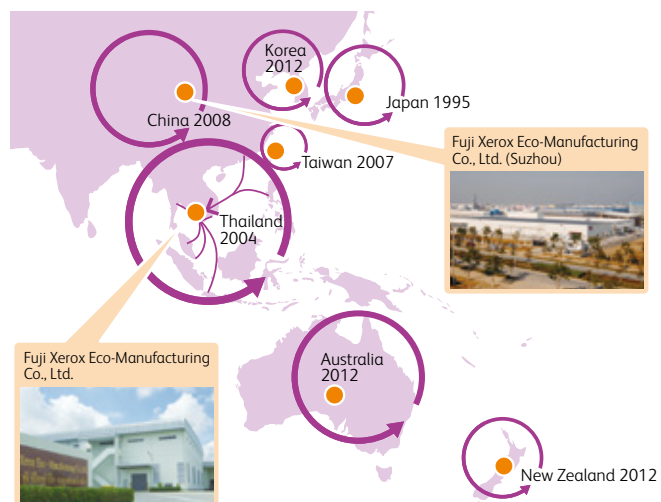
Further, in line with our commitment as a global company to reduce our environmental impact not only in Japan but also overseas, we are pursuing the same initiatives in our overseas sales and service areas—China and the Asia-Pacific region—where we have created recycling systems on a par with those in Japan. We achieved a recycling rate of at least 99.5 percent, the "zero landfill" target, in the whole of our operational area*2 in fiscal 2010.

*2. Japan, China, and the Asia-Pacific region

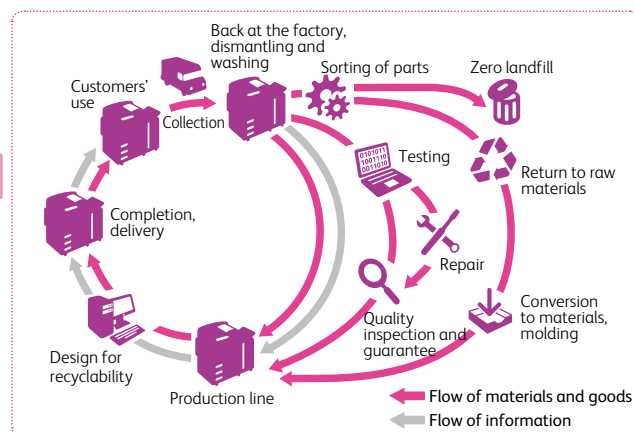
Fuji Xerox Recycling System and Closed Loop System



Fuji Xerox Recycling Centers (Orange indicates Recycling Center.)



In the future, while maintaining zero landfill, we will increasingly reuse parts and materials and hold down new resource inputs, thereby lessening the burden on the environment.



Fiscal 2013 Performance

In the zero landfill initiative, in all nations and regions we attained at least a 99.5 percent level of resource recycling, which is the criterion for "zero landfill." The reductions we achieved in new resource use were stepped up by a further 514 tons, from 2,361 tons in fiscal 2012 to 2,875 tons, as reused parts were utilized in more products.

We also enhanced the quality of the zero landfill program by improving the work environment at the disassembly and processing centers. Specific initiatives toward a cleaner work environment included developing machinery to automate the removal of toner from cartridges, a process formerly performed manually, and installing these devices in the disassembly and processing centers.

Fiscal 2014 Initiatives

While maintaining zero landfill and striving to improve the quality of this program, we will make the next step further expansion of reuse, with its lower environmental burden, and will promote initiatives in this area. Specifically, in order to use new resources sparingly, we will utilize reused parts in more of our products and will also reuse more plastic material.

We will also continue to steadily improve the work environment at the disassembly and processing centers which we inaugurated last year.



- Articles in Previous Sustainability Reports <http://www.fujixerox.com/eng/company/sr/2014/backnumber.html>
- Achieving "RealGreen" for Our Customers (2011)
- The Long Road to a Recycling-based Production System (2006)
- Integrated Recycling System Contributes to the Creation of a Truly Affluent China (2009)
- Resource Depletion Has No National Boundaries (2005)

Engagement with Employees

Our Ideal

Fuji Xerox will create a corporate culture that motivates and empowers individual employees to achieve their full potential.

Our Basic Approach

Fuji Xerox aims to create a corporate culture that motivates and empowers every one of our diverse employees, with their individual traits and different backgrounds, to make maximum use of their expertise and ability and have the satisfaction of personal and professional growth. We are engaged in various initiatives to improve employee satisfaction, increase diversity, provide personnel training and education, and promote health, while seeking to empower each of our employees to rise to the challenges of growth and change and to think and act on their own.

History

Creating New Work Styles

- 1978** •Morale survey starts.
- 1988**
 - New Work Way management innovation initiative is launched.
 - Related systems are improved, including frameworks governing childcare leave and women employees' usage of maiden name after marriage.

Reconfiguring Shared Values

- 1998**
 - Mission Statement and Shared Values are established; "Respect for Diversity" is declared.
- 2001**
 - Employee Motivation and Satisfaction Survey starts at overseas affiliates.

Strengthening Initiatives toward Growth and Innovation

- 2003** •Global leaders development program is introduced on full scale.
- 2009** •Fuji Xerox and its affiliates in Japan launch same rank-based education programs.
- 2012** •Systems relating to childcare and family nursing care leave are improved.
- 2013** •Department-level dialogues utilizing results of Morale Survey start.

Improving Employee Satisfaction

Features of Fuji Xerox Activities

Since 1978, we have been conducting employee morale surveys, first at Fuji Xerox and later at all our affiliates and sales companies in Japan. The results are analyzed in detail and become valuable input in developing management policies and solving issues

within the organization. We also provide feedback to employees through the individual organizational units.

At our overseas sales companies, we have been conducting the Employee Motivation and Satisfaction Survey since 2001. This survey has the same goals and is utilized in similar ways as the survey in Japan.

Fiscal 2013 Performance

We held dialogues in each organizational unit and workplace as part of the campaign to reform the corporate climate and employee awareness, and introduced flexible arrangements geared toward a more productive work style. We also standardized the morale survey across all our affiliates in Japan in order to gain more meaningful survey results.

Trends in Core Morale at Fuji Xerox (unconsolidated)



In fiscal 2013, the average Core Morale score held steady from the previous year at a high level, as did the scores for work satisfaction, workplace satisfaction, and satisfaction with superiors. There was a drop in satisfaction with organizational management, while satisfaction with personnel management remained level and was the lowest of the five scores as in the previous fiscal year.

Fiscal 2014 Initiatives

In fiscal 2014, through ongoing workplace discussions and dialogues based on the survey results, we will strive to build a structure that motivates and empowers our employees to take on challenges, and to create an environment that enables our employees to devote their full energies and expertise to their core duties. Further, we will hold workshops for department heads to ensure a common understanding of our work style reforms. We will also redouble our initiatives to improve employee satisfaction at our domestic sales companies and affiliates.

Promoting Diversity

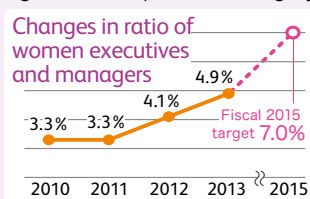
Features of Fuji Xerox Activities

At Fuji Xerox, we aim to be a company where every individual on our diverse team can live up to his or her full potential in an environment that is fair and just. Specifically, we create new value for our customers as a company where all can deliver their full potential regardless of gender, nationality, disability, or age. And the new value that this diversity generates makes us a more competitive company.

Fiscal 2013 Performance

The ratio of women in executive and managerial positions, for which our target is 7 percent by fiscal 2015, reached 4.9 percent in fiscal 2013. Since last year, we have improved the leave systems for childcare and family nursing care, and a total of seven employees have used the infertility-treatment leave system. These are just some of the ways in which we have made progress in creating and promoting of a flexible working environment. We also held forums to motivate and empower women employees in their careers, and ran several trials of arrangements designed to help achieve highly productive work styles, such as remote working and homeworking.

We are committed to recruiting people with disabilities both at Fuji Xerox and at our affiliates.



In particular, we are improving our childcare and family nursing care leave systems to allow female employees to attain a good work-life balance, and we are pursuing initiatives with the goal of doubling the ratio of women executives and managers from 3.3 percent in fiscal 2010 to 7 percent by fiscal 2015. In other areas, initiatives to proactively recruit people with disabilities and to make the most of older employees' talents are being pursued company-wide.

The hiring ratio currently averages 2.1 percent, with 82.5 percent of the companies having attained the rate of employment of people with disabilities that is legally stipulated in Japan (2.0 percent). Also, about 80 percent of those who reach the mandatory retirement age continue to work after being rehired.

