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Sustainability

Report 2015

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Create-Connect-Into the Future

Sustainability Report 2015

Create...Connect...Into the Future

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Our Information Disclosure Policy

Our Approach to the Disclosure of Nonfinancial Information

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

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

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

Our Approach to What Information to Disclose

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

Features of Sustainability Report 2015

• Reporting Period

Sustainability Report 2015 focuses on the CSR efforts of Fuji Xerox during fiscal 2014 (April 2014 to March 2015) and also covers some policies and activities for fiscal 2015.

Organizations Covered

Sustainability Report 2015 covers Fuji Xerox and its domestic and overseas affiliates. When we report on matters restricted to specific regions or corporations, we specify that in the report.

Guidelines Consulted

Our sustainability reports (this report and the disclosures on our website) are prepared in accordance with the Core of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative.

We also consulted the 2012 edition of the Japanese Ministry of the Environment's Environmental Reporting Guidelines.

• Next Release of Our Sustainability Report September 2016

• 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 ten principles of the Compact. Please see page 8 for our activities regarding the Global Compact.



Editorial Policy

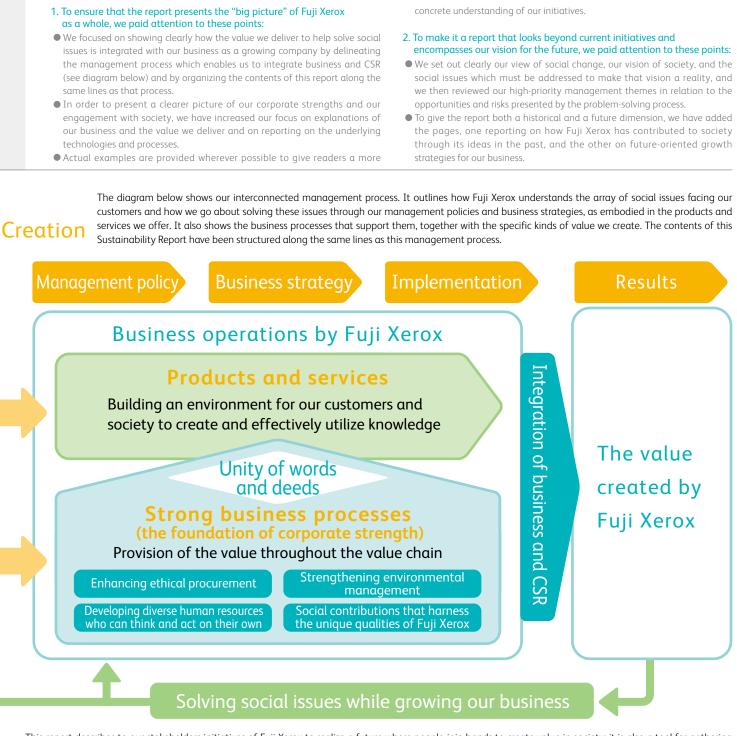
Our fiscal 2015 report has the following features:

The Process Leading to Value

Philosophy

The social issues with which Fuji Xerox should engage, based on its mission and responsibilities as a corporate citizen

Structure of Sustainability Report 2015



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.

Web

CSR Information Covering Our Global Operations

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

CSR Information from Our Affiliates

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



Website Image: Additional information, including

the Sustainability Report, can be found on our website

SkyDesk Media Switch



http://www.fujixerox.com/eng/company/sr/2015/index.html

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 page 61 of this report. **Chapter 1** Addressing the Social Issues to Complete Our Mission

Purpose of Management at Fuji Xerox Better Communications Our business goal is to achieve better understanding

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

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

> The Development of Business Philosophy of Fuji Xerox

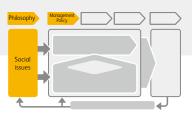
Xerox Philosophy

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

oseph C. Wilson





Mission Statement and Shared Values

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[Mission Statement]

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

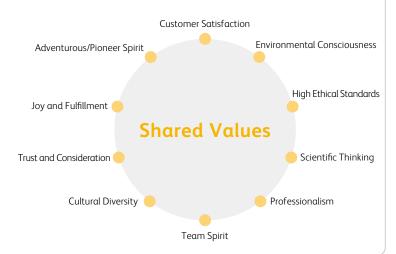
Build an environment for the creation and effective utilization of knowledge.

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.

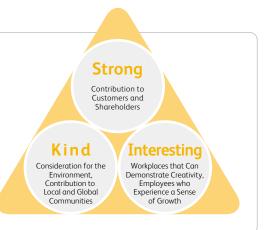


Ultimately, the business goal of Fuji Xerox is to contribute to the advancement of the global community by continuously fostering mutual trust and enriching diverse cultures. To achieve this, we work in the fields of document services and communications to build an environment in which our customers 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.

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.





Our Solutions and Services Propel Social Change as They Help Our Customers Create Value

1. Fuji Xerox's Vision for Society amid Increasingly Complex Social Challenges

As economic globalization continues apace along with advances in information technology, society faces challenges that are becoming more and more difficult to resolve as they grow ever greater in both scale and complexity. Issues that demand immediate action range from the increasingly serious deterioration of the global environment to Japan's rapidly falling birthrate, aging population, and declining regional vitality, the widening digital divide, and the growing risk of natural disasters.

If we are to rise to these challenges and realize a sustainable society, players including industry, government, academia, NGOs, and local communities must come together to create new value on a scale that has remained difficult until now, while communicating across the barriers posed by differences in organization, nationality, language, and culture and pooling the knowledge, information, and expertise that are dispersed among all these entities.

At Fuji Xerox, our mission is to solve the management problems of each of our customers by "building an environment for the creation and effective utilization of knowledge," thereby supporting the creation of new value for society. This calling of ours means that, in working closely with our customers and their stakeholders, we are also helping to address the wider social issues that come to light. Thus, together with contributing to the advancement of society by fostering firm mutual trust, we aim to create a society in which national and regional cultures thrive in all their diversity and people enjoy lives of personal fulfillment, realizing their hopes and dreams through individual development and growth.

2. The Fundamentals for Delivering Value in Fuji Xerox's Own Way

In order to play an effective role in customers' value creation, Fuji Xerox is moving rapidly to redesign its business structure, shifting the focus from sales of devices and consumables to promoting solutions and services that can generate a fundamental transformation in the business processes of customers. By providing solutions and services to match the specific needs of clients around the globe in tune with the local conditions of industrial and economic growth, we support development and help bring vitality to communities worldwide.

The value we deliver lies in new modes of communication that blend the best of digital and analog by combining information and communication technologies (ICT) with the document management technologies we have perfected over the years in areas such as natural language processing and image recognition. Over 80 percent of information used for corporate business communications, such as text, graphics, audio, and video, is said to come in the form of unstructured data which is difficult to search and utilize. Drawing on Fuji Xerox's longstanding capabilities in handling a wide array of unstructured data, we provide solutions that convert important information that is not in data form, such as handwritten content and intuitive "tricks of the trade," into structured data so that the vast amounts of tacit knowledge that support frontline activities in any business can be made into explicit knowledge. Our solutions make complex information easier to analyze and utilize, and they make the know-how that gives a company its competitive advantage easier to pass on. In these ways, Fuji Xerox helps realize processes that assist its customers in creating value on an ongoing basis.

For example, we have built a standardized system that allows

our own customers' feedback, collected in various forms, to be shared and used companywide as structured data with a view to improving our business processes and developing new products and services. The solutions we find to such internal challenges can in turn help our customers innovate, as we are able to offer fresh solutions backed by "unity of words and deeds" (*Genko-Itchi* in Japanese).

Although the ever-growing role of information technology in society will continue to make life more convenient, we do not see digital as the answer to every need. There will always be a place for the uniquely analog convenience of paper media and the personal warmth of a pen-and-ink letter. Thanks to our expertise with document technologies, we at Fuji Xerox will continue to deliver people-oriented communications by designing solutions that incorporate the best of both the analog and digital worlds.

3. Fuji Xerox's Solutions and Services Reach beyond the Office

The solutions and services we offer our customers help them create and utilize knowledge in two ways: by strengthening their core business, and by enhancing their efficiency in noncore business areas.

To strengthen our customers' core business, we provide solutions and services that lead to better marketing communication between our customers and their customers and to effective information-sharing and utilization between our customers and their stakeholders, thus underpinning their value-creating work. To enhance our customers' efficiency, we offer one-stop outsourcing



Our solutions and services create innovations that, as well as adding convenience, enrich people's lives beyond the office and thus help achieve a better society. and optimized productivity for all their noncore business, including document output environments, thereby freeing our customers to concentrate resources on their core concerns.

At the same time, Fuji Xerox's solutions and services are extending their reach beyond the office. For example, we facilitate versatile, flexible working styles not bound by location, including those while out of the office or visiting customers; we provide a home-care support system which gives doctors access to patients' medical records during house calls; we enhance learning effectiveness with new ICT-based learning systems; and we have developed a tour guide service that enables tourists to listen to information on mobile devices as and when they need it, just as if they had a personal escort. Thus, in the settings where people work, live, learn, and enjoy their leisure, our creative innovations enrich people's lives as well as add convenience, and thus help achieve a better society.

4. Accelerating the Integration of CSR with Our Business

Fuji Xerox sees CSR as synonymous with corporate management and strives to solve issues for our customers and share value with our various stakeholders by demonstrating "unity of words and deeds" (*Genko-Itchi*) in our business processes not just within our company or within our related companies but over the entire value chain.

If we are to earn our customers' trust as their "go-to" solution and service provider in every situation, we must aim to be an Excellent Company by fully integrating our CSR philosophy into the management base underlying our operations.

To achieve that objective, we have redefined opportunity and risk in relation to our business and identified high-priority themes, which are directly relevant to management, through dialogue with stakeholders and discussions of management in the CSR Committee. By clearly relating each business unit's mission and goals to our high-priority management themes, we ensure that all employees see CSR as integral to our core business, and we empower individual employees to understand how their jobs relate to our customers and other stakeholders and thus to be innovative in the way they do those jobs.

Accordingly, we will develop a culture in which our belief that CSR is synonymous with corporate management is far more than a slogan as the work of each employee becomes truly synonymous with CSR. We are committed to ensuring that CSR permeates our business processes companywide and to accelerating its further integration with our business.

5. Growing Our Business by Helping to Solve Social Issues

We will monitor the changing issues facing society as we continue to further transform Fuji Xerox's business structure and corporate culture.

By building strong partnerships of trust with our customers while considering their issues and needs as well as those of the society, we can help our customers create value that addresses their and the society's needs. Through these actions we can help bring about the society of the future that we envision as well as accelerate Fuji Xerox's own growth. Under the new business structure, in fiscal 2016 we aim to grow total revenue to 1.24 trillion yen and to strengthen profitability to reach a 10 percent operating profit ratio.

Turning to the corporate culture that supports these endeavors, we will transform Fuji Xerox into a company ready for the challenges of growth and change by creating an environment where diversity can thrive and by developing human resources capable of identifying and solving the issues confronting our customers and society.

In pursuing these initiatives, we pledge that Fuji Xerox will continue to build a communications environment that holds value for society, and that we will remain a committed proponent of social transformation over the medium to long term.



By relating each business unit's mission and goals to our high-priority management themes, individual employees understand how their jobs relate to our customers and other stakeholders and thus become innovative in the way they do their jobs.

Participating in the UN Global Compact

Spearheading Activities as a LEAD Company

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 have incorporated these principles in our Code of Conduct. We also present the principles to our suppliers as a key requirement for ethical procurement.

Fuji Xerox became a signatory to the Global Compact CEO Statement in fiscal 2008 with the signature of then President and current Chairman Tadahito Yamamoto. Fuji Xerox was nominated a UN Global Compact LEAD company (there are now 49 such companies throughout the world) in fiscal 2010 in recognition of the commitment of Fuji Xerox top management and the company's proactive measures in this field.

Former Fuji Xerox president Toshio Arima currently serves as a member of the Global Compact Board in New York City and manages the Global Compact Network Japan (GC-NJ), which currently comprises some 200 companies and organizations. We also actively support the UN Global Compact Office in New York City and GC-NJ by seconding employees. During fiscal 2014, Fuji Xerox presented its ethical procurement initiatives at the 6th China-Japan-Korea Roundtable Conference hosted by GC-NJ in Tokyo in August and participated in the Human Rights Due Diligence Working Group, the Human Rights Education Working Group, and the Internal GC Promotion Working Group.



The 6th China-Japan-Korea Roundtable Conference (Tokyo)

As a UN Global Compact LEAD company, Fuji Xerox will continue to participate in initiatives to drive CSR forward worldwide and will deepen the discussion of Sustainable Development Goals. Through these efforts, we will play a global leadership role in spreading and expanding the UN Global Compact and implementing its ten principles.