Fiscal 2014 Initiatives

In the area of women's career advancement, we are identifying the fundamental issues that prevent women from playing a full role and are studying ways to address these issues. We are committed to developing and promoting personnel who can lead transformation.

We will continue our ongoing efforts to comply with the legally stipulated employment rate for people with disabilities at Fuji Xerox and our affiliates. Also, to give older employees greater scope to be active, we will expand the system for reassignment of retirees to include all Fuji Xerox affiliates.

Training and Education of Human Resources

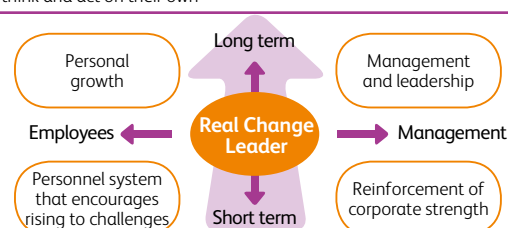
Features of Fuji Xerox Activities

We expect each employee to rise to the challenges of growth and change and to think and act on their own. To support our employees in this, we implement human resources programs.

To ensure that each employee can develop their competencies in a self-reliant, self-directed way and create careers in which they can sense their own growth, Fuji Xerox as a company implements a range of measures, including personnel training and education by managers, rank-based training, training in problem solving, and global human resources development programs.

Training and Education of Human Resources

Human resources empowered to rise to the challenges of growth and change and able to think and act on their own



Fiscal 2013 Performance

We reconstituted our longstanding rank-based training and education programs into programs that provide year-round support for individuals taking on challenges. This involved creating a structure in which individual employees, their managers, and the Human Resource Development Department work in unison to carry out personnel training and education.

We also provided company-wide training to foster a workplace climate conducive to resolving issues based on a consistently scientific approach.

Fiscal 2014 Initiatives

We aim to strengthen management skills in a way that equips managers with better organizational abilities, together with a sense of ownership in the issues. After visualizing and stratifying the management abilities required at different levels of management, we will take measures to strengthen these abilities at each level. We will also endeavor to raise the overall standard of managers' ability to train their staff, while also making sure all employees have a certain ability to lead change and deliver results.



- Fuji Xerox Official Website: <http://www.fujixerox.com/eng/company/sr/2014/stakeholder/employee/>
- Relationship with Employees

Engagement with Suppliers

Our Ideal

Fuji Xerox will aim to engage solidly with our suppliers and develop a strong, competitive supply chain in a spirit of seeking mutual benefit.

Our Basic Approach

- By concerning ourselves not only with financial and other business-related matters, but with CSR in such areas as environmental and social issues and corporate governance, we at Fuji Xerox contribute globally to the solution of social issues including those concerning environment, human rights, labor, and corporate ethics.
- At Fuji Xerox, we view our suppliers as partners who share our philosophy and policies. By sharing CSR-related values and discussing the environment, human rights, labor, and corporate ethics with the aim of minimizing related risks, we promote ethical procurement globally with the aim of building mutually beneficial relations with these partners and enhancing both their competitiveness and ours.

History

Ethical Procurement Commences

2007

- Commences ethical procurement with main production material suppliers in Japan, China, and South Korea. Starting with production materials, holds special CSR seminars and informational meetings, distributes self-checklists. Supports individual suppliers implementing CSR improvements.

2008

- Commences on-site checks by teams of experts. Starts CSR actions in logistics (Japan).

Programs Take Root

2010

- Holds executive CSR seminars for top management of suppliers.
- For both materials (Japan and overseas) and logistics (Japan), the *Kaizen* (improvement) PDCA cycle for ethical procurement activities takes root.

2012

- Formulates trading criteria for paper suppliers.
- Commences on-site visits to supplier factories by procurement personnel (China).

Programs Are Strengthened

2013

- Expands and strengthens overseas ethical procurement initiatives (China, logistics).
- Engages with the issue of conflict minerals.* Sets out guidelines for this in the Basic Procurement Policy

* Conflict minerals: minerals whose use is considered as a problem because they are mined in conditions of human rights abuses or their profits are used for inhumane purposes. In particular, the four minerals tantalum, tungsten, tin, and gold, mined in Central Africa, are currently classified as conflict minerals.

To promote ethical procurement, we provide support for highly satisfactory and effective improvements by our suppliers by such means as holding informational meetings and executive seminars, providing management guidelines and CSR self-checklists, and conducting on-site checks.

Engaging with the Conflict Minerals Issue

- Under the US Dodd-Frank Wall Street Reform and Consumer Protection Act, rules were enacted in 2012 requiring companies listed on the US stock exchange, among others, to track and report the source and chain of custody of conflict minerals. Although we at Fuji Xerox are not required to report, we are asked to do investigations by those of our customers who have this obligation, and we endeavor to carry these out appropriately and to exchange information with them regularly in order to grasp our customers' needs.
- At Fuji Xerox, we recognize conflict minerals as a major human rights issue. As a member of the "Responsible Minerals Trade Working Group" of JEITA,*¹ we join other companies in studying and implementing rational and effective measures to ensure that we are not a party to human rights violations. In 2013, we stated our thinking in our Basic Procurement Policy, explained it to suppliers, and started to investigate the origins of four minerals utilizing the framework established by EICC*² and GeSI.*³ The response rate in these investigations has been high (87.5 percent) and we have made progress in identifying refineries in the supply chain.
- In our investigations from 2014 onward, we will conduct the dialogue with suppliers in greater depth and aim for more precision as well as a higher response rate. Also, through our suppliers, we will ask that all refineries identified by the supply chain survey be certified as not dealing in conflict minerals.

*¹ JEITA: Japan Electronics and Information Technology Industries Association *² EICC: Electronic Industry Citizenship Coalition

*³ GeSI: Global e-Sustainability Initiative

Expansion of Ethical Procurement

Features of Fuji Xerox Activities

In order to make our supply chains more competitive, for the mutual benefit of Fuji Xerox and our suppliers, we want to ensure that our suppliers understand the importance of CSR management and continue to make improvements. We therefore communicate face-to-face and frequently with suppliers at all levels and, after sharing our CSR philosophy with them, we carry out CSR assessments. We also, with their understanding, encourage them to pursue efforts toward improvements where needed.

CSR assessments consist of self-checks by suppliers, basic on-site checks by the procurement personnel of Fuji Xerox, and on-site checks by a team of experts.

The CSR Assessment System

Self-checks

Suppliers are asked to report on the progress of their CSR initiatives based on self-checklists prepared by Fuji Xerox. They also propose and implement their own improvement plans.

Basic On-site Checks by Procurement Personnel

Procurement personnel of Fuji Xerox note any objectively observable irregularities or apparent anomalies during visits to suppliers and inform the expert team. (Now being implemented in China.)

On-site Checks by Expert Team

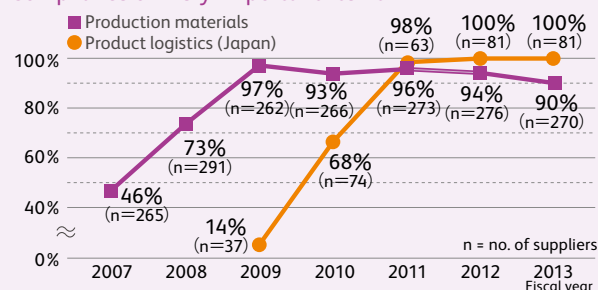
Expert teams from procurement, human resources, general affairs, legal, and CSR sectors of Fuji Xerox perform on-site checks of suppliers. These visits lead to improvements through dialogue with the suppliers.

Identifying and sharing points in need of improvement

Fiscal 2013 Performance

- We strengthened our initiatives overseas at our major production sites. In China, our procurement personnel continued to make basic on-site checks of suppliers, completing basic visits to 82 percent of the Chinese suppliers' sites covered by this program by the end of FY 2013. To any suppliers judged to pose a serious risk to ethical procurement, our expert team or top executives made personal visits and ensured that labor management was improved. We also reviewed the contents and methods of the on-site checks to make them more effective.
- At Fuji Xerox Hai Phong (Vietnam), which entered production in November 2013, we did a survey of CSR risks and identified social problems, especially in labor management. Then, based on precedents and experience in making improvements at other overseas production sites, we began to improve the CSR management environment in light of conditions in Vietnam.
- In logistics, we maintained the record of all domestic suppliers being at least 90 percent compliant on very important items, and we also strengthened self-checks overseas. Wherever points in need of improvement were found, we worked with the suppliers to draw up improvement plans. By making information on their progress available to both sides at all times, we helped put in place a process whereby suppliers themselves run a PDCA cycle of improvement. As a result, 64 percent of our overseas suppliers attained at least 90 percent compliance on very important items in the first year of the program.

Changes in Ratio of Suppliers of Fuji Xerox with 90 % Compliance on Very Important Items



- Our management confirmed that ethical procurement is effective in reducing risks at production sites and strengthening competitiveness, and decided to strengthen it further from fiscal 2014 on.