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

History

Web

Info

Commencement	Initiatives Based	Ongoing	Participation
Declaration	on 10 Principles	Initiatives	in Global Compact LEAD
2000	2007	2008	2010 and Beyond
 Kofi Annan, then secretary-	 Toshio Arima, former Fuji Xerox	•Tadahito Yamamoto,	•Fuji Xerox begins initiatives
general of United Nations,	president, appointed member	then President and	as a UN Global Compact
declares Global Compact	of Global Compact Board	current Chairman,	LEAD company
2002 •Fuji Xerox becomes a signatory	•Global Compact principles reflected in Fuji Xerox Code of Conduct	signs CEO Statement	 Fuji Xerox participates in UN Global Compact LEAD symposia and conferences

Commitment to Human Rights

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

Every year, we conduct educational courses on the Code of Conduct for all employees of Fuji Xerox and its affiliates, combined with training on such topics as human rights in general, sexual harassment, power harassment, and mental health. Code of Conduct education is also provided in training programs targeting specific strata of the company, such as new employees and newly appointed managers. Further efforts are made to raise human rights awareness through human rights slogan contests and the distribution of a human rights related bulletins to executive general managers twice a year.

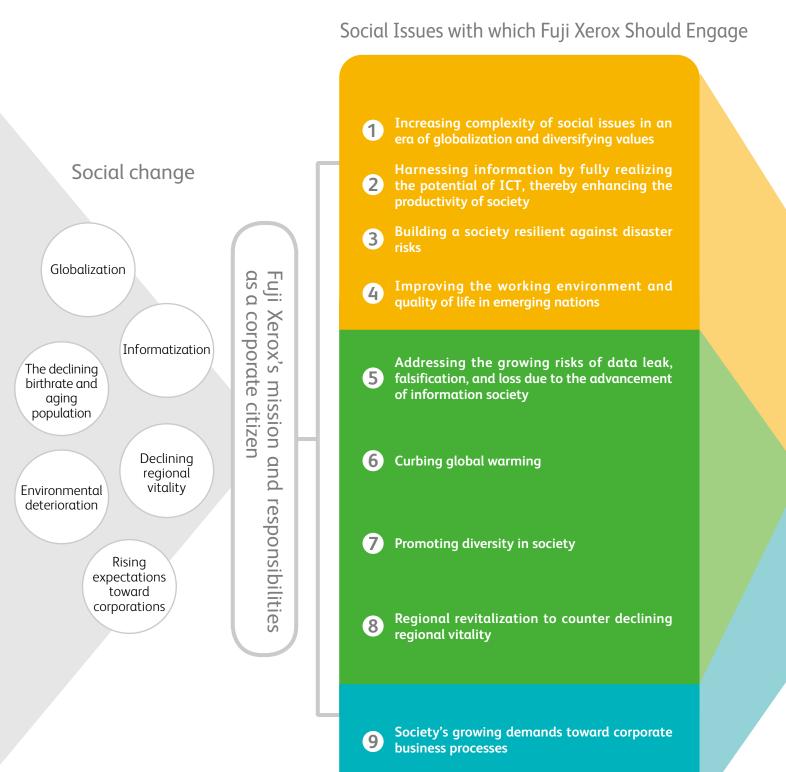
Regarding the supply chain and overseas suppliers in particular, we endeavor to prevent human rights violations, such as child and forced labor, by requiring compliance in ethical procurement and through rigorous evaluation by Fuji Xerox.

Going forward, Fuji Xerox is committed to preventing human rights violations and to raising awareness of human rights.

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The Ten Principles of the UN Global Compact
                            Principle 1 : Businesses should support and respect the
                                         protection of internationally proclaimed
              Human
                                         ,
human rights; and
              Rights
                            Principle 2 : make sure that they are not complicit in
                                        human rights abuses.
                            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
              Labour
                                        compulsory labour;
                            Principle 5 : the effective elimination of child labour; and
                            Principle 6: the elimination of discrimination in respect of
                                         employment and occupation
                            Principle 7 : Businesses should support a precautionary
                                         approach to environmental challenges;
              Environ-
                            Principle 8 : undertake initiatives to promote greater
                                         environmental responsibility; and
              ment
                            Principle 9 : encourage the development and diffusion of
                                         environmentally friendly technologies.
              Anti-
                            Principle10: Businesses should work against corruption in
              corruption
                                        all its forms, including extortion and bribery.
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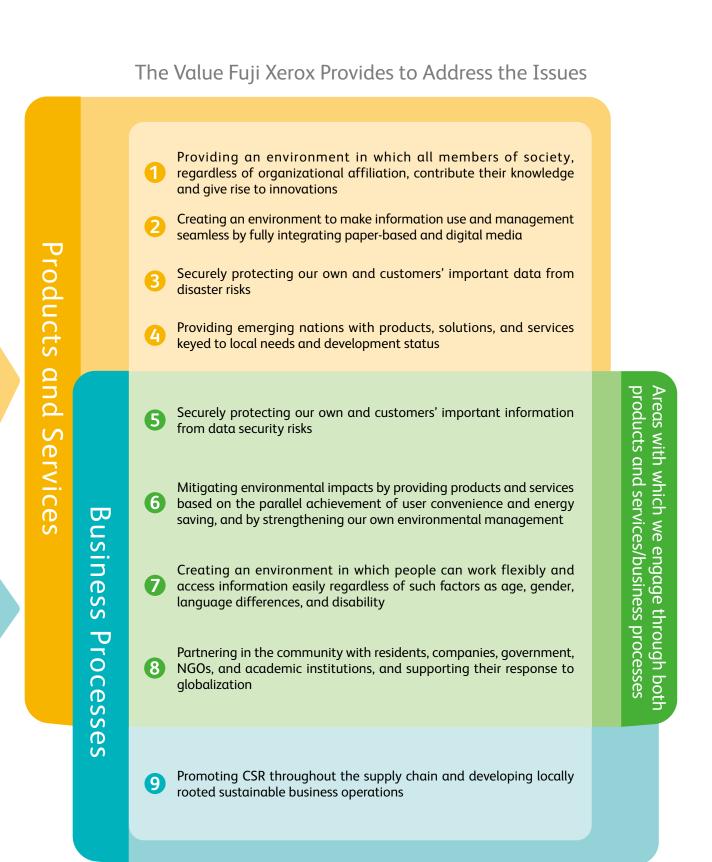
The Social Issues with which Fuji Xerox Engages

We at Fuji Xerox have identified, from a wide range of social issues, those with which we should engage, based on our mission and responsibilities as a corporate citizen. Fuji Xerox aims to solve those social issues by supporting the value creation of our customers and other stakeholders, both through the products and services we supply and by providing value throughout our business processes.



Sustainability Report 2015

and the Value it Provides



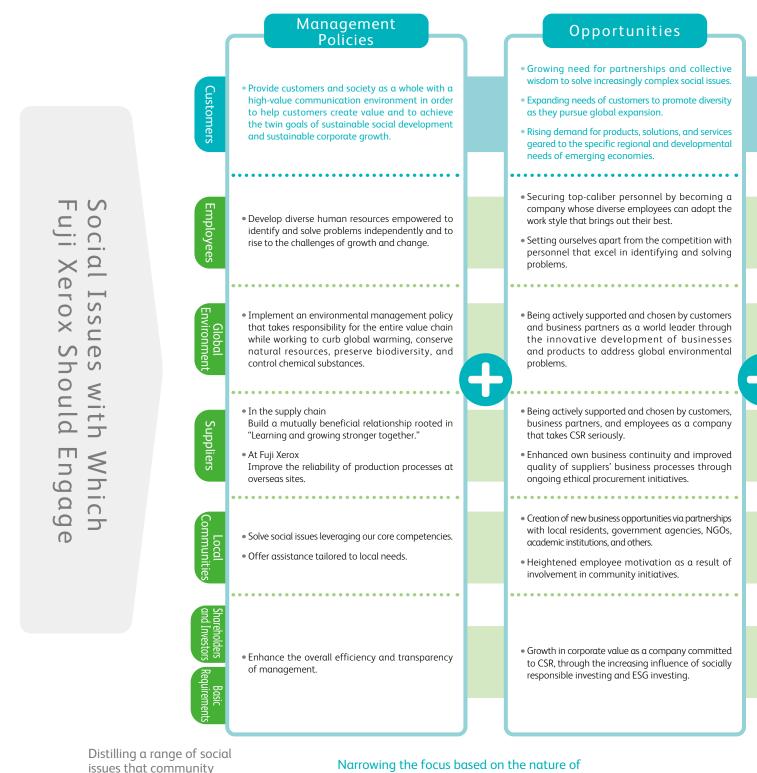
High-Priority Management Themes at Fuji Xerox

How We Identify Our High-Priority Management Themes

We at Fuji Xerox identify our high-priority management themes through a process that takes account of social circumstances, our own management goals, and the nature of our business.

In fiscal 2014, we updated our high-priority management themes after reviewing the social issues demanding our attention and the current social and business environment (opportunities and risks).

Here we outline the process by which we identify our high-priority management themes along with the themes that emerged from that process.



our business and management policies

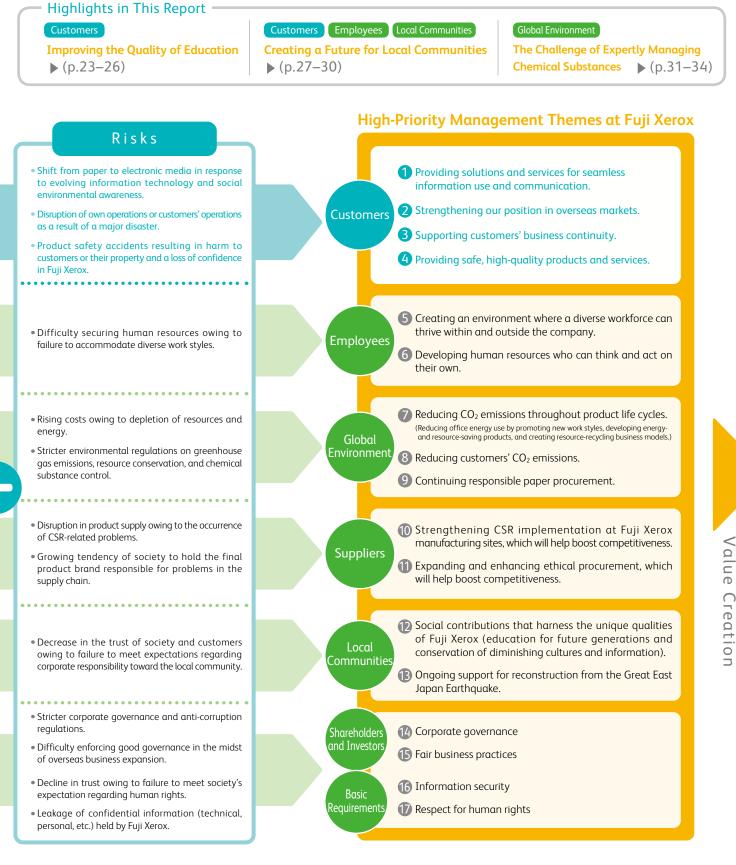


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Narrowing the themes down to the most important

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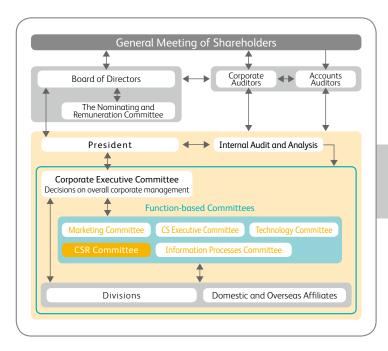
Our Management System

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

We understand that to achieve these aims, we need to create ever-evolving value keyed to changes in the social and business environment by incorporating stakeholder expectations into our business management and implementing the PDCA (plan-do-check-act) continuous improvement cycle, and we have built such mechanisms into our management process.

Communication and Monitoring

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





CSR Governance

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

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

The CSR Committee meets regularly to identify issues among each of our stakeholder groups and draws up corporate commitments for improvement (CSR indicators). In fiscal 2014, the CSR Committee reviewed the opportunities and risks surrounding our business and identified a new set of priority challenges for management.

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.





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 management at Fuji Xerox. For this purpose, we periodically hold Stakeholder Dialogues in which top executives discuss management topics with outside experts, conduct stakeholder satisfaction surveys, and distribute an internal CSR questionnaire to assess progress and identify issues among our affiliates in Japan and overseas.

Monitoring

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

Stakeholder Dialogues

Every year Fuji Xerox holds a Stakeholder Dialogue on a key management theme with the aim of gathering input from stakeholders so that we can meet their expectations and continuously enhance our corporate value.

In fiscal 2014, we held a dialogue on the theme of "Integrating CSR with our business." Corporate officers at each stage of the value chain explained how Fuji Xerox incorporates social responsibility into core business activities and promotes continuous improvement through the PDCA cycle, and a panel of experts provided feedback. "Listening to Fuji Xerox executives speak," remarked one expert, "one senses that CSR is rooted in your corporate culture." We also received valuable advice, including the suggestions that "completing

the shift toward solutions and services would accelerate the integration of CSR and business operations" and "there is a need for each employee to keep asking themselves for whom and for what they are doing their job and what sort of value they are providing."



Our Business Operations

Fuji Xerox provides solutions and services that address social issues and help customers meet their management challenges.

Engagement with Social Issues through Our Business Operations



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

Office Solutions

(Office Products Business, Office Printers Business) Social Issues with Which Fuji Xerox Should Engage

With the business environment changing at a breathtaking pace, our customers face a host of complex and sophisticated management challenges, such as adapting to an increasingly globalized and diverse society, making optimum use of today's rapidly evolving information and communications technology, guaranteeing business continuity in the event of a disaster, minimizing their own impact on the environment, and dealing with the ever-multiplying threats to information security. By providing products and services tailored to the unique needs of each locale, from emerging nations to developed countries, Fuji Xerox is helping customers around the world meet these challenges and grow their businesses with solutions that support visualization and total optimization of their document and communication processes.





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Production Services

(Production Services **Business**)

Maintaining and strengthening good relationships with stakeholders (customers, shareholders, employees, the community, etc.) through better communications have become more important than ever for sustained business growth. Such communication requires reliable mechanisms for gauging stakeholders' diverse needs, producing customized content, and delivering that content, whether in paper or digital form, to the right place in a timely manner. By integrating the latest digital technology with our proprietary on-demand printing systems, Fuji Xerox's systems and services reform communications and are not only answering customers' management needs but also helping society meet such challenges as globalization and regional revitalization.

Key Products and Services



Production Remote Service





Service

Color 1000 Press

Versant 2100 Press



Digital print with high quality and productivity meets the customer's diverse needs

Customizes Catalogue

Calenders

Global Services

(Global Services Business)



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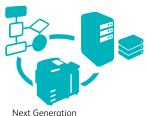
In most cases, business processes rely on people as intermediaries, with documents serving as links among people. As computerization and digitization of mission-critical systems have introduced greater diversity into business processes, the challenge for our customers is to manage those document-related processes effectively by visualizing them and ensuring that they function optimally as whole. Fuji Xerox meets that need with document outsourcing, a spectrum of services ranging from integrated management of output and printing to the outsourcing of business processes for mission-critical systems.

By using our document expertise to optimize business processes, we are also helping companies meet society's rising expectations for corporate governance and compliance.

Key Products and Services



Process Outsourcing

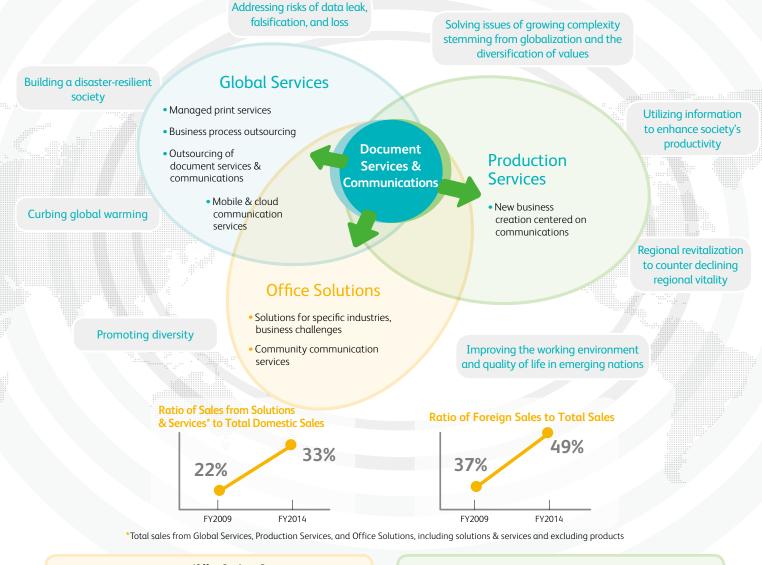


Managed Print Services

Our Growth Strategy

Offering Solutions to Social Issues

In the fields of document services and communications, Fuji Xerox is helping address social issues by providing customers around the globe with solutions and services that support value creation in order to solve their management problems. These activities are geared to the sustainable growth of our customers' businesses and of society as a whole, as well as the continued growth of Fuji Xerox.



Office Solutions

(Office Products Business, Office Printers Business)

Fuji Xerox will continue to develop and market products tailored to the needs of the rapidly growing markets of China, the Asia-Pacific, and emerging economies worldwide with a view to expanding sales. We will also step up our efforts to help customers adopt new work styles and processes with high-value-added solutions geared to specific industries or operations and solutions leveraging cloud and mobile environments.

Global Services (Global Services Business)

Fuji Xerox will continue promoting the expansion of its Managed Print Services (MPS) for optimal management of customers' printing and copying needs. We will also step up our business process outsourcing (BPO) services to provide integrated outsourcing of marketing, sales promotion, and other processes. In this way, we will continue helping customers improve their internal and external communications.

Production Services (Production Services Business)

Fuji Xerox leads the industry in color production printers, and we will continue to expand and enhance our product lineup. To further augment the value of customers' digital printing services and support their marketing and communication activities, we will also offer them advanced peripheral devices, software, and services oriented to a variety of applications.

China/Asia-Pacific Markets (All business domains)

We plan to expand all our business domains, by developing solutions and services that make the most our direct sales network and by offering products at lower cost through local dealerships, to help customers meet their management challenges while supporting communication reform tailored to the customer and the local environment.

Technologies for Our Growth

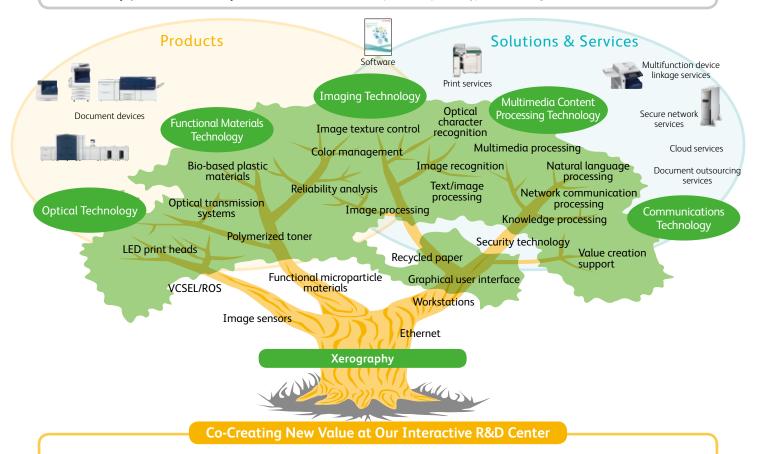
A Technology Platform for Meeting the Challenges of Business and Society

At the core of Fuji Xerox's corporate philosophy is the goal of enhancing social understanding through better communication. In the field of document services and communications, we carry out ongoing research and development geared to meeting the business challenges of our customers and solving the problems of society. With xerography as a platform, we are taking both digital-imaging technologies and information and communication technologies to ever new heights to offer an endless stream of innovative new products and solutions.

Features and Strengths of Our Technology Platform

At Fuji Xerox, we use the term *document* to refer not just to print media but to all visual and audio records of human thought, including electronic data. By facilitating the linkage of knowledge and wisdom through the effective transmission, sharing, and linking of such "documents," we help customers solve their challenges, boost their competitiveness, and create new value in every sphere of business activity.

- Products based on xerography and integrating a wide range of original technologies to provide superior performance and high document quality including color reproduction on a par with offset printing, high productivity, topcaliber reliability, and improved energy efficiency—to improve our customers' efficiency and competitiveness
- Solutions and services that help customers create value via effective communication by facilitating each phase of processing (capture, sharing, analysis, delivery) for all types of text, image, video, and audio documents

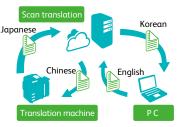


One way Fuji Xerox delivers new value to our customers is through the Customer Co-creation Laboratory established at our main research and development center, R&D Square, in Yokohama's Minato Mirai district. The Customer Co-creation Laboratory allows us to engage in high-level collaboration with our customers and business partners and identify the challenges they face in their day-to-day operations.



Here we introduce actual cases in which Fuji Xerox has solved its own or customers' business challenges by applying technologies. We also talk with customers and business partners as well as academics and researchers and identify latent needs and future issues. By incorporating collaboration with our customers into our R&D program, we are rising to the challenge of creating new value to meet those needs and issues.

Example of a Service Conceived at the Customer Co-Creation Laboratory Scan Translation Service



Fuji Xerox offers a cloudbased machine translation service accessible through the Internet from customers' multifunction devices and personal computers. Using the service, customers can scan a printed document containing photos or charts and produce

a translated version without

altering the layout.

Strong Business Processes to Support Growth

aterials Procuremen

Delivering Value to Society at Every Stage of the Value Chain Where We Operate

At Fuji Xerox, we take responsibility for all business processes in our value chain, from materials procurement to 3R (reduce, reuse, recycle) and disposal. Wherever we operate, we work hand in hand with stakeholders in all our business processes to create value at every stage of the value chain. By pursuing "unity of words and deeds" (*Genko-Itchi*), we strive to deliver that value both to our customers and to society as a whole.

Fuji Xerox Value Chain

Global Environment Local Communities Suppliers

R&D, Manufacturing, Sales Employees

Fuji Xerox Business Activities Use by Custome

Employees Reduce, Reuse, Recycle, Disposal

Suppliers Local Communities Global Environment

Sales and

Services Areas

Outstanding Products and Services

J.D. Power Customer Satisfaction Index

In fiscal 2014, Fuji Xerox again received top ratings in customer satisfaction surveys by such independent organizations as J.D. Power Asia Pacific.



J.D. Power **No.1** IT solutions providers for 3 straight years No. 1 in customer satisfaction

J.D. Power Color copiers No. 1 in customer satisfaction

J.D. Power No.1 **Color printers** No. 1 in customer satisfaction for 5 straight Reduction of Product CO₂ **Emissions at Customer Sites**

kt-CO2

One of our 2020 targets for reducing greenhouse gas emissions is to achieve a 7 million ton reduction in annual CO2 emissions at customer business sites. We are working toward that goal by offering products and services that conserve energy and resources along with solutions that save space, time, and transport.

Whole-life-cycle CO₂

products

emissions of Fuji Xerox

Unity of Words and Deeds

Enhancing Ethical Procurement

Suppliers

To pursue ethical procurement globally while building a relationship of mutual respect and mutual benefit, we communicate our CSR

philosophy and principles to our suppliers and have suppliers complete ethical procurement self-checklists which we use as a tool for conducting our CSR assessments.

Developing Diverse Human Resources Who Can Think and Act on Their Own

Employees

At Fuji Xerox, we view our employees as key stakeholders. We are pursuing a wide range of workforce development and diversity policies designed to

score^{*} on the Fuji Xerox ES Survey /5.00 (five-point scale)

Average Core Morale

Ethical procurement self-

checklist compliance rate (percentage of suppliers scoring

/ery Important" Item

%

% or higher)

strengthen the company's foundation, and we use the results of employee satisfaction surveys to continuously improve these efforts, applying the PDCA (plan-do-check-act) cycle.

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

Strengthening Environmental Management

Global Environment

No.1

for 5 straight

years

vears

Another one of our 2020 targets for reducing greenhouse gas emissions is to reduce the whole-life-cycle CO2 emissions of our products by 30 percent from

the fiscal 2005 level. We are working toward that goal by taking a wide range of measures to reduce our total environmental impact as we see our responsibility as covering our entire value chain.

Social Contributions That Harness the Unique Qualities of Fuji Xerox

Local Communities We continue to expand and

improve our social and community initiatives in Japan and overseas, leveraging Fuii Xerox's core competencies in the field of communications.