Fiscal 2014 Initiatives

- We will further strengthen the initiatives pursued to date. Since face-to-face communication has proved effective in identifying risks and making improvements in China, we will endeavor to check more items during basic visits and to have the expert team make more frequent on-site checks. We will also proceed with identifying risks and strengthening measures for the logistics process as a whole, from the production site to delivery to the customer.



The Fuji Xerox expert team meets with a supplier during an on-site check (China).

- Further, we will pursue new initiatives beginning in fiscal 2014. Fuji Xerox will commence full ethical procurement for Fuji Xerox Hai Phong's materials procurement, service providers at their production sites. We will also strengthen our system for promoting ethical procurement globally and will address issues in keeping both with local conditions at the national and regional level and with the type of industry and business of our individual suppliers.
- Our activities to date have taught us that ethical procurement based on mutual trust with suppliers is highly effective. In future, as we promote and strengthen our ethical procurement further to respond to social issues and demands, we will not only fulfill our supply responsibilities as a manufacturer, but will also demonstrate, to our customers and to society at large, our vision of ideal CSR management.



- Articles in Previous Sustainability Reports <http://www.fujixerox.com/eng/company/sr/2014/backnumber.html>
- "Procurement Personnel Have Started On-site Visits and Checks of All Suppliers in China: CSR Links Directly to QCD" (2013)
- "Synergetic Exchanges beyond National and Corporate Borders: The Evolution of Ethical Procurement" (2008)

Engagement with Local Communities

Our Ideal

Fuji Xerox will help build better communities by using its core competencies to solve social problems, and by encouraging employee involvement at the community level.

Our Basic Approach

•The Concept of Social Initiatives and Activities that Contribute to the Community

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

•Focal Areas of Our Social Initiatives

Management discussions at CSR meetings have led to the decision to strengthen social contributions that harness the unique qualities of Fuji Xerox as a company whose calling is communications. In line with our Mission Statement, which commits us to "contribute to the advancement of the global community by continuously fostering mutual trust and enriching diverse cultures," we have taken "education for future generations" and "conservation of diminishing cultures and information" as our two social contribution focuses. In these focal areas, we are carrying out initiatives

that offer learning materials in emerging nations, provide large-font textbooks for children with low vision, and reproduce historical documents to enable their full and free use. We are also pursuing activities which aim, through our core business, to help solve the social issues that emerged after the Great East Japan Earthquake of 2011.

In the future, our longstanding programs will be accompanied by still more actions in these areas, thus using our core competencies to help solve ongoing social problems by creating synergies between our social contributions business operations.

Overview of Social Initiatives



History

Main Programs Commence

1977~

- Establishes the Fuji Xerox Co., Ltd. Setsutaro Kobayashi Memorial Fund
- Commences acquisition of an art print collection
- Launches a "social-service leave program" under which employees can take a leave of absence for volunteer activities
- Launches Fuji Xerox HASU Club, a volunteer organization by employees
- Commences support for large-font textbooks

External Partnerships Expanded

1994~

- HASU Club becomes active internationally
- Commences support for the Special Olympics Japan
- Initiates support for the Aspen Institute Japan
- Starts cosponsoring the Nature Conservation Society of Japan's training program for nature conservation educators
- Commences support for Kids' ISO 14000, an environmental education program for children sponsored by Artech (International Art and Technology Cooperation Organization)

Toward Issue-conscious Initiatives

2011~

- Provides emergency assistance and recovery support after the Great East Japan Earthquake*
- Starts operating an Integrated Patient Information System in Kamaishi City, Iwate Prefecture
- Opens Tono Mirai Zukuri College
- Starts program for reproducing traditional documents, based in Yokohama
- Launches project to provide learning materials in the Philippines

* Including free loans of multifunction devices and printing support to NGOs, volunteer work by employees, and sending new hires to the affected areas

Education for Future Generations

Offering Learning Materials in Emerging Nations

In 2014, we launched an initiative to help eliminate the education gap among children in emerging nations by offering learning materials. The project as a whole is coordinated by Fuji Xerox. We call for partners who donate content and financial sponsors who cover printing and other costs, then the materials are printed using Fuji Xerox production printers and presented to children through local NGOs. From its start in the Philippines, the project will be expanded throughout the Asia-Pacific region. In 10 years, we plan to distribute materials to 100,000 children.

Providing Large-font Textbooks for Children with Low Vision

Since 1994, Fuji Xerox has offered free use of its copy machines and multifunction devices to volunteers who make large-font books. Even after publishers started issuing large-font textbooks with standardized specifications in 2008, we continued this program for children with low vision who have difficulty reading the standard large-font books. In fiscal 2013, volunteers used our devices in Japan and overseas to produce 670,496 pages. In fiscal 2014, we will begin preparing to increase the number of support centers in Japan, while we will also endeavor to support more children with low vision in China and other parts of the Asia-Pacific, strengthening the program to meet the particular situation or needs of different countries.

Conservation of Diminishing Cultures and Information

Reproducing Historical Documents

Integrating our multifunction devices and technologies in an effort to reproduce traditional documents, this initiative aims to help conserve cultures and irreplaceable information, and to make them fully accessible to the wider community.

Fuji Xerox Kyoto began this activity in 2008. They donated reproductions of historical documents to the shrines, temples, educational institutions, and historic families who own the originals, thereby making it possible for them to physically handle and actively use the replicas. As we were called on to reproduce increasingly detailed originals with their own color tones and gloss, the project grew to involve the development team. In April 2014, we opened a center in our main R&D hub, the Fuji Xerox R&D Square in Yokohama, and extended them company-wide. We are committed to ongoing efforts to give ordinary people reader access to reproductions of rare historical documents.



Presentation of reproductions of historical documents at Imamiya Shrine, Kyoto Prefecture

Ongoing Support for Reconstruction from the Earthquake

Features of Fuji Xerox Activities

Amid constantly changing needs in Tohoku area, Fuji Xerox places great emphasis on dialogue with community members for its social contribution activities. We are committed to continuing both encouraging employees' involvement in volunteer work and supporting recovery through our business.

Engagement through Volunteering by Employees

Since 2012, our employee volunteers have helped an NGO in Ishinomaki City, Miyagi Prefecture, which escorts children to and from school and provides after-school supervision. We have also worked on restoring tsunami-damaged documents from Ishinomaki elementary schools. A total of 485 employees and family members volunteered to help wash and restore these documents. Handling papers stained by seawater and mud, they felt the hardships directly. After the last batch was digitized using the scanning technology of Fuji Xerox, the restoration and return of all documents were completed in March 2014.

In fiscal 2013, Fuji Xerox held "Ishinomaki market" at the headquarters in Tokyo to support Ishinomaki's food industry. We held a round-table discussion with staff members of the Ishinomaki companies, and all employees who participated were convinced that recovery from the earthquake is still an ongoing process and should not be forgotten.



A stall at "Ishinomaki market"

Engagement through Business

In 2011, we established a base for promoting recovery in Morioka City, Iwate Prefecture. During the dialogue with local community members, we realized that many of the problems confronting them were not unique to the areas affected by the disaster. Regional medical care and depopulation are among the issues that face Japanese society as a whole. We are thus increasing our engagement with reconstruction support through our business in order to address local issues of this kind.

In Kamaishi City, working with a customer, we have developed and supplied an Integrated Patient Information System which enables access to clinical information anytime, anywhere. We are thus supporting home-based medical care, which is becoming increasingly important as the population ages.

A community revitalization initiative we started in 2012 in Tono City is showing success. In April 2014, we joined with the city government to open Tono Mirai Zukuri College, using the premises of the former junior high school. The College's objectives are to promote industrial development, revitalize the district, and provide training. We will utilize it as a forum for exchanges of opinions and a base for fieldwork to gain an understanding of local industries, tourism, and education.

In the future, we will also extend the solutions we find to other districts that face similar issues.



Opening ceremony at the Tono Mirai Zukuri College



• Articles in Previous Sustainability Reports <http://www.fujixerox.com/eng/company/sr/2014/backnumber.html>

• "Advancing Hand in Hand with the Local Community" (2014)
• "Early Traditions of Kyoto Come to Life" (2012)

• "Helping to Educate Children in Disadvantaged Communities" (2014)
• "Helping to Build Society through a Mutual Benefit Approach" (2009)

CSR Initiatives by Our Affiliates around the World

Fuji Xerox Is the Stage Where We Interact with Society

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

Fuji Xerox Miyagi, Fuji Xerox Kitanihon

267
employees

Printing Smiling Portraits for Miyagi's Recovery

In the areas hardest hit by the Great East Japan Earthquake, while restoration of infrastructure is making progress, people still have a long way to go to recover their peace of mind. Wanting to do something to cheer the local community on after the disaster, Fuji Xerox Miyagi launched a "Happy Memory Prints" campaign in which employees attended the Christmas parties held that year in the temporary housing and gave the partygoers photographs of themselves printed on calendar paper on the spot.

Over the two and a half years since then, these activities with a personal touch have been arranged on 32 occasions, especially at recovery-related events in Higashimatsushima City, and altogether 135 employees of Fuji Xerox Miyagi and Fuji Xerox Kitanihon have donated their own time, mainly on weekends. It is heartening to the employees themselves when a one-of-a-kind personalized portrait calendar is greeted with a child's big grin or an elderly person's warm smile. Maintaining their close rapport with the community, both affiliates will carry on these activities in support of reconstruction.



Fuji Xerox Fukuoka

515
employees

The Community Gets in Tune with Pro Musicians with Intellectual Disabilities

Every year, Fuji Xerox Fukuoka hosts a concert by the Joy Club Music Ensemble, whose musicians have intellectual disabilities. They make up a professional band managed by Joy Club, a welfare service corporation for people with disabilities. The company began to sponsor these concerts as a thank-you to its customers, and in 2014 the eleventh in the series drew an audience of 1,100. Twenty-eight musicians took the stage, with 47 volunteers from Fuji Xerox Fukuoka's staff providing support at the venue.

The concert was a gala occasion for the performers and a major event for Joy Club, and the invited customers expressed their pleasure with comments such as "It's moving to see the band playing as pro musicians in spite of their disabilities," and "It's great that your employees volunteer their services every time." Fuji Xerox Fukuoka plans to go on hosting this long-running program which has won a place in the hearts of the local community.



Fuji Xerox (Hong Kong)

953
employees

To Grow with Hong Kong: Greener Future Art Exhibition

Hong Kong's shortage of landfill space has become a big issue in recent years. With the aim of raising public awareness of the environment and support for the coming generation, in partnership with the Children's Heart Foundation, which assists children with heart disease and their families, Fuji Xerox (Hong Kong) organized an art workshop featuring used parts of Fuji Xerox products.

Over a hundred people attended the workshop, including volunteers from the company's staff and 29 children, who enjoyed painting four installations made out of over 300 used parts under the direction of renowned artists Tsui Sin Tsang, Ahtsui and Tsui Shek Pang, Allan. The artworks were then exhibited to the public, providing over 5,000 visitors in ten days with an experience that was both fun and offered an opportunity to think about the environment.

Fuji Xerox (Hong Kong) remains committed to act on its awareness of community issues.



Fuji Xerox Vietnam

128
employees

Feeling Society's Pain as a Member of the Community

In Vietnam, government support for vulnerable members of society has not kept abreast of the country's rapid population growth. Fuji Xerox Vietnam has thus extended its activities for vulnerable members in Ho Chi Minh to Hanoi as well.

In October 2013, 27 staff volunteers visited the Rehabilitation Center for Elderly People and Disabled Children in Hanoi in a suburb of the city. In addition to supplies donated by the company, they delivered secondhand clothing and gifts that the staff themselves had provided; they also spent time with the children and elderly, weeding the garden and enjoying recreational activities together.

The employees came away very motivated by knowing how happy their visit made people at the Center, and they have already made further visits in fiscal 2014.



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

Helping Solve Local Problems: <http://www.fujixerox.com/eng/company/sr/2014/stakeholder/community/activity.html>

Participating in the UN Global Compact

Features of Fuji Xerox Activities

Fuji Xerox supports the United Nations Global Compact and became a signatory in fiscal 2002. We and our affiliates view the principles of the UN Global Compact as fundamental to our own CSR values and applied these principles in the fiscal 2007 revision of our Code of Conduct. We also present the principles to our suppliers as a key requirement for ethical procurement.

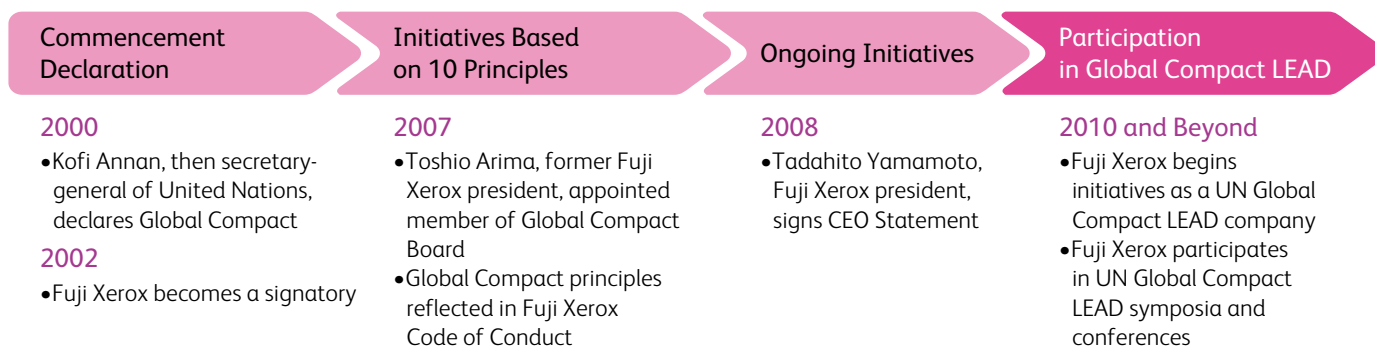
In fiscal 2008, Fuji Xerox became a signatory to the Global Compact CEO Statement, thus announcing, "We also reiterate our own commitment to respect and support human rights within our sphere of influence. Human rights are universal and are an

important business concern all over the globe."

In recognition of the commitment of Fuji Xerox top management and the company's proactive measures in relation to the Global Compact, Fuji Xerox was nominated as a UN Global Compact LEAD company in fiscal 2010. (Currently, there are 51 such companies throughout the world.)

* The UN Global Compact details 10 universally accepted core principles for CSR in the areas of human rights, labour, environment, and anti-corruption, with signatories required to take proactive steps toward achieving these goals.

History



Fiscal 2013 Performance

The following are the main activities Fuji Xerox conducted in fiscal 2013 as a UN Global Compact LEAD company.

- Toshio Arima, former Fuji Xerox president, participated in the UN Global Compact, including its Leaders Summit in New York, as a board member and managed the Global Compact Japan Network (GC-JN) as its chairman of the board. (GC-JN currently comprises some 190 companies and organizations).
- Supported the UN Global Compact Office in New York and the GC-JN by seconding employees.
- Participated in the UN Global Compact LEAD Symposium held in Tokyo and discussed setting corporate sustainability goals.
- Participated in the Human Rights Due Diligence Working Group and the Human Rights Education Working Group and discussed ideal forms of human rights initiatives.



UN Global Compact LEAD Symposium (Tokyo)






Mr. Arima, former president of Fuji Xerox, speaking at the GC-JN Symposium

©GC-JN

Fiscal 2014 Initiatives

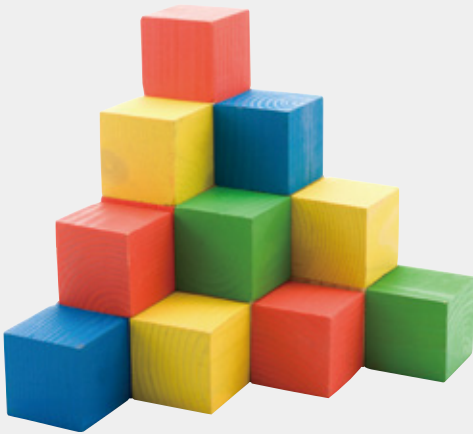
Fuji Xerox will participate in and contribute to the spread and expansion of the UN Global Compact as a platform for learning about best practices in CSR worldwide and developing partnerships with multi-stakeholders. We will join hands with other UN Global Compact LEAD companies to drive CSR forward internationally and will deepen the discussion of global priority issues in the post-2015 Development Agenda. Through these efforts, we will aim to provide global leadership in implementing the UN Global Compact's 10 principles.

10 Principles of the UN Global Compact

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



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



At Fuji Xerox, we monitor and review our CSR performance to identify issues and ensure continuous improvement.

CSR Monitoring

Each year our functional departments carry out their own PDCA surveys to assess the performance and progress of Fuji Xerox and its affiliates in Japan and overseas in fulfilling their responsibility to each stakeholder group with regard to such high-priority CSR themes as the global environment, employees, and local communities.