Social contribution spending

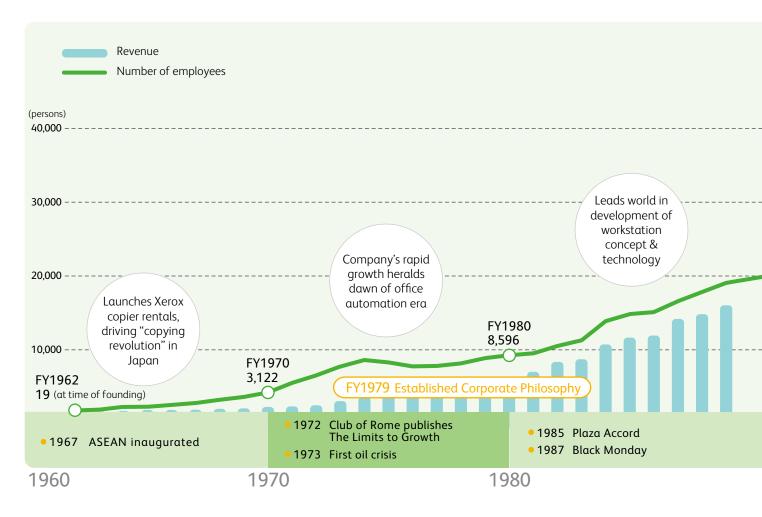
550 million yen

Sustainability Report 2015

Evolution of Fuji Xerox Value Creation

Anticipating Social Change, Promoting New Value Standards

Over the years, Fuji Xerox has consistently delivered new value to society while fueling business growth by keeping a step ahead of trends and promoting new value standards for a changing world.



Promoting New Value Standards



After its founding in 1962, Fuji Xerox facilitated the spread of plain-paper copying in Japan by selling services instead of machines, thus helping revolutionize the way businesses and society use information and communicate.





"From Hustle to **Beautiful**"

At the height of the rapid-growth era, Fuji Xerox made waves in Japanese society by reexamining what it means to live a beautiful life and calling for a return to human values after the prevailing workaholic climate of the 1960s.

> "Beautiful ad" -the sense of humane and relaxed



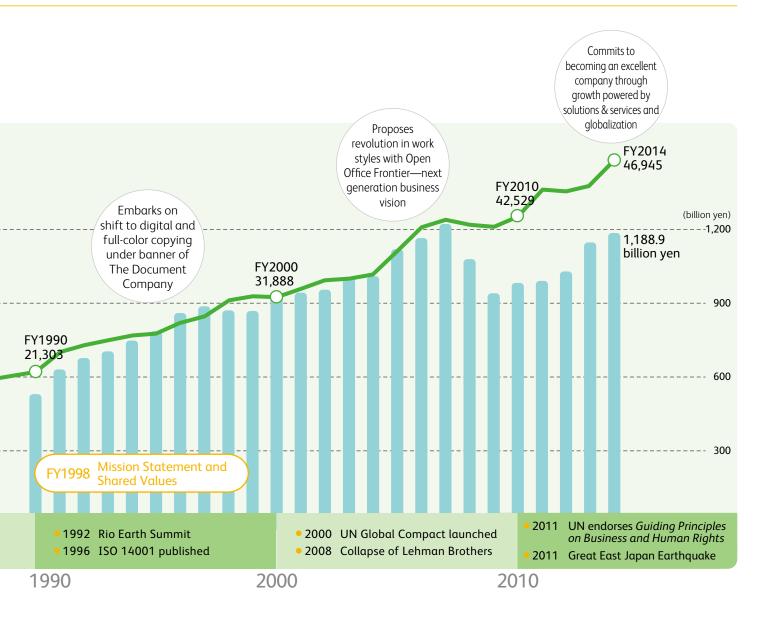


Pursuit of Corporate 1980 **Quality Earns Deming** Prize

We established the core goal of "corporate quality" as part of our commitment to deliver quality to our customers and society as a whole. Thanks to our quality-management initiatives, Fuji Xerox was awarded the Deming Prize in 1980.



Deming Prize medal



Promoting and Adopting New Work Way

With our introduction of New Work Way, we anticipated the advent of a new relationship between individuals and organizations in a new era in which companies value the ideas of individuals and employees are free to take on new and rewarding challenges instead of submerging their identities in the organization.



1995 Recycling System

Fuji Xerox led the way in corporate recycling by developing an integrated recycling system to promote the reuse of resources with the goal of eliminating waste. In 2000, we achieved zero landfill within Japan, and in 2004 we embarked on international deployment with the launch of operations at our recycling center in Thailand.





Responding to a social climate that increasingly holds corporations responsible for their entire supply chain, Fuji Xerox is pursuing ethical procurement globally with the aim of building mutually beneficial relations with our suppliers in a spirit of "Learning and growing stronger together."



Chapter 3 Initiatives Addressing High-Priority Management Themes > Highlight





Highlight • 1

Improving the Quality of Education



Pursuing New Approaches to Learning

In today's fast-changing society, there is a pressing need to educate and foster globally competitive human resources equipped to identify problems and formulate viable solutions in cooperation with others. Much of this responsibility falls on universities. Given their limited resources, universities must respond to this challenge by improving the quality of education and heightening the effectiveness of their educational methods. But what can be done to achieve this? Fuji Xerox is engaged in a company-wide initiative to examine how it can be of assistance to universities. A number of joint creative projects have been launched as we work with various universities to consider their problems and to advance toward the provision of new value.

This section reviews the efforts of Fuji Xerox as we go beyond the scope of our operational improvement support services to pursue the improvement of the quality of education in the true sense.

- Percentage of Japanese universities in the world's top 100 universities ······ 2 % Source: Computed based on World University Rankings 2014–15.
- Percentage of time spent by university and college faculty members in Japan on educational activities

Source: National Institute of Science and Technology Policy, "Changes in the Ratio of Time Spent on Work Activities by University & College Faculty Members" (2015).

• Percentage of Japanese universities considering the inclusion of active learning in curriculum

> Source: Ministry of Education, Culture, Sports, Science and Technology, "Status of the Reform of University Education" (Fiscal 2012).

Japanese University Education at Crossroads

Globalization and intensified international competition are placing new demands on universities. Society is increasingly looking to universities to supply human resources able to identify social problems and formulate solutions as well as those able to generate innovations for society's use. Japanese companies urgently need human resources with these capabilities if they are to effectively respond to the breakneck speed of global technological innovation and the accelerating changes in industrial structure and business cycle. Fuji Xerox is no exception. As a "global change leader" committed to overcoming the daunting challenges of continued growth and change, Fuji Xerox is in constant need of human resources who can think and act on their own

But do university faculty members in Japan really have the time necessary for the task of fostering the next generation? Intense worldwide competition in research requires faculty to also concentrate their energies on their own research, leaving little time for engaging in the trial-and-error process of mentoring students. The situation is further complicated by the fact that both businesses and students are looking for more practical and exciting classwork, in step with changes in social preferences. While tied down by these and other constraints, universities must endeavor to improve the quality of the education they offer and to hone the effectiveness of their educational methods.

Appreciation for Enthusiasm and Speed

Fuji Xerox entered the field of university education reform with its Classwork Assist Box jointly developed with Hosei University. In 2007, Hosei University introduced a campus-wide learning management system (LMS). By facilitating unified management of all types of information needed for student education, LMS dramatically reduced the burden on the teaching staff. But Professor Yuji Tokiwa of Hosei University Research Center for



Professor Yuji Tokiwa Research Center for Computing and Multimedia Studies Hosei University

Computing and Multimedia Studies, who is in charge of incorporating information and communication technologies in education, was keenly aware of the limitations of the system.

"Online tests were given at the end of each course, but the problem was these were all multiple-choice tests. Compared to essay questions, multiple-choice does not stimulate deep thinking. Reducing the burden on teachers was a welcome change;

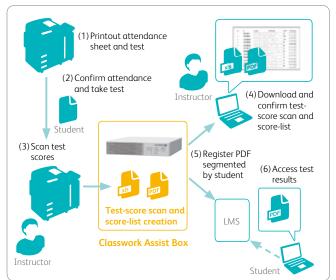
however, students were being robbed of an important opportunity for cognitive development. What I wanted was a system that supported essay questions and a database function that could also store the students' handwritten responses. This I knew would solve a fundamental problem."

It was Fuji Xerox that called out to Professor Tokiwa as he experimented with new teaching methods. Our first meeting took place in 2012 at the Fuji Xerox R&D Square in Yokohama. Professor Tokiwa says he was pleasantly surprised by what happened that day. A corporate project normally involves a couple of staff members. But the meeting room in Yokohama was wall-towall with Fuji Xerox researchers and engineers from various fields, Professor Tokiwa recalls.

"It was very meaningful to engage in an intensive exchange of views with frontline engineers with a great deal of knowledge and experience. You could feel the enthusiasm in the room. No less surprising was the speed of progress. The project was launched in 2012, and a commercial product was ready by 2013. I believe that kind of speed is very rare."

The Classwork Assist Box jointly developed with Hosei University is linked to the university's LMS, making one of its strengths the ease with which documents can be managed, stored, and retrieved from databases as needed. Some unexpected benefits emerged when the system went into operation. Students commented, "You can tell that the instructors are reading our papers with greater care. Papers and reports come back with lots of comments and a number grade, which encourages us to take our work more seriously." The grading of tests and papers opened up an active channel of communication between students and instructors. In this way, the system drew attention to possibilities for motivating students and generating greater enthusiasm in the classroom.

How the Classwork Assist Box Works



Conventional modes of rote learning may be effective in conveying basic knowledge, but they cannot deliver the desired improvements in quality of education. Two problems stand out in rote learning. One is the difficulty in maintaining the level of student interest and motivation; the other is the tendency of rote knowledge to be transitory and easily forgotten. Our society is becoming increasingly complex. Raising up people equipped with truly competitive capabilities in this environment is impossible unless students are driven to set their own goals and vision of who they want to be and to develop the initiative and abilities needed to tirelessly pursue solutions to problems.

Born of an Ingathering and Clash of Ideas

Professor Masanori Hanawa of the University of Yamanashi had a sense of crisis regarding the current state of university education.

"I felt there was a general lack of enthusiasm among students. Excitement should be contagious, I thought. The teacher's enthusiasm



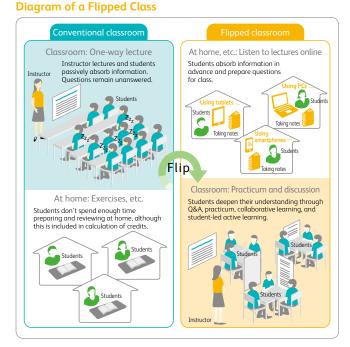
Professor Masanori Hanawa Graduate School Department of Interdisciplinary Research Department of Electric and Electronic Engineering. Faculty of Engineering University of Yamanashi

should awaken a corresponding enthusiasm in students. But there wasn't enough interaction for that to happen. My job is not merely to convey information. My lectures should prompt students to think about their future, and the classroom should be a space for students to acquire the learning and skills needed to achieve the goals they have set for themselves. I was always thinking along these lines and trying to figure out what to do." Professor Hanawa's aspirations intersected with those of Fuji Xerox.

Various ideas for active learning and flipped classrooms emerged from the discussion. This involved students studying the contents of a lecture beforehand and leading the classroom discussions and exercises. This effectively reverses the conventional order of teaching where a lecture comes first and is then followed by exercises that are assigned as homework. Professor Hanawa was unfamiliar with such terms as active learning and flipped classrooms before the project got underway. He now laughs that he accidentally discovered all that he had been envisioning in these new teaching methods.

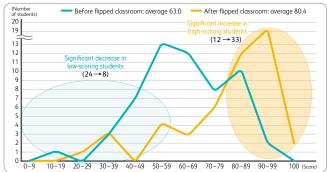
"I visited the Fuji Xerox R&D Square in 2012, my first exposure to what the company calls 'Come and encounter for innovation.' As places for creating and accumulating knowledge, universities subscribe to the same basic concept. Thus started our many discussion sessions. We met at least once a month and repeated the process month after month. It was a process of trial and error and the clash of innumerable ideas that were put forward for discussion. Since this was a business proposition for Fuji Xerox, I am sure they were looking at their budget as they kept track of our progress. But our objective had been clearly defined and there was absolutely no room for compromise if we were to accomplish what we had set out to do. 'Step 1: Students prepare for class using digital textbooks and materials. Step 2: Students discuss their questions among themselves in the classroom. Step 3: Instructor directs and supports additional learning.' The Fuji Xerox staff did an outstanding job responding to the needs of the project."

The project experienced a number of failures along the way but ultimately decided on a system for Internet delivery of lecture contents based on speech-synchronized screen-capture technology. This technology, which Fuji Xerox had and was



already using in-house, combined audio with still pictures to create a picture-story presentation, a solution that provided a number of important advantages. No large equipment or data capacity was needed, Internet delivery was fully supported, and instructors merely had to record their lectures in synch with slides. At first, some professors shied away from the system because they thought it would add to their burden. But they were quickly won over when they realized the system's usefulness and ease of operation. Classes adopting this flipped classroom system increased from four classes in the second semester of 2012 to eight in the second semester of 2013. The system has also proven remarkably effective in improving student performance. For a required course on info-communications with 50 registered students in the first semester of 2013, the average score on the midterm exam improved to 80.4 from 63.0 in the previous year. Low-scoring students dropped from 24 students to 8, while highscorers increased from 12 to 33 students.

Active learning and flipped classrooms are being widely recognized as promising new styles in education and are being adopted by universities throughout Japan. In this way, the cooperation between Fuji Xerox and the University of Yamanashi has become a source of strategic reform in education.



Educational Impact of a Flipped Classroom

Pursuing New Styles in Education

Kyoto University is currently developing a Global Online Resources for International Language Learning Assistance (GORILLA) system

Main Functions of the Learning Support Platform, GORILLA



for language education aimed at fostering human resources equipped to play an active role in the global arena. The system combines e-learning and e-portfolio functions.

The e-learning program is used to record and replay a series of courses taught in English that all students are required to take and supports independent study using materials based on the courses. Instructors upload their lectures and related materials so that students can complete the course work from anywhere and at anytime.

The e-portfolio function stores student reports and test results. In addition to facilitating unified management of these records, the e-portfolio features a social function that can be used in vocabulary training. A paper-based feedback function is also available. By combining these functions, GORILLA provides robust support in language education for raising a new generation of alobal human resources.

In developing this framework, Kyoto University wanted to "create a system that makes maximum use of the convenience of both paper-based and digital information." This is where Fuji Xerox stepped in with the earnest hope to make a positive contribution to the project. By adding the Classwork Assist Box to the equation, Fuji Xerox is working to create a system that combines paperbased and digital information management that promises easeof-use for both instructors and students.

Associate Professor Toshiyuki Kanamaru of Kyoto University who joined the GORILLA project in 2014 outlines his expectations for Fuji Xerox in this way.

"Each university has its own unique character and you have to be on-site to gain a real sense of that uniqueness. My hope for

Fuji Xerox is that it will be there with us as a partner on the front lines to work with us every step of the way as we design a system that is optimal for our school. The truth is some members of the university faculty are not particularly comfortable with digital systems. But anyone can use paper. Any system that operates exclusively on either paper or digital information cannot support a real improvement in the quality of education. Paper is not going to be totally abandoned anytime soon. So, our idea is to maximize the impact



Associate Professor Toshiyuki Kanamaru Institute for Liberal Arts and Sciences International Academic Research and Resource Center for Language Education Kyoto University

on education by combining paper-based and digital information. We are looking to Fuji Xerox with the expectation that it will develop innovative proposals that only Fuji Xerox can."

Fuji Xerox emphasizes the importance of communicating with customers in its quest for the creation of new value. We are no longer bound by the conventional business model of supplying customers with copy machines and other equipment. Fuji Xerox's commitment to working closely with customers to identify their challenges and to propose creative solutions is being put to the test. Fuji Xerox will continue to pursue the goal of improving the quality of education, not only at universities but also at all levels of education.





Creating a Future for Local Communities Working



A Space for Learning through Interaction

Many local communities face the problems of a declining birthrate, an aging society, and depopulation, and they are being challenged to achieve true regional revitalization that brings sustained and long-term vitality.

Working with the Tono City government and using the facilities of a local junior high school that had been closed down, Fuji Xerox jointly operates Tono Mirai Zukuri College in Tono City, Iwate Prefecture. This initiative has fostered various kinds of collaboration among local residents, government organizations, businesses, and schools in a way that rises above community, generational, and social lines and has provided the impetus for creating projects that lead to win-win-win outcomes for participants. Tono Mirai Zukuri College has also garnered many positive results in raising up the next generation of human resources equipped to support the future development of local communities.

This future-oriented "space" committed to local self-reliance and autonomy has won the praise of experts and is serving as a new model for community design.

- Percentage of people over 65 in Japan

Sharing a Mission and a Journey with Tono City

Tono Mirai Zukuri College was established in April 2014. The origins of the project go back to the Great East Japan Earthquake of 2011 when Fuji Xerox employees were mobilized to aid devastated coastal communities in Iwate Prefecture's Kamaishi City and its surroundings. In the process, Fuji Xerox developed strong ties with Tono City that served as a backup logistic support center for the aid work. Tono used to be famous for its stunning natural beauty, history, and unique culture such as the kappa and zashiki-warashi which are featured in the world of The Legends of Tono. But this did not make Tono immune to the problems of depopulation as well as aging which exceeds the national average. With every visit, Fuji Xerox staff began earnestly asking themselves whether there was something they could do for this wonderful community.

Mayor Toshiaki Honda of Tono City explains, "We knew the community would continue to decline unless new human resources were developed. This was also true of companies in Tono. It was with this shared understanding of our situation that we turned our sights to thinking about what we could do." Our approach at Fuji Xerox was to raise up new human resources and contribute to society



Opening ceremony of Tono Mirai Zukuri College

by improving communication. As Mayor Honda and community members were won over to this basic value that Fuji Xerox has steadily nurtured over the years, the Tono Mirai Zukuri project took shape as a joint effort.

The Tono Mirai Zukuri Camp was launched in the autumn of 2012 jointly with Tono City. The Fuji Xerox Communication Technology Laboratory contributed its expertise to promote the three basic concepts of dialogue, action, and continuity. Activities were started to identify the unique features of the community and to develop tours capitalizing on these attractions and create souvenirs



Tono Mirai Zukuri Camp

using local products. A series of corporate training sessions were also organized.

In the following year, 260 new employees from Fuji Xerox participated in training programs at Tono. This gave birth to the key concept of "A Space for Learning through Interaction.

Discussions also started in 2013 for using the facilities of a local junior high school that had closed down. Following a series of dialogues with local residents, the decision was made to use the site of the former Tsuchibuchi Junior High School for the College.

Local High School Students Shine in Exchanges with University Students from around the World

The University of Tokyo Innovation Summer Program (TISP) is a program designed by "i.school," an organization responsible for innovation education at the University of Tokyo. A total of 60 university students selected from the University of Tokyo, Harvard, Oxford, and other institutions throughout the world came to Tono Mirai Zukuri College in August 2014. There, the TISP participants held a three-day educational opportunity for Tono High School students which was designed to give them a transformative experience.

Shy at first, the high school students gradually started to change as they shared the homes of local residents with the university students and took part in innovation education workshops and fieldwork introducing the attractions of the local community. By the end of the program, the high school students were confident enough to perform skits in English on ideas for bringing innovation to their communities based on the strengths and attractions they realized existed around them. This transformation left a deep impression on Hideyuki Horii who is responsible for the management of i.school



Hideyuki Horii Executive Director, i.school Professor, Department of Civil Engineering, The University of Tokyo

and is professor at the Department of Civil Engineering at the University of Tokyo's School of Engineering. "The high school students had a special light in their eyes, and I felt the experience would have a strong and lasting impact on their lives. The program was also a valuable learning experience for the university students because teaching the high school students gave them a chance to examine what it takes to generate innovation."

Working with the Community to Foster Businesses

Akiko Hanabusa, an employee of the Toyo SC Trading Co., Ltd., was struggling with the question of how to create a new business when she participated in "Joint Future Creation Program," a program hosted by Fuji Xerox in 2014. Staff members from universities and consulting companies as well as local residents gathered to help eight participants from seven businesses from Tokyo, the Tohoku area, and Tono visualize a future Tono in which their businesses could grow and prosper.

"All obstacles to brainstorming were set aside as we engaged in a free exchange of ideas on business models. Local residents offered downto-earth comments that made a big difference. They really empowered us to refine our ideas. I continued



Joint Future Creation Program

Platform for Generating Collective Wisdom

Tono City and the College have taken on the task of training human resources for the future with the involvement of the local communities. "We envision the College functioning as a platform for identifying local challenges and finding solutions," says Kunishi Higuchi, office manager of the Innovative Revitalization Group at Fuji Xerox. The platform provides a program, space, and people and then business representatives and students from inside and outside the region as well as local residents and local government employees come together to engage in frank and direct discussions. Fieldwork is woven into the program to provide participants with firsthand experience with traditions and other assets that have been carefully preserved in Tono, including farmhouse inns, local folklore, horse logging*, and the rich natural environment of the area. In this way, the platform promotes collaboration with the local community and gradually weaves individual contributions to the discussion into an integrated * Using horses to transport logs body of collective wisdom.

Community-Centered Design Guides Local Communities

"I am on the same wavelength as the local residents of Tono," explains Manami Sasaki, a member of the College staff and graduate of Tsuchibuchi Junior High School.

"Participating in the activities of the College made me want to contribute to the community. I invited my friends who stayed in the community after graduation to the College and we got busy planning events so that people could learn more about our community. I am outgoing now; it is hard to imagine I ever had been introverted."

It was very moving to hear a participant in the Tono-Kyoto research program of cultural capital say cheerfully, "I want to keep improving Tono so I can live here to the age of 100 and say I've had a happy life. Old farmhouses in this area have been designated Important Cultural Assets. My idea is to make them into guesthouses



Akiko Hanabusa Toyo SC Trading Co., Ltd.,

to go back and forth between Tokyo and Tono, always finding encouragement in the advice and assistance of these supporters. I felt a gradual transformation taking place within me as I moved from

a fuzzy sense of expectation to confidence."

Ms. Hanabusa decided to pursue possibilities with Tono's Italian sister city of Salerno. The model that she ultimately developed featured the export of wasabi, a local Tono specialty, to Salerno combined with ideas for new dishes conveying the traditional food culture of Tono and Japan. Her ideas have gelled into a concrete action plan and are well on the way to being implemented. where visitors can experience true farmhouse hospitality."

NPO Tono Natural Life Network is an organization that serves as a contact point for the area's farmhouse inns and other private homes providing accommodations to visitors. Akiko Asanuma, the coordinator of the organization, explains. "During their stay, visitors have a chance to have deep conversations with the families



Manami Sasaki Tono Mirai Zukuri College, Innovative Revitalization Group, Fuji Xerox

that have opened their homes to them. These conversations can have great meaning for both sides. Many local residents have come to the point where they realize that they themselves have to act to



Akiko Asanuma NPO Tono Natural Life Network

e that they themselves have to act to reinvigorate the community. The College's success depends on whether it can translate this realization into a sustained wave of action."

About 4,000 people visited the College during 2014, and stays at private homes accounted for approximately 40 percent of the total of 1,800 overnight stays. The hopes of local residents are manifested in the close interaction fostered by families opening their homes to visitors.

Office Manager Higuchi of the

Innovative Revitalization Group says, "Attracting new businesses or drawing tour buses to the region are common methods in revitalization. But our approach is all about identifying the real problems and challenges by communicating with residents from various angles. Having understood the true problems, we proceed to implement solutions. This is the basic concept in 'communitycentered design.' The idea is to continuously link all stakeholders with the community and to constantly work toward enhancing the area's appeal."

This results in tangible value for society in the form of new businesses, new human resources, and changes in the community.

A Space for Creating Shared Value (CSV)

Coming into its second year of operation in 2015, the College is currently conducting a variety of programs. These include training programs for businesses and organizations, research and

publication of materials on folklore and folk culture, support for sextiary industrialization, and promotion of green tourism. From the perspective of supporting disaster-affected areas, the College also hosts research workshops on local governments' backup logistical support in times of disaster. "Designing activities not only for normal times but for emergency situations as well is a very meaningful approach to CSR," says Professor Horii.

In its second year of operation,



Kunishi Higuchi Office Manager of Innovative Revitalization Group, Fuji Xerox

the Joint Future Creation Program has developed greater depth with the participation of additional local governments and third-sector organizations. Participants are drawing on the free exchange of ideas to visualize their own futures. The TISP exchange program with university students from throughout the world has been followed up with a new program for hosting exchanges among Japanese universities. Combined with the College's function of promoting collaboration, these activities are breathing new life into the community by giving new meaning to the culture, history, natural environment, and human resources that the community has carefully nurtured and preserved as its foremost assets. This process has also been instrumental in developing the capacity to identify new challenges and to formulate new programs.

Japan's local communities face a diverse range of problems and challenges. With this in mind, the College provides a space rooted in the community where stakeholders can connect with each other in an ongoing fashion. Though this is a time consuming process, the College dedicates itself to digging deep to discover the true source of problems and to working with the community to formulate solutions. This committed approach has won the high praise of experts.

A dialogue has already started with Minamiashigara City in Kanagawa Prefecture, and collaborative projects are now moving forward with other local governments. The College itself continues to grow from day to day and is now preparing to expand into areas such as research and verification of the creation of new employment in the community. Four years after the earthquake, the activities born in Tono are now well established and ready to make a real contribution to regional revitalization throughout Japan.





Jun Ikegami Professor Emeritus, Kyoto University

We live in an age where this type of corporate activity is gaining greater importance as a form of Socially Responsible Investment. Contemporary society has come to encompass such a diversity of individual needs that understanding the true requirements of a community demands the development of close communication with the community and the ability to bring together the information and knowledge that exist inside and outside the community. The key to success lies in using this process to arrive at collective wisdom that can lead to true solutions. Private companies generally focus on the pursuit of short-term profit and do not rise to this dimension. However, with its commitment to identifying real needs through its nonprofit activities of dialogue with the community, Fuji Xerox is clearly an exception. Fuji Xerox is a private business that takes the community needs that it has uncovered and responds to them in ways that contribute to the resolution of wider social problems. Moreover, it has incorporated all this into its business activities

Tono Mirai Zukuri College has the essential dynamism and vigor for taking the results obtained from its collective wisdom and offering it just as it is to the rest of the world. My hope is that the College will continue to develop as a center of knowledge capable of transmitting to the world what it has learned on the local level. As a space dedicated to creating new value, the College has done an excellent job in establishing a viable and proven model for "walking together with the community." I hope it will spread this model to other parts of Japan and around the world.

Toshiaki Honda Mayor of Tono City

Local governments are strongly urged to raise human resources to cope with the challenges of a declining birthrate, an aging society, and depopulation. We need people who are creative. We need new ideas and people who can translate these into actionable programs. Finally, we need people who are ready to work up a sweat. Such human resources are indispensable to solving the diverse range of local problems and raising up self-reliant communities. Tono Mirai Zukuri College functions as a space for human resource development for private businesses and skill building for students. Local residents are drawn into the circle through various programs for training and study. In this way, the College has created an ideal space for sharing knowledge and information brought to the table by each group of participants. The intellectual stimulation and crosspollination of ideas that follows serve as a powerful tool for achieving results. It is my belief that this framework can also be used in devising relief and recovery programs for times of disaster

Looking to the future, I hope the College will serve as a training and education site for municipalities throughout Iwate Prefecture. This would certainly encourage us in Tono City to engage in a friendly competition with other municipalities to revitalize our communities.



Highlight • 3

The Challenge of Expertly Managing Chemical Substances

Our Tacit Knowledge Is Systematically Handed On

In recent years, fast-paced growth in the emerging nations has brought with it problems of harm to the environment and human health, due in part to chemical substances. With legal restrictions tightening, in Japan as in other countries, companies around the world are increasingly aware of the need to manage these substances rigorously.

As a company that handles some 30,000 chemicals, Fuji Xerox recognizes the importance of doing so safely and has been scrupulous in taking environmental and human safety fully into consideration. However, as our business overseas continues to develop and we are increasingly required to comply with different national laws and regulations, we have found that ensuring safe chemical management calls for more than separate arrangements at each business facility or relying on the knowledge and experience of individual safety officers as we have done in the past.

Accordingly, Fuji Xerox and its affiliates have undertaken a new initiative: to create and operate a centralized management system for chemical substances. This section introduces the work we are doing to restructure our chemical substance management throughout Fuji Xerox and its all affiliates—a reform that could be said to encapsulate our vision for the Fuji Xerox of the future.

- Number of chemical substances in the CAS Registry······ About 70 million Source: Chemical Abstracts Service (CAS) media release (2012).
- Number of chemicals industrially manufactured and generally available About 100,000 Source: Ministry of Economy, Trade and Industry, Trends Relating to Chemical Substances.
- Number of chemicals that Fuji Xerox has under centralized management ······· About 30,000

Trends in the Management of Chemical Substances

Companies worldwide are now expected as a matter of course to prevent pollution and improve harsh working environments. As environmental NGOs publish data on suspected polluters, people around the globe are monitoring corporate behavior more closely than ever before and governments are regulating chemical substances more strictly. Fuji Xerox currently uses some 30,000 chemicals, and managing this inventory without mishaps demands a vast input of labor and appropriate oversight by the workers responsible. Any lapse would not only impact the environment and human health, but would put the company at risk of a product recall and, in the worst case, a suspension of operations.

Fuji Xerox has never had a major accident, thanks to always having handled chemicals with maximum safety awareness. Nevertheless, as one employee realized, there remained an important issue to be addressed.

Legal Structure Governing Chemical Substances in Japan

Hazardous-	Impact on human health		Environmental impact	
Exposure	Acute toxicity	Long-term toxicity	Impact on plants and animals	Ozone depletion
Working conditions	Poisonous and Deleterious Substances	Industrial Safety and Health Act Agricultural Chemicals Regulation Act		
Consumers	Control Act	Agricultural Chemicals Regulation Act		
	Food Sanita	tion Act		
	Pharmaceut	tical Affairs Act		
	Building Sto	indards Act		
	Act on Contr Containing	ol of Household Products Harmful Substances		
Via the		Pollutant Release and Transfer Register Act		
environment	Poisonous	Agricultural Chemicals		Ozone Layer Protection Act
	Deleterious Substances Control Act	Act Concerning the Examination and Regulation of Manufacture, Etc., of Chemical Substances Ozone Layer Protection Act		
Emissions		Air Pollution Control Ac	t	
Stock pollution	1	Water Pollution Control	Act	
poliution		Soil Contamination Countermeasures Act		
Disposal		Waste Disposal Act		CFC Recovery and Destruction Act

Source: Based on Document No. 3 distributed to the First Joint Committee for Review of the Act Concerning the Examination and Regulation of Manufacture, Etc., of Chemical Substances.

The Voice of Experience Urges on Our Management of Chemical Substances

After retiring from FUJIFILM, Ryosuke Ishida came to Fuji Xerox where he now works in chemical substance management. He



Ryosuke Ishida Environmental Management Group General Affairs Department Fuji Xerox

remembers asking his colleagues when he arrived, "Do we have a sufficient sense of crisis as a company that handles chemicals?"

Companies are expected to put in place every possible measure to prevent accidents. As mutual benefit with the communities where we conduct operations is a fundamental principle of our business, Fuji Xerox has long been fully aware of the need for a proactive stance in managing chemicals; for example, our handling rules were established in 2003.

The system, which required an application for every purchase of chemicals—even just a few grams of a reagent—permitted strict monitoring of inventory. However, Ishida, who had been handling chemicals for many years, advocated still stronger measures.

As he recalls, "On coming to Fuji Xerox, I was surprised by how strict the inventory control system was. Such tight control doesn't come easily. But the legal restrictions on chemicals vary a great deal internationally, and any such system must be frequently revised. In the future, companies will need to grasp and respond to regulatory changes and hazard information in a timely and accurate way, and I felt that there were still issues in that area."

Fuji Xerox's Chemical Substance Management System

System which links the chemical environmental safety information database developed by FUJIFILM in 2009 and the chemical inventory management system developed by Fuji Xerox Data on legal restrictions in each country/region Chemical Reflecting legal restrictions Chemical inventory environmental in each country/region safety information management system (Fuji Xerox) database Raw materials safety data (FUJIFILM Reflecting safety information on chemical substances, whether restricted or not Λ Data on amounts of materials used Business Business Overseas Others facility A facility B facility C business facility A in Japa in Japan in Japan

Working Together with FUJIFILM

Ishida then thought of linking Fuji Xerox's chemical inventory management system with the chemical environmental safety information database operated by FUJIFILM. Thanks largely to his thorough knowledge of the FUJIFILM database, the idea of integrating the two quickly took shape. A system providing centralized oversight of chemical use of Fuji Xerox and all its affiliates coupled with information on legal restrictions, would raise the company's chemical substance management to the next level, making it possible to see at a glance which sites possess restricted and potentially hazardous chemicals, and in what quantities they use them. It would also allow us to collect information on chemicals likely to be restricted in the future, and perhaps to proactively eliminate their use at the R&D stage. This was how the project team envisioned their task.

However, it was not quite as easy as it might have appeared.

Incorporating Suggestions from the Front Line

Those in charge of frontline operations at Fuji Xerox's business facilities each had their own ideas about what they wanted to see in the new system. Says Masato Honma of Fuji Xerox Manufacturing, "Nobody on the front lines opposed its



Masato Honma Manager Human Resource & General Affairs Department Fuji Xerox Manufacturing

introduction, but they wanted it to follow the existing system, which they were working with, as far as possible. Since that system had always been used in different ways at each business facility, when it came to deciding the specifications people wanted a lot of different things. At the same time, the loss of tacit knowledge that occurs when a highly experienced employee leaves was coming to be acknowledged as a frontline issue, and so we needed to adopt as many of these

suggestions as we could if we were to build a system that the other employees could in fact go on using over the long term."

With separate arrangements in each business facility, there were as many variations of the know-how as there were workplaces. Know-how in the company had always been passed on from one generation to the next as tacit knowledge. But as a wave of retirements was approaching, that knowledge was about to be rapidly lost from the organization. In addition, as a company doing business across borders, we faced an increasingly urgent need to make our tacit knowledge explicit and pass it on accurately to diverse employees with different customs and values.

How did the project team cope with this wide range of requirements?

Hitomi Akiyama of the Environment Management Group in the General Affairs Department of Fuji Xerox was responsible for introducing the new system. She says: "It was difficult to accommodate all the workplace-specific requests and know-how. The important thing was to identify what we truly needed to do as a corporate citizen and steadfastly argue for those needs until all the employees came together around the same vector. Merely introducing the new system would not be enough to establish tacit knowledge as explicit knowledge that everyone could use. Unless frontline personnel understood the system's significance, appreciated the importance of managing chemicals, and were provided with easy-to-use



Hitomi Akiyama Environmental Management Group General Affairs Department Fuji Xerox

manuals, sooner or later that new system would cease to function. We worked steadily in unison with the front line to ensure that it would really function."

These efforts bore fruit and in October 2014 Fuji Xerox launched the chemical substance management system at all of its sites in Japan. At the same time, we revised the company's internal rules on handling chemicals, introduced a new risk assessment method, and carried out audits of chemicals at our production sites.

Extending the System Overseas

With Fuji Xerox's business expanding globally, the next stage is to deploy the new system to our overseas business facilities. Passing on tacit knowledge is just as important overseas, where worker turnover tends to be more rapid, as it is in Japan.

Fuji Xerox Hai Phong, our Vietnamese production site, introduced the system in March 2015. In preparation, we invited their environmental safety managers to Japan to attend lectures in environmental management in general and the work involved in managing chemicals. Given the considerable effort that was required to introduce the new system even in Japan, can we be confident that it will take root overseas?

Reiko Akiyama of the Environment Management Group in the

General Affairs Department of Fuji Xerox says, "Since the Vietnamese managers had a high level of environmental awareness, now that they've introduced the system I expect they will take the initiative. We have a new factory in Vietnam that has just started up, and we will maintain communications with the front line to ensure that chemical substance management remains a priority.



Reiko Akiyama Manger Environmental Management Group General Affairs Department Fuji Xerox

Making the System Work

According to Fuji Xerox Director and Executive Vice President Katsuhiko Yanagawa, "It's not enough for the system to exist; it must function if it is to help keep our employees and the communities

where we conduct operations safe. As we continue to develop our business overseas, it is absolutely essential to Fuji Xerox that we create and operate a globally centralized chemical management system, and this will serve as a model for a future integrated management system of Fuji Xerox and its affiliates. Furthermore, this experience in taking tacit knowledge, making it explicit, and conveying it as a system holds the promise of our being able to offer new solutions to



Katsuhiko Yanagawa Director and Executive Vice President, Fuji Xerox

customers' issues and social problems through a similar approach." Fuji Xerox is forging steadily ahead with this initiative while making continual improvements.



Explain the work involved in managing chemical substances



Phung Thi Nhat Facility & Engineering environmental section leader Facility & Engineering Section Fuji Xerox Hai Phong

The new system introduced at Fuji Xerox Hai Phong enables central management of the inventory of chemical substances, together with the amounts purchased and used. Before a new chemical can be purchased, the person responsible

must obtain a Fuji Xerox risk assessment through steps which include applying for registration in the new system. The appropriate amount to purchase can also be determined depending on the existing inventory. For this system to take root at Fuji Xerox Hai Phong, we believe we need to explain to all departments why it is necessary and what effects it will have.

We will steadily pursue chemical management in close communication with Fuji Xerox.

Engagement with Customers

Our Ideal

Fuji Xerox will provide value that meets customer expectations and contributes to the sustainable development of customers and their stakeholders.

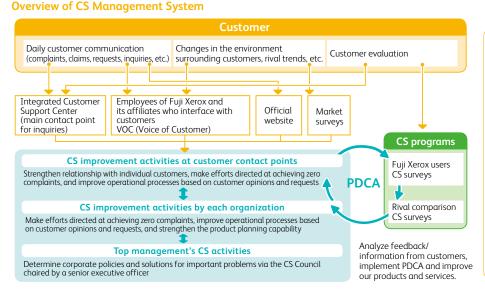
Our Basic Approach

Through initiatives based on "unity of words and deeds" (*Genko-Itchi*), 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."