At the same time, our CSR Department monitors company-wide CSR performance with the help of an annual CSR questionnaire completed by Fuji Xerox and its domestic and overseas affiliates. The questionnaire is aligned to internationally recognized surveys and global CSR guidelines. For items relating to CSR philosophy and principles, it relies particularly on the UN Global Compact's 10 Principles and the ILO (International

Labour Organization) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. For management standards, we consult the Keizai Doyukai (Japan Association of Corporate Executives) New Corporate Evaluation Standard, the OECD Guidelines for Multinational Enterprises, ISO 26000, and the EICC (Electronic Industry Citizenship Coalition) Code of Conduct. And for disclosure of nonfinancial information, we refer to the GRI (Global Reporting Initiative) Guidelines.

Fuji Xerox also monitors internal CSR performance through the customer satisfaction surveys and employee morale survey carried out annually by each functional department, as well as the CSR self-checklists completed by our suppliers under our ethical procurement policy.

CSR Indicators

At Fuji Xerox, we have formulated multiple CSR indicators to help us gauge our progress quantitatively and improve our CSR programs and activities. The CSR Committee sets targets for each indicator, and top management reviews the company's progress toward those goals semi-annually, using the outcomes to promote continuous improvement as part of the PDCA (plan-do-check-act) cycle.

In this section, we report on the performance of Fuji Xerox on indicators for the company's top CSR priorities as identified by the CSR Committee on the basis of requests from society as well as management goals of Fuji Xerox and the nature of its business. The accompanying tables record the outcome of quantitative monitoring with respect

to each indicator. They also indicate by number the **GRI** (Global Reporting Initiative) and **GC** (UN Global Compact) standards and principles applicable to each.



Meeting of the CSR Committee

Customers

Number of serious product incidents

GRI PR1-2

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Fuji Xerox and affiliates (including OEM sales)	0	0	0 / 1	0

Notes on fiscal 2013 performance In fiscal 2013, one incident occurred involving monochrome laser printers manufactured by Fuji Xerox under OEM arrangements. The OEM partner company issued a product safety recall, and the defective component was replaced free of charge. The problem was caused by the presence of molding defects among the plastic parts used for the fusing unit, creating a potential fire hazard. To ensure that customers would not be affected, component replacement services were provided free of charge after the problem was duly reported to the Ministry of Economy, Trade, and Industry and other supervisory agencies.

Goals/challenges Fuji Xerox takes this product incident very seriously. We are determined to eliminate the source of product accidents through better safety and evaluation technologies, as well as stringent compliance with the relevant product safety laws and regulations.

Contribution to CO₂ reductions at our customers' offices and production facilities

GRI EN7, EN27 GC Principle 7-9

Definition Reduction in electricity consumption by Fuji Xerox printers and multifunction devices in operation in the market from fiscal 2000 level, converted to CO₂ emissions.

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox and affiliates	1,547kt-CO ₂	1,519kt-CO ₂	2,695kt-CO ₂	3,075kt-CO ₂

Notes on fiscal 2013 performance In fiscal 2013, our performance jumped to 2,695 kt-CO₂, thanks to new methods for accurately calculating our solutions' contribution to customers' CO₂ emissions reduction. This performance was also helped by increased sales of solutions capable of achieving greater emissions reduction, as well as by the improved energy efficiency of our products.

Goals/challenges Our goal for fiscal 2014 is to boost our contribution to customers' reduction of CO₂ emissions by 14% year on year to 3,075 kt-CO₂ through development and all-out marketing of space-saving, time-saving, transportation-saving solutions in order to reach our fiscal 2020 target of reducing annual CO₂ emissions from Fuji Xerox products in the market by 7 million tons.

Employees

"Core Morale" score as employee satisfaction indicator

Definition Average score (using a five-point scale) on the five key "Core Morale" components*1 of the morale survey of employees conducted at Fuji Xerox and our affiliates and sales companies in Japan.

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox (unconsolidated)	3.29	3.37	3.36	—
Affiliates in Japan (excluding sales companies)	3.15	3.16	3.23	—
Sales companies in Japan	3.56	3.59	3.47	—

Notes on fiscal 2013 performance Fiscal 2013 produced no significant change in Core Morale scores at Fuji Xerox (unconsolidated) and our affiliates and sales companies in Japan.

Goals/challenges Fuji Xerox and our affiliates will continue working to improve our Core Morale scores by using the results of morale surveys to identify specific issues and applying the PDCA cycle for continuous improvement.

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

Ratio of companies achieving improvement in employee satisfaction score

Definition Percentage of companies among Fuji Xerox and our affiliates that achieved a higher overall employee satisfaction score on their employee satisfaction surveys than in the previous fiscal year.

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Fuji Xerox and affiliates	—	60.0 %	90%+ / 27.4 %	Increase in rate of positive responses to Core Morale questions (5 %)*2

Notes on fiscal 2013 performance Fuji Xerox has been carrying out an ongoing corporate climate reform campaign aimed at boosting employee satisfaction while achieving sustainable growth. In fiscal 2013, we worked at fostering dialogue and discussion in all our workplaces in response to the results of the 2012 morale survey, but the improvement in scores was marginal.

Goals/challenges While continuing to foster discussion and dialogue in all our workplaces, we will strive to enhance employee satisfaction at Fuji Xerox (unconsolidated) by promoting adoption of new work styles. To this end, our business division heads will hold workshops to foster better understanding of the benefits of the new work styles. Meanwhile, we will continue our efforts to standardize the structure and core content of morale surveys among all group companies, including our overseas affiliates.

*2 Beginning in fiscal 2014, the performance indicator for employee satisfaction improvement will be "increase in rate of positive responses to Core Morale questions."

Percentage of women in executive and managerial positions

GRI LA12 GC Principle 6

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox (unconsolidated)	3.3 % ^{*3}	4.1 % ^{*3}	4.9 % ^{*3}	5.5 %
Affiliates in Japan	1.9 %	2.7 %	2.8 %	—
Overseas affiliates	25.5 %	28.1 %	29.2 %	—

Notes on fiscal 2013 performance Fuji Xerox has been working to promote the appointment of women to managerial positions at all our companies. At Fuji Xerox (unconsolidated), we have taken active steps to reach an ambitious numerical target, and although we fell short of our annual goal of 5.2% in fiscal 2013, we were able to increase the share by 0.8 points, to 4.9%. The percentage of women in managerial positions also continued to grow among our affiliates in Japan and overseas.

Goals/challenges We will continue to encourage the promotion of women employees at Fuji Xerox and all our affiliates. At Fuji Xerox (unconsolidated), we will redouble our efforts to support workplace diversity by evaluating and promoting employees fairly, emphasizing individual performance, competence, and motivation, with the aim of boosting the ratio of managerial positions held by women to 7% by fiscal 2015.

^{*3} At Fuji Xerox (unconsolidated), the basis for calculation was changed from "staff with direct employment agreements" to "employees actually in the office."

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

GRI LA12 GC Principle 6

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Fuji Xerox (unconsolidated)	100 % (employment rate: 2.19 %)	100 % (employment rate: 2.08 %)	100 % / 100 % (employment rate: 2.07 %)	100 %
Affiliates in Japan (excluding sales companies)	29 % (2 of 7 companies)	75 % (6 of 8 companies)	100 % / 88 % (7 of 8 companies)	100 %
Sales companies in Japan	62 % (21 of 34 companies)	74 % (23 of 31 companies)	100 % / 81 % (25 of 31 companies)	100 %

Notes on fiscal 2013 performance In fiscal 2013, we launched an aggressive hiring program aimed at achieving Japan's legally stipulated 2% rate of employment of people with disabilities at Fuji Xerox and all our affiliates in Japan. As a result, the number of affiliates and sales companies in Japan surpassing the 2% target rose to 32, out of a total of 39 companies.

Goals/challenges Going forward, we intend to explore best practices with regard to the development of jobs and adaptation of work processes to diverse abilities and aptitudes and look more closely at appropriate hiring processes in order to promote employment of people with disabilities at Fuji Xerox and all our affiliates in Japan.

Annual work hours per employee

GRI LA6 GC Principle 1

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox (unconsolidated)	1,985 hours ^{*4}	2,008 hours ^{*4}	1,947 hours	1,835 hours
Affiliates in Japan (sales personnel, office staff, etc.)	2,030 hours	2,018 hours	1,986 hours	—
Affiliates in Japan (manufacturing staff)	2,093 hours	2,029 hours	2,025 hours	—
Overseas affiliates (sales personnel, office staff, etc.) ^{*5}	2,063 hours ^{*6}	2,010 hours ^{*6}	2,011 hours	—
Overseas affiliates (manufacturing staff)	2,315 hours	2,219 hours	2,274 hours	—

Notes on fiscal 2013 performance While falling short of our fiscal 2013 goal of 1,896 annual working hours, Fuji Xerox (unconsolidated) made further progress in reducing hours thanks to concerted efforts by management and employees to reform business processes and work-hour regulations with an eye to achieving a robust organization, good health, work-life balance, and workforce diversity. At our affiliates and sales companies in Japan and overseas, we stepped up efforts to educate management regarding the need to monitor working hours and rethink business processes on a daily basis in close communication with employees.

Goals/challenges We will work to further reduce working hours by redoubling our efforts to foster new attitudes within management, continuing our review and reform of business processes and work-hour regulations, and promoting the adoption of new work styles.

^{*4} At Fuji Xerox (unconsolidated), the basis for calculation was changed from "staff with direct employment agreements" to "staff with direct employment agreements who were not seconded during the period."

^{*5} Excludes companies that have adopted the discretionary working system

^{*6} Figures are recalculated, excluding companies that have adopted the discretionary working system.

Number of workplace accidents per 1,000 employees

GRI LA6 GC Principle 1

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox (unconsolidated)	4.86 ^{*7} (5.00) ^{*8}	2.57 ^{*7} (2.29) ^{*8}	2.49 ^{*7} (2.65) ^{*8}	0 ^{*7} (0) ^{*8}
Affiliates in Japan (excluding sales companies)	1.74	4.31	4.75	0
Sales companies in Japan	5.17	5.27	5.74	0
Overseas affiliates (excluding sales companies)	1.69	2.19	4.18	0
Overseas sales companies	7.21	3.69	5.89	0

Notes on fiscal 2013 performance At Fuji Xerox (unconsolidated, excluding dispatched employees), the number of workplace accidents per 1,000 employees rose by 0.36 year on year to 2.65. As in the previous fiscal year, many of these accidents occurred while employees were in transit, whether commuting, traveling, or out on business. There was also an increase in the rate of workplace accidents among our overseas affiliates and sales companies.

Goals/challenges We will work through the occupational health and safety committee at each business site to bolster programs for raising awareness of the prevention accidents, "near misses," and other hazards with a view to preventing workplace accidents, particularly in our overseas operations.

^{*7} Includes dispatched employees.

^{*8} Excludes dispatched employees.

Suppliers

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

GRI EN33, LA15, HR11, SO10 GC Principle 1-10

Definition Percentage of production materials suppliers completing the Ethical Procurement Self-Checklist that achieved a compliance rate of 90% or higher on "important" and "very important" items.^{*9}

Companies	Items	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Suppliers in Japan and overseas	Very important items	95.6 %	93.8 %	100% / 90.4 %	100 %
	Important items	83.1 %	81.9 %	100% / 72.8 %	100 %

Notes on fiscal 2013 performance The overall level of compliance decreased in fiscal 2013 owing in part to the expansion of procurement contracts to new suppliers, notwithstanding ongoing support for improvement in areas of noncompliance, on-site checks of selected suppliers by our expert teams, and stepped up efforts to educate management.

Goals/challenges We will redouble our efforts to ensure supplier compliance primarily by providing management with continued reminders of the importance of socially responsible operations and by adding opportunities for on-site checks by our expert teams, focusing on suppliers with less than 90% compliance on very important items.

^{*9} Existing suppliers include companies that achieved a compliance rate of 90% or higher by devising and implementing improvement plans for the items of noncompliance in the previous year (i.e., not for all important or very important items).

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

GRI EN33, LA15, HR11, SO10 GC Principle 1-10

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
First-tier logistics partners and sites in Japan	98.4 % ^{*10}	100 %	100% / 100%	100 %

Notes on fiscal 2013 performance Continuing our domestic ethical procurement initiatives in fiscal 2013, we again achieved our goal, with 100% of our surveyed Japanese logistics partners reporting 90% or higher compliance on the checklist's 100 "very important" items. We also carried out on-site checks to verify compliance.

Goals/challenges While maintaining at least 90% compliance on the 100 "very important" checklist items by all our first-tier logistics partners, we plan to enlist the cooperation of these partners in extending compliance to second-tier partners. We will also work to increase the percentage of companies achieving 90% or better compliance among our overseas logistics partners while preparing to expand the scope of ethical procurement to companies that are not our direct partners.

^{*10} In Sustainability Report 2012, this was mistakenly reported as 98.5 %.

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

GRI EN33, LA15, HR11, SO10 GC Principle 1-10

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
All companies supplying paper to Fuji Xerox and our affiliates in Japan and overseas	—	100%	100% / 100%	100%

Notes on fiscal 2013 performance At Fuji Xerox, we are calling on our paper suppliers to conduct their operations in accordance with the standards for social responsibility outlined in our Environmental, Health and Safety Requirements for Paper Procurement, revised in 2012. Since 2012, our managers in charge of paper purchasing and sales in Japan and overseas have been meeting regularly to review and confirm compliance with these requirements. In fiscal 2013, our paper suppliers confirmed 100% compliance.

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

Ratio of suppliers submitting conflict minerals report

GRI HR11 GC Principle 1-6

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Suppliers of components of key Fuji Xerox products	Fiscal 2013 was the first year of conflict minerals initiative of Fuji Xerox		70% / 87.5%	90%

Notes on fiscal 2013 performance In fiscal 2013, the first year of our conflict minerals initiative, we held briefing sessions for our suppliers in each of our major supplier countries (Japan, China, South Korea, and Vietnam) and focused on building understanding of the reasons for this initiative and the content of the reporting template. We also set up a Conflict Minerals Staff Coordinating Committee as part of our effort to strengthen our internal apparatus for addressing the issue. As a result, the percentage of companies submitting reports substantially exceeded our goal.

Goals/challenges We will work to further increase the percentage of suppliers submitting conflict minerals reports and step up efforts, in cooperation with our suppliers, to gather more accurate information on mineral smelters, the central purpose of the reporting initiative.

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

GRI EC9

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox of Shenzhen, Fuji Xerox of Shanghai	60.3%	60.6%	65.7%	Maintain a consistent level of local procurement

Notes on fiscal 2013 performance Exchange rates fluctuation played a major role in boosting the local content ratio at our production sites in China to 65.7%. When excluding exchange-rate effects, the ratio rose slightly to 61.4%, as we maintained our adherence to responsible procurement practices.

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

Global Environment

Whole-life-cycle CO₂ emissions of Fuji Xerox products

GRI EN15-17, EN19 GC Principle 9

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox and affiliates	1,391kt-CO ₂	1,249kt-CO ₂	1,342kt-CO ₂	1,391kt-CO ₂

Notes on fiscal 2013 performance The whole-life-cycle CO₂ emissions of Fuji Xerox products increased 7% from the previous year, owing mainly to increased production and acquisition of overseas affiliates.

Goals/challenges In fiscal 2014, we will step up our current efforts to reduce emissions in each function. In addition, we will review our strategies for meeting the fiscal 2020 emissions target of 1,091 kt-CO₂ (30% reduction from fiscal 2005 level) on a function-by-function basis and intensify our long-range emissions reduction efforts in a targeted manner.

CO₂ emissions at Fuji Xerox business facilities

GRI EN3, EN15-16, EN19 GC Principle 7-9

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Development and manufacturing facilities in Japan and overseas	128kt-CO ₂	130kt-CO ₂	135kt-CO ₂ / 122kt-CO ₂	135kt-CO ₂ (fiscal 2005 level)
Offices in Japan and overseas	53kt-CO ₂	53kt-CO ₂	55kt-CO ₂ / 68kt-CO ₂	54kt-CO ₂ (7% reduction from fiscal 2007 level)

Notes on fiscal 2013 performance CO₂ emissions at our development and production sites decreased through our continued efforts to cut electricity consumption by at least 15% annually in the wake of the Great East Japan Earthquake and the installation of new energy-efficient equipment. However, office emissions rose from the previous year as a result of our acquisition of overseas affiliates.

Goals/challenges We plan to take additional measures, including the installation of new energy-efficient equipment at our development sites and a review of our production processes, with a view to reducing CO₂ emissions from development and production sites to at least their fiscal 2005 level. We will also step up our medium- and long-range initiatives in this area, including a look at the development and incorporation into manufacturing processes of energy-saving production technologies. At offices, we will work to cut emissions by promoting new work styles.

Reduction of new resource inputs in the manufacturing process by reusing parts

GRI EN2 GC Principle 7-9

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Fuji Xerox and affiliates	2,272t	2,361t	2,537t / 2,875t	3,300t

Notes on fiscal 2013 performance We were able to exceed our goal for fiscal 2013 thanks to growth in cartridge recycling and an increase in the number of products incorporating reused parts.

Goals/challenges We will continue our efforts to reduce new resource inputs by launching new products incorporating reused parts and by the material reuse of plastics.