Improving Customer Satisfaction

Fuji Xerox regards customer satisfaction (CS) as the starting point of all its corporate activities. The key to raising customer satisfaction is understanding the needs and expectations of customers. 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 the CS Guidelines. These guidelines regarding conduct require all employees in Japan and overseas—from sales, service, and call center staff serving at customer points of contact to development, headquarters, and other back-office staff—to constantly strive to contribute to the resolution of the issues customers face, by harnessing the companywide strengths of Fuji Xerox while also increasing their own personal responsiveness to customers.



CS Guidelines for Fuji Xerox and Its Affiliates

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

Commitment

Fuji Xerox engages in various initiatives aimed at achieving "Truly Number One in CS" with the realization that there is much left to be done to reach our goal. We are committed to responding to customer expectations by always thinking from the customer's viewpoint and listening to the customer's voice—particularly to complaints and claims.

Building a robust CS foundation requires more than simply a process. Fuji Xerox believes every employee must consider him or herself a lead actor in CS activities. To foster this awareness, Fuji Xerox launched a CS training for all employees in 2015.

Customers have high expectations of Fuji Xerox, and we are committed to providing products and services that meet those expectations. Our goal is to develop CS activities that lead our customers to say, "We are happy to have worked with Fuji Xerox, and we look forward to working with them again."



Yoshikazu Sato Corporate Vice President and Executive General Manager of Customer Satisfaction Quality Assurance Group Fuji Xerox



Providing Solutions and Services for Seamless Information Use and Communication

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

By facilitating access to information anytime and from anywhere, Fuji Xerox supports diverse and flexible work styles and improves productivity.

Working Linking Multifunction Devices to Cloud and Mobile Solutions to Create New Work Styles



Communication with suppliers and affiliates is a critical lifeline for small and medium sized business (SMB) customers in their business activities, and the smooth exchange of ordering sheets, blueprints, and other documents by fax or e-mail ties in directly to the flow of operations.

Waiting at the office for a fax with an unknown arrival time or rushing back to the office from a business visit or from home to pick up a document—these are just a few examples of how operational efficiency suffers when needed information cannot be accessed anytime and from anywhere.

Fuji Xerox provides a system for automatically storing faxes received by multifunction devices on the cloud and notifying users. This unified cloud-based management of information offers a solution for confirming, using, and outputting documents anytime and from anywhere in a secure environment.

By eliminating time-consuming procedures and unproductive wait time, Fuji Xerox's information-access environment based on mobile and cloud services helps realize new work styles.

Fuji Xerox supports the creation of new value by promoting high-value communication in society and collaboration that includes but goes beyond businesses.



Web

Multilingual Tourist Information on Local Attractions



Overseas visitors to Japan are expected to increase in number as the Tokyo Olympics and Paralympics approach, and how to convey easy-to-understand information on Japan and local attractions to tourists has become an important challenge in regional revitalization.

As a company committed to providing a high-value communication environment to society, Fuji Xerox is responding to this challenge by providing tourists visiting Japan with multilingual information on local events and attractions. In collaboration with local communities, broadcasting stations, hotels, and IT service providers, Fuji Xerox has launched two new services for tourists visiting Tokyo Waterfront City: a multilingual (Japanese, English, Chinese [simplified and traditional Chinese] and Korean) tourist audio guide service and a train routes guide & map printing service, which can both be accessed using dedicated smartphones. With the first service, an automatic audio guide greets visitors at registered points of interest in the Waterfront City and treats overseas and Japanese tourists to new discoveries and experiences as they learn more about the scenes unfolding before them.

Beginning with Tokyo Waterfront City, Fuji Xerox will support regional revitalization through services that provide information on unique local events and attractions in exciting and effective formats.

Fuji Xerox official website

Aiming to enhance Customer Satisfaction http://www.fujixerox.com/eng/company/cs/
 Solution http://www.fujixerox.co.jp/eng/solution/

Features of Fuji Xerox Activities

Fuji Xerox is engaged in worldwide business operations, directly marketing its products and services in the markets of Asia and Oceania, and serving Europe, the Americas, and other parts of the world by exporting its products to Xerox Corporation and Xerox Europe.

Fuji Xerox maintains wide-ranging networks of sales offices throughout Asia and Oceania for which it is directly responsible, with direct-sales networks covering large urban areas and local dealers covering other areas. The company has steadily bolstered its product planning and development capabilities in China and expanded its service businesses through M&A to provide products and services equipped with functions that meet the specific needs of local markets in this region combined with an attractive pricequality balance. In this way, Fuji Xerox continues to support the transformation of its customers' communication.

Fiscal 2014 Performance

By strengthening its global strategies, Fuji Xerox increased its overseas sales ratio from 37 percent in fiscal 2009 to 49 percent in fiscal 2014.

In the Asia and Oceania markets in particular, Fuji Xerox capitalized on the strength of its direct-sales networks to expand its solutions services to achieve high business growth, including in equipment sales, and increased sales in all of its business domains. Fuji Xerox maintains the top market share in numerous markets in the region for its main products, including A3 multifunction devices, production printers, and managed print services (MPS).

Activities in the AP-China Markets

Since 2010, Fuji Xerox has pursued companywide efforts to strengthen its global strategies, featuring such initiatives as the transfer of product planning and development functions to China and the use of M&A to expand service businesses.

2010	2013	2016
Strengthening Region-wide Operations through Regional Headquarters	Strengthening Glob of Fuji Xerox	oal Strategy
Philippines, Thailand, Taiwan South Korea, Vietnam, Myanma	Established regiona in Myanmar	Il sales headquarters
Australia, New Zealand, Singapore, Malaysia A	Acquired BPO division of S largest business service provic quired Upstream Print Solutions, Austral	ler
China, Hong Kong	Launched product planning and devel	opment in China
Strengthening Region-wide Operations	Consolidated call centers in AP-China Launched shared accounting serv	

Fiscal 2015 Initiatives

During fiscal 2015, Fuji Xerox will boost brand recognition by expanding sales in emerging economies and elsewhere. Fuji Xerox will strengthen collaboration between Fuji Xerox Document Management Solutions* and overseas sales companies to expand business process outsourcing (BPO) services while accelerating the growth of its services businesses throughout Asia by working closely with local partners.

We will win the trust of customers and grow our businesses by pursuing intraregional marketing and making further progress toward developing products that match regional and customer needs.

 * Established through the 2012 acquisition of BPO division of Salmat in Australia

Case Study -

Regional Solution Center Bolsters Solutions across the Region

In April 2015, Fuji Xerox established a Regional Solution Center in Singapore, bringing solutions and services previously managed in individual countries and regions under the centralized management. The new arrangement facilitates the spread of solutions and services to other countries and regions and boosts the ability to provide solutions across the region. Fuji Xerox has created expert teams comprising solution sales staff, operational consultants, and system engineers and continues to deploy region-wide common solutions menus that have garnered excellent results and to reinforce its support systems to ensure speedy response to customer needs.

Fuji Xerox is developing its cloud-based infrastructure for supplying common regional solutions and services, and is focusing on multilingual support for post-sales services. In these ways, the company is accelerating customized and flexible services that match customer needs. Fuji Xerox provides customers with powerful support in the development of their global operations, and facilitates value creation and business growth.

Role of the Regional Solution Center



Information Security

Features of Fuji Xerox Activities

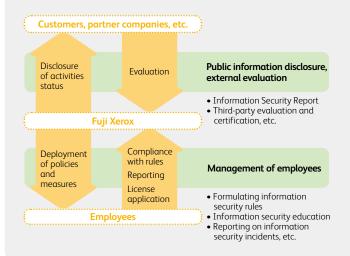
At Fuji Xerox, information security is an integral part of risk management and the objective of a wide range of initiatives. To always remain a reliable partner to its customers, Fuji Xerox pays special attention to information security measures for its products, solutions, and services. Fuji Xerox is continuously engaged in upgrading its internal information security systems and strengthening its governance structure to ensure the security of the information assets of customers.

For details, please refer to our Information Security Report.

Fiscal 2014 Performance

Fuji Xerox established a group-wide information security emergency response system. Designed to reinforce Fuji Xerox's defenses against cyber attack, the system covers the multifunctional devices, solutions, and services in use by customers as well as Fuji Xerox's own internal information systems. In addition to upgrading our emergency response when vulnerability is found, we conduct company-wide training to ensure appropriate employee responses to targeted e-mail and malware.

Fuji Xerox also reviewed the management processes of subcontracted operations to ensure secure control and handling of important information assets entrusted to subcontractors.



Case Study

Web

Info

Fuji Xerox conducts web-based information security training for all domestic employees every year. Since fiscal 2013, the program has been expanded to include risk management training. During fiscal 2014, Fuji Xerox conducted risk management training for responding to large-scale earthquakes and raising awareness for preventing information security incidents.

Learning about the threat of cyber attack was the central theme in information security education. Participants were

drilled on points to be followed by all employees for protecting the information assets of customers and of Fuji Xerox, and underwent post-session testing to confirm improvement in understanding. In addition to these e-learning programs for all employees, Fuji Xerox conducts customized education and training programs targeting specific strata of the company, including new employees and newly appointed managers and directors.

To reinforce information security worldwide, Fuji Xerox worked with its overseas sales companies to develop responses to information security issues and promoted activities for upgrading risk management. Specifically, the information security officers of overseas sales companies collaborated with the Asia-Pacific Operations and Fuji Xerox Headquarters on information security issues requiring a global response, including countermeasures to cyber attack, management of customer information entrusted to subcontractors, and security training.

Fuji Xerox's Information

Book for

employees

Security Hand

Fiscal 2015 Initiatives

During 2015, Fuji Xerox will prepare for the introduction of Japan's national identification number system scheduled for 2016. This will include the development of mandated documents, the installation of management systems, the promotion of systematic employee training, awareness raising, and inspection, and the ensuring and maintenance of compliance.

To further reinforce the company's ability to respond to cyber attacks, Fuji Xerox will promote the handling of issues using its information security emergency response system and will adopt measures to heighten the detection of attacks. Fuji Xerox will engage in company-wide quality assurance tasks aimed at strengthening information security management of its solution and service products. We will also take measures to prevent information leakage originating in employees and subcontractors due to internal improprieties or human error.

To address global issues in information security, Fuji Xerox will convene its risk management council in Japan with the risk managers of all overseas sales companies in attendance and will strengthen coordinated efforts.

Information security report http://www.fujixerox.co.jp/eng/company/public/security.html

Features of Fuji Xerox Activities

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

Fiscal 2014 Performance

During fiscal 2014, one product safety incident came to light involving a monochrome printer supplied by Fuji Xerox. In an extremely rare case of electronic component failure, part of the internal mechanisms of the printer was charred. Although there was no possibility of this case developing into a serious incident, Fuji Xerox took preventive measures for units of the model referred to it by customers responding to "Important Notice to Customers on Products" on the company's official website or visiting the company. to maintain and improve customer confidence by thoroughly pursuing measures for preventing recurrence.

Quality and Safety Forums are held regularly to ensure delivery of safe and reliable products to customers in Japan as well as in the fast-growing Asia-Pacific region. Quality assurance staff from domestic and overseas manufacturing centers and sales companies gather at these Forums to discuss and exchange views on the challenges of continuously providing customers with safe and reliable products.

Fiscal 2015 Initiatives

To ensure the elimination of product safety problems learning from the lessons in fiscal 2014, we will comply with laws and regulations, and establish the improved safety and assessment technologies. We will also develop integrated mechanisms which cover manufacturing and sales functions for early identification of customer dissatisfaction in order to respond to globalization, diversification, and the network-based structures of markets and customers. Fuji Xerox will continue to raise awareness of its employees and strengthen the governance mechanisms for product safety.

Supporting Customers' Business Continuity

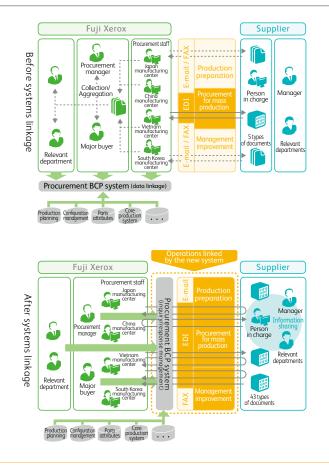
Improving Procurement Efficiency and Emergency Response through Unified Management of Procurementrelated Information with Suppliers Worldwide

Fuji Xerox has launched operation of a new system that enables unified management of procurement-related information on a global scale. It consists of enhanced Electronic Data Interchange (EDI)* functions for e-commerce with about 900 major suppliers which have been linked to our Procurement Business Continuity Plan (BCP) system. In addition to unified and timely management of all procurement related information from manufacturing centers in China, Vietnam, and in other countries, the system improves the efficiency of procurement and responses to the emergency with a wide range of database information.