Resource recycling rate for recovered end-of-life products

GRI EN28 GC Principle 7-9

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Japan	99.9%	99.9%	99.9% / 99.9%	99.9%
Asia-Pacific region	99.9%	99.9%	99.9% / 99.6%	99.6%
China	99.9%	99.7%	99.7% / 99.7%	99.7%
Taiwan	99.9%	99.9%	99.9% / 99.9%	99.9%
South Korea	99.8%	99.9%	99.9% / 99.9%	99.9%
Australia	99.5%	99.5%	99.5% / 99.5%	99.5%
New Zealand	99.7%	99.7%	99.7% / 99.7%	99.7%

Notes on fiscal 2013 performance Fuji Xerox achieved a recycling rate of 99.5% or higher for end-of-life products—the standard for “zero landfill”—at all our business sites in Japan and overseas. The rate dipped 0.3 points from the previous fiscal year at our Asia-Pacific sites owing to the incineration of some soiled components as a result of new processes designed to boost the recycling rate of plastic materials. This was a onetime event and does not indicate an ongoing trend.

Goals/challenges In fiscal 2014, we will continue our efforts to improve the quality of recycled materials while maintaining a “zero landfill” recycling rate. Meanwhile, we are preparing to embark on the next step in this initiative by expanding the reuse of materials and parts to further reduce our impact on the environment.

Water usage in the manufacturing process

GRI EN8 GC Principle 7-8

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Fuji Xerox and affiliates	2.46 million t (Japan: 1.86 million t Overseas: 0.60 million t)	2.29 million t (Japan: 1.77 million t Overseas: 0.52 million t)	2.59 million t / 2.15 million t (Japan: 1.71 million t Overseas: 0.44 million t)	2.59 million t (30% reduction from fiscal 2005 level)

Notes on fiscal 2013 performance Since fiscal 2009, Fuji Xerox has focused on reducing water use in the manufacturing process, which accounts for the greatest portion of our water consumption. In fiscal 2013, we met our annual goal of reducing water use by 38% from the fiscal 2005 level, as well as the 2014 medium-term target of a 30% reduction from the fiscal 2005 level.

Goals/challenges In fiscal 2014, we will work to remain within our medium-term target while formulating a response to new domestic and global water conservation standards, such as the “water footprint.”

Local Communities

Social contribution spending

GRI EC1,EC7

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox (unconsolidated)	436.60 million yen	378.00 million yen	372.00 million yen	Continue social contribution at a set level
Affiliates in Japan	91.00 million yen	96.00 million yen	96.00 million yen	
Overseas affiliates	136.40 million yen	194.00 million yen	193.00 million yen	

Notes on fiscal 2013 performance Total spending on social contribution amounted to approximately 661 million yen thanks to our ongoing donations and support for academic research, and sports programs and continued involvement in social initiatives in Japan and overseas.

Goals/challenges Moving forward, we plan to promote greater involvement in social initiatives by all our companies in Japan and overseas, with an emphasis on education for future generations, preservation of diminishing cultures and information, and measures to address specific social problems affecting the local community or region.

Employee participation in volunteer programs

GRI EC7

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox (unconsolidated)	Figures unavailable (while company-sponsored volunteer programs have been active, monitoring of participation levels did not begin until fiscal 2013)		808	Increase number of participants from fiscal 2013 level
Affiliates in Japan			2,162	
Overseas affiliates			7,863	

Notes on fiscal 2013 performance We adopted this new indicator with the aim of increasing the number of employee volunteers at Fuji Xerox and all affiliates. A total of 10,833 employees (including repeat participants) took part in company-sponsored volunteer activities.

Goals/challenges At Fuji Xerox, we plan to expand opportunities for voluntary employee participation in social contribution activities as part of our effort to create a corporate culture that motivates and empowers individual employees.

Ratio of companies supporting volunteer activities

GRI EC7

Definition Percentage of companies among Fuji Xerox and our affiliates that have instituted systems to encourage and support employee volunteerism, including HASU Clubs^{*11} and volunteer leave.

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox (unconsolidated)	100 %	100 %	100 %	Boost percentage among overseas affiliates
Affiliates in Japan	97.6 %	100 %	100 %	
Overseas affiliates	76.2 %	81.0 %	78.3 %	

Notes on fiscal 2013 performance The number of Fuji Xerox consolidated affiliates overseas increased by two, and one of the two new affiliates was slow to institute a system to support volunteerism. As a result, the percentage of overseas affiliates with such systems fell.

Goals/challenges In fiscal 2014, we will promote social contribution activities at our affiliates in Japan and overseas. Especially, we will work to increase the number of overseas affiliates supporting volunteer activities.

^{*11} Volunteer organizations run by Fuji Xerox employees. These clubs raise funds from members, who voluntarily contribute the fractional remainders from their monthly salaries and scheduled bonuses via automatic withdrawal, and use the contributions to support their own social contribution activities or other NPOs/NGOs.

Enrollment in Fuji Xerox HASU Club

GRI EC7

Definition Number of employees and retirees who are members of the Fuji Xerox HASU Club, a volunteer organization.

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Fuji Xerox (unconsolidated), Fuji Xerox Advanced Technology Co., Ltd., Fuji Xerox Manufacturing Co., Ltd., and Fuji Xerox Service Creative Co., Ltd.	3,750	3,773	3,837	Increase membership

Notes on fiscal 2013 performance Approximately 43% of Fuji Xerox (unconsolidated) employees were enrolled in the HASU Club. In addition, its network of activities expanded as shown by the participation of employees at our sales companies in the club's volunteer programs to aid reconstruction of areas hit by the 2011 Great East Japan Earthquake.

Goals/challenges Our aims going forward are to forge collaborative ties with employee volunteer organizations operating independently at our sales companies and increase the number of employees taking part in volunteer activities.

Number of grants from Fuji Xerox Setsutaro Kobayashi Memorial Fund to promote mutual understanding in Asia-Pacific region

GRI EC7

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal
Recipients of grants for foreign doctoral candidates in Japan* ¹² (Total recipients to date)* ¹³	32 (1,012)	30 (1,044)	32 (1,076)	Continue grant-giving activity at a set level
Recipients of Kobayashi Fellowship* ¹⁴ (Total recipients to date)	8 (157)	8 (165)	8 (173)	Continue grant-giving activity at a set level

Notes on fiscal 2013 performance Research grants were awarded to 32 foreign researchers representing nine countries and studying at 19 Japanese universities under our Research Grant Program for Foreign Doctoral Candidates in Japan. Grants were also awarded to eight Japanese researchers at six universities under the Kobayashi Fellowship Program. In addition, research papers submitted by grant recipients were published in book form and distributed to educational institutions and previous grant recipients, and measures were taken to facilitate networking among the program's more than 1,000 alumni.

Goals/challenges While continuing our grant-giving activity, we intend to expand our efforts to facilitate networking among past grantees by holding additional research symposia for fellows who have completed their doctorates and by expanding our digital archives of research reports.

*¹² Grants to support research by young scholars from other countries and regions in the Asia-Pacific who are enrolled in doctoral programs in the humanities or social sciences at Japanese graduate schools.

*¹³ Includes those who returned a grant after receiving it.

*¹⁴ Fellowships to support young Japanese researchers enrolled in doctoral programs in the humanities or social sciences and pursuing research concerning other parts of the Asia-Pacific countries and regions.

Shareholders and Investors

Number of serious corporate governance and/or compliance issues

GRI S08 GC Principle 10

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

Companies	Fiscal 2011 performance	Fiscal 2012 performance	Fiscal 2013 goal / performance	Fiscal 2014 goal
Fuji Xerox and affiliates	0	0	0 / 0	0

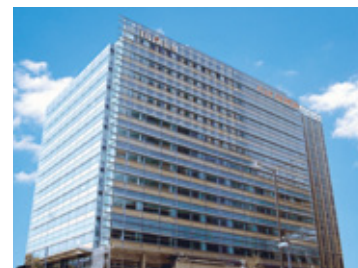
Notes on fiscal 2013 performance There were no serious corporate governance or compliance issues warranting disclosure.

Goals/challenges Fuji Xerox and our affiliates will continue working to enhance corporate governance and compliance at every level.