In the case of a major disaster, its impact on production can be assessed in a timely manner by exchanging inquiries and responses concerning the flow of parts and components with suppliers through the system. Moreover, by linking information on parts received from suppliers with databases on current parts inventory and production planning, the system enables us to make changes in the ordering of replacement parts and production planning. It contributes to minimizing the negative impact, including the halting of production lines, and improves supply continuity.

Fuji Xerox will utilize the linkage of EDI to the Procurement BCP system to further streamline procurement operations and improve response capacity in case of emergency.

* EDI refers to the computer-to-computer transmission of business information or documents (such as ordering sheets and invoices) among several companies and organizations via communication lines (network)



Fuji Xerox official website

• Quality Assurance http://www.fujixerox.com/eng/company/quality/

Web

Info

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 products/services measures and business operation measures, have focused on the three key goals of curbing global warming, conserving and recycling resources, and reducing chemical risk.

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

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

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

2014

•Chemical substance management system

Commitment

Fuji Xerox has addressed environmental issues seriously over the years, offering a wide range of energysaving products and services and building an integrated recycling system in anticipation of society's needs. Still, we believe we must continuously review and enhance our efforts, setting our sights ever higher.

Accordingly, we have committed ourselves to improving and strengthening our environmental management company-wide as a pillar of our campaign to integrate CSR into our business operations, so as to deliver unparalleled environmental value and help build a sustainable society. To this end, we have launched multiple initiatives, including a new system to help us keep abreast of global environmental regulations, stepped-up efforts to provide solutions that truly deliver on the promise of changing the way people work, and creation of a recycling-based business model. If all our employees rethink the way they do their jobs, we believe we can play an important role in reducing the impact of human society on the environment.



Katsuhiko Yanagawa Director and Executive Vice President, Fuji Xerox

Features of Fuji Xerox Activities

At Fuji Xerox, we are helping to reduce the human impact on the environment through changes and improvements in the way all our employees work. At each stage in the product life cycle, our employees contribute to an overall reduction in the life-

Fiscal 2014 Performance

Whole-life-cycle CO₂ Emissions increased 6% in comparison to last year due to higher demands in logistics to respond increasing sales in overseas.

Fiscal 2015 Initiatives

We expect more increase in CO_2 emission due to our business expansion.

To respond that, we are striving to be more efficient in office management, energy (electricity and gas) use and reduce paper use.

Case Study

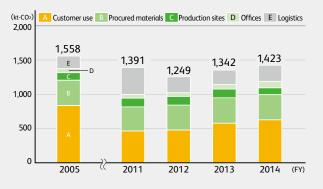
Reducing Life-Cycle Impact with Our Global Integrated Recycling System

One of the mainstays of our efforts to reduce the life-cycle impact of our products is our recycling program, built on the principle of treating used products as valuable resources instead of as waste. By collecting customers' used products and reusing or recycling them, the program aims to utilize resources as effectively as possible with the goal of zero landfill*¹. At the core of these efforts is our "closed loop" system of collecting the products we have put on the market and reusing those parts that have passed rigorous screening for quality assurance. As an extension of that system, we have launched "inverse manufacturing," by which products and components are designed from the outset to minimize lifecycle impact, and a zero emissions (zero landfill) program that focuses on sorting and recycling nonreusable parts for maximum utilization of resources.

As a global corporation, meanwhile, we recognize our responsibility to minimize our environmental impact in every locale where we do business. In China and the Asia-Pacific region, we have built integrated recycling systems on a par with our Japanese system. Since 2010, we have maintained a recycling rate of at least 99.5 percent—our zero landfill target—for our entire operating area*².

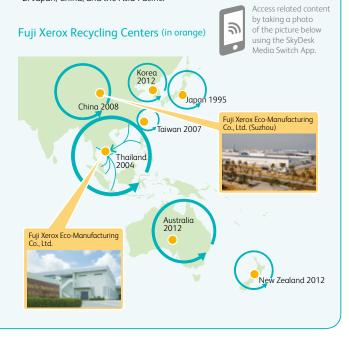
While maintaining zero landfill in our operating area as a whole, we aim to enhance the quality of our recycling program through improvements in the work environment of cycle impact—sales personnel by solving customers' problems, engineers by developing energy-saving technologies and lowering total costs, and so forth. Our company-wide campaign to boost employees' job efficiency and shorten work hours has also been instrumental in reducing the environmental impact of our business operations.

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



our dismantling and processing centers, and to expand the reuse of parts and materials to achieve even more effective utilization of resources and further reduce our environmental impact.

*1. Fuji Xerox defines "zero landfill" as a combined simple incineration and landfill rate of no more than 0.5 percent of all waste produced by weight.
*2. Japan, China, and the Asia-Pacific.



Fuji Xerox official website

· Relationship with Global Environment http://www.fujixerox.com/eng/company/sr/2015/stakeholder/environment/

Web

Info

Reducing Customers' CO₂ Emissions

Features of Fuji Xerox Activities

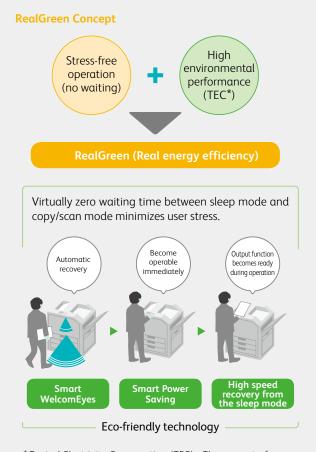
At Fuji Xerox, our goal is to provide products and services that allow customers to meet their office challenges while simultaneously reducing their environmental impact. The guiding force behind these efforts is the RealGreen concept, which seeks to maximize environmental performance without compromising

Fiscal 2014 Performance

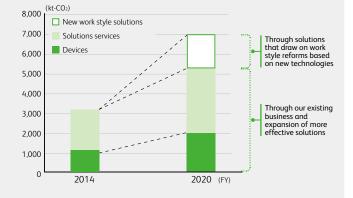
In fiscal 2014, our contribution to reductions in CO₂ emissions from customer business sites rose by 511 kt-CO₂ from the previous year and became 3,206kt-CO₂, thanks to growth in sales of highly energy-efficient new products and energy-saving solutions.

Fiscal 2015 Initiatives

In fiscal 2015, we will continue to help customers achieve business growth while reducing CO₂ emissions by leveraging our strength in solutions and services and by offering the ultimate in eco-friendly products incorporating the energyefficient technologies we have developed and refined.



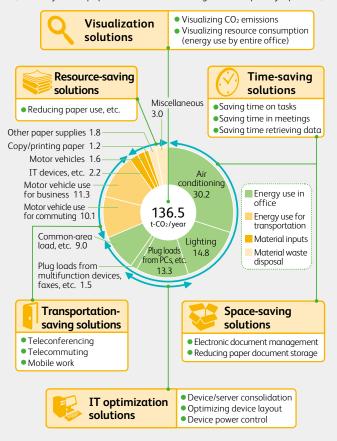
* Typical Electricity Consumption (TEC) : The amount of power consumed by office equipment, such as printers and copiers over a conceptual week (five days of operation and repeated sleep/poweroff mode, plus two days of sleep/power-off mode). user convenience. The goal is to achieve "Comfortable Eco," an ideal rooted in our conviction that to achieve true environmental performance, our products must be stress-free for customers as well earth-friendly. With this ideal in mind, we are creating new value by developing products that seamlessly integrate the environmental technologies we have developed and refined and by offering customers solutions centered on those products.



Our Contribution to Cutting Customers' CO₂ Emissions

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

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



Case Study

In 2014, Fuji Xerox's color on-demand publishing system Versant[™] 2100 Press was awarded the prestigious Minister of Economy, Trade and Industry Prize in the Eco Products category of the 11th Eco-Products Awards*1 sponsored by the Eco Products Awards Promotion Council. The Versant[™] 2100 Press, launched in May 2014 for the entry-level production market,

is the first product in its class that complies with the latest International Energy Star program^{*2} requirements (ver. 2.0). Offering print speeds of up to 100 pages per minute in a compact body, the Versant 2100 achieved a size and weight reduction of approximately 50 percent compared with the previous model, yielding an annual emissions-reduction benefit of 3,738 kg-CO₂ per unit. Fuji Xerox also received favorable mentions for its years of work on its integrated recycling system and for digital printing technology that adjusts output and speed as

R&D staffs of Fuji Xerox Exhibition boos

- *1. The Eco Products Awards were established in 2004 for the purpose of promoting the development and use of eco-friendly products in Japan by honoring outstanding products and services that help to reduce human impact on the environment, in order to disseminate information on the demand side about such products and to support the efforts of businesses and other suppliers of eco-friendly products.
- *2. The International Energy Star program is a program implemented in nine countries and regions to promote energy-efficient office equipment. The program establishes electricity consumption standards for products in active, sleep, and off mode based on the performance of products in the top quartile of energy efficiency. Products that meet those requirements are eligible to use the International Energy Star logo.

Continuing Responsible Paper Procurement

Features of Fuji Xerox Activities

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

Paper Procurement Regulation Standards

Regulation Standards on Trading Criteria for Suppliers

- 1. The environment must be protected
- 2. The rights of local residents must not be violated
- 3. Corporate ethics must be observed

Regulation Standards on Reguirements for Procured Paper

 Paper must be sourced from forests under sustainable management 2. Used paper that is raw material of recycled pulp must have its origin of supply clarified

From April to August 2015, we will be conducting our periodic

survey of paper suppliers in Japan and overseas. At its

September meeting, the Committee for Socially Responsible

Paper Procurement will use the results of the survey to verify

suppliers' compliance with Fuji Xerox standards. In terms of

on-site audits, we plan to visit several overseas facilities while

continuing the work we have been doing within Japan.

- 3. The safety of the chemical substances used must be ensured
- 4. Paper must be manufactured with a chlorine free process
- 5. Paper manufacturing plant must have an environmental management system

In fiscal 2014, the Committee for Socially Responsible Paper Procurement carried out a detailed review of data on compliance among our paper suppliers together with deforestation information obtained from environmental NGOs and other sources. In addition, we revised some of the procedures and criteria used in auditing suppliers' production sites

Case Study

In fiscal 2014, Fuji Xerox performed on-site audits of potential overseas suppliers, in addition to our inspections of domestic suppliers. Each audit involves examination of documents and inspection of the facilities themselves as well as the surrounding area, including water intake/discharge.

In 2014, we also revamped some of our audit procedures in the interests of efficiency and partially revised our audit criteria to better highlight improvements made by suppliers.

Both of the companies we audited in fiscal 2014 were found to meet our minimum standards for paper suppliers. We are using the results of our surveys and audits to provide feedback to suppliers and maintain diligent oversight.

> • Articles in Previous Stainability Reports http://www.fujixerox.com/eng/company/sr/2015/backnumber.html · Toward Sustainable Paper Procurement (2014) · Achieving RealGreen for Our Customers (2011) · Innovative Service Business Helps Reduce Environmental Burden Generated by Offices (2010) · Integrated Recycling System Contributes to the Creation of a Truly Affluent China (2009)

Web

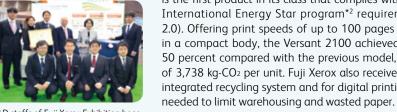
Info







Eco Products Awards at Tokyo Big Sight





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

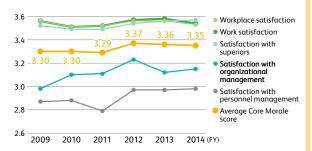
•Employee Motivation and Satisfaction Survey starts at overseas affiliates.

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.
- 2014 •Revamp of work system to strengthen value provision to customers and to promote productivity

Improving Employee Satisfaction

In 1978, we introduced an employee satisfaction survey, first at Fuji Xerox and later at all our affiliates and sales companies in Japan, as we believe that people are the foundation of Fuji Xerox's success and our employees are important stakeholders. The results are analyzed in detail and become valuable input in developing management policies and solving issues within the organization, thus boosting our corporate strength and underpinning future growth. We also provide feedback through the individual organizational units, enabling employees to initiate frontline improvements through workplace discussions and dialogue with management about the findings. At our overseas sales companies, we



Trends in Core Morale at Fuji Xerox (unconsolidated)

have conducted the Employee Motivation and Satisfaction Survey since 2001. This has the same goals as the survey in Japan and is utilized in similar ways. Going forward, we plan to standardize the format of the domestic and overseas surveys so that their results can be evaluated using a common yardstick. The findings will inform a variety of global-level initiatives to improve employee satisfaction.

Commitment

Since the company's founding, Fuji Xerox has emphasized people-centric management in which our employees thrive and grow on the job and their performance helps us deliver value to our customers