Fuji Xerox Corporate Overview

Corporate Information

Name	Fuji Xerox Co., Ltd.
Headquarters	Tokyo Midtown, 9-7-3 Akasaka, Minato-ku, Tokyo JAPAN 107-0052
Telephone	+81-3-6271-5111
President and Representative Director	Tadahito Yamamoto
Date of establishment	February 20, 1962 Established as a joint venture between the British company Rank Xerox Limited and Fuji Photo Film Co., Ltd. (Rank Xerox changed its name to Xerox Limited on October 31, 1997)
Capital	20 billion yen
Shareholders	FUJIFILM Holdings Corporation (75%) Xerox Limited (25%)
Number of employees	45,899 employees (consolidated, March 2014); 8,592 employees (March 2014 unconsolidated)



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



Business sites

Headquarters: Tokyo

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

Development /manufacturing sites:

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

China and other locations: Shanghai, Shenzhen (China), Hai Phong (Vietnam), and other cities

Main sales and service offices in Japan:

Approximately 300 cities including key locations such as Sapporo, Sendai, Tokyo, Yokohama, Nagoya, Kyoto, Osaka, Kobe, Hiroshima, Fukuoka and Okinawa

Overseas bases (countries/regions):

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

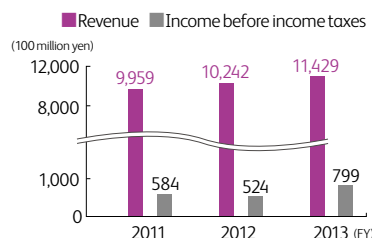
Sales and Service Areas

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

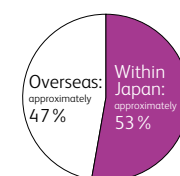


Key Management Indexes

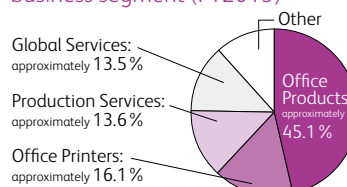
Revenue/Income before income taxes (Consolidated)



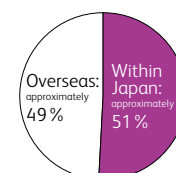
Consolidated revenue by region (FY2013)



Consolidated revenue by business segment (FY2013)



Consolidated employee numbers by region (FY2013)



Third Party Opinion

Eiichiro Adachi

Head of ESG Research Center
The Japan Research Institute, Limited



The first point I noted about this report is its opening statement: “Fuji Xerox and its affiliates are closely observing the current trends in legal regulations that encompass the disclosure of nonfinancial information, with European countries leading the way, and we are preparing a system as well as ways of using the system to properly disclose nonfinancial information. This includes not only 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.” As I see it, this three-pronged approach, consisting of (1) an emphasis on global standards, (2) full explanation of the decision-making process, and (3) disclosure of information on how the PDCA is running, forms the framework of the distinguishing features that can be seen in this report.

In the Top Commitment article, Mr. Yamamoto recognizes candidly that, as Fuji Xerox globalizes at a rapid pace, it may encounter unforeseen business risks such as differences in business customs and labor laws and practices from one country to another, or inadvertently becoming involved, through the actions of an overseas supplier, in destruction of the environment or human rights violations. He also says that “Providing customers with outstanding products and services is an essential requirement for any business. No less important is the question of how to accomplish this,” a statement that carries the weight of conviction. Viewed in that light, the Highlight article “Toward Sustainable Paper Procurement” can be seen as an integral part of a consistent approach.

In the disclosures on Engagement with Stakeholders from page 27 onward, the way each section is laid out under the headings “Our Ideal,” “Features of Fuji Xerox Activities,” “Fiscal 2013 Performance,” and “Fiscal 2014 Initiatives” seems to me well organized for clarity. I would like to commend Fuji Xerox for its outstanding performance in reducing CO₂ emissions throughout product lifecycles and in increasing the ratio of women executives and managers, to name just two areas. Further, the information on monitoring and review to improve CSR performance from page 43 onward is a very useful guide to how the PDCA is functioning.

That said, in future Sustainability Reports I would urge Fuji Xerox to discuss in depth, both internally and with outsiders, exactly what is meant by the message “Operating at all times on the

principle that ‘CSR is synonymous with corporate management,’ we aim to help our customers create value by ensuring unity of words and deeds.” This year’s report contains several statements that can be taken to mean that achieving value creation for the client constitutes CSR, a tendency that suggests that the emphasis is being placed on providing value to society through customers.

If this idea is to be explored further, however, I feel that Fuji Xerox should carry out, and report on, a wide-ranging and thorough discussion of exactly how the company’s and its affiliates’ work in document services and communications generates value for society through their customers, beyond the single example of support for community medical care introduced in the Highlights. I also felt a need to clarify the significance of activities that create value for society directly, as social contribution activities do.

The Mission Statement says “Ultimate purpose of Fuji Xerox for existence is to contribute to the advancement of the global community by continuously fostering mutual trust and enriching diverse cultures.” After perusing the report, I found myself wondering whether mutual trust around the globe has in fact been changing for the better in the last few years. I would have liked to know how Fuji Xerox perceives the current situation. Although I understand the idea that mutual trust can be fostered by creating an environment conducive to the customer’s creation and utilization of knowledge, I would also have liked to know what they think about other ways they could directly impact factors that detract from mutual trust in the global community.

If I may say so without fear of being misunderstood, I look to Fuji Xerox for a proactive message about what the better society they envision will be like. They have a track record of practical CSR initiatives geared toward a better society, in such forms as new work styles, resource recycling, and ethical procurement. I look forward to their carrying on this track record and further improving their distinctive, farsighted CSR initiatives and information disclosure.

The comments above make no statements regarding whether the data have been accurately measured and calculated in accordance with generally accepted standards for preparing environmental reports or whether all important matters have been reported.

We live in an age of increasing economic and social globalization and rapidly changing information and communication technologies. These developments continue to expand and diversify the scope of hopes and expectations that stakeholders have for companies. In this environment, CSR can no longer be viewed as a “special activity” but rather has come to constitute a series of activities that companies must pursue as a matter of course in order to continue operating.

Companies are finding it imperative to rigorously reexamine their *raison d'être* in their relationships with society. Therefore, in preparing this Sustainability Report, we made it our starting point to once again ask ourselves “What values are particularly expressive of who we are at Fuji Xerox?” and “What kind of sustainable society are we endeavoring to achieve through the realization of our mission?” Also in this Sustainability Report we took on a new challenge of conveying our CSR activities as seen from the perspective of the values that we are trying to deliver to society through the products and services supplied to customers as part of our core business activities.

What lies at the foundation of Fuji Xerox that has been steadily built up since the Company's founding in 1962? What constitutes the core value that Fuji Xerox offers through its business operations? And finally, how can these be expressed and presented in easy-to-understand forms? Answering these questions frequently exceeded the knowledge and capacity of the junior editors. Consequently, many days were spent poring over the company history and related materials, and many hours were spent in discussion with various sections of the Company. Finally, we were able to complete this Sustainability Report, but only through company-wide collaboration.

The cover photo for this year's Sustainability Report depicts the fearlessness and confidence of a child leaping forward into the future. It was chosen because it captures the determination with which Fuji Xerox has overcome numerous past difficulties and its commitment to taking on the challenge of providing innovative and advanced values to society as it speeds into the future. Our aim throughout this Sustainability Report was to depict Fuji Xerox and its employees engaged in an untiring pursuit of a sustainable society through the practice of CSR activities in the course of daily operations.

In closing, we express our gratitude to all who contributed to the completion of this Sustainability Report. During the preparation of this Sustainability Report, we came into contact with the views and expectations that many people have for Fuji Xerox. In order to respond to these voices, Fuji Xerox shall continue to work with its stakeholders in earnestness and determination to deliver a sustainable new future to the next generation.

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Date of Issue: September 2014

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201-249(14-09)



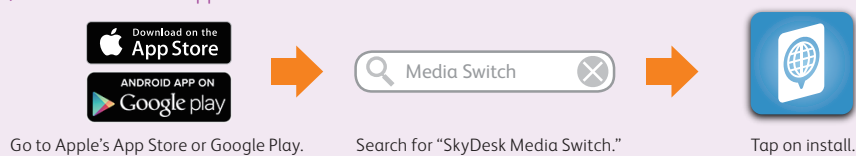
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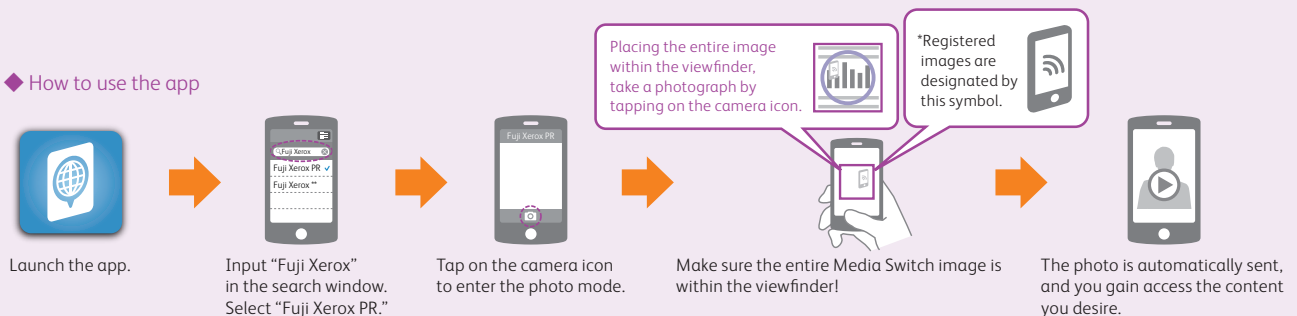
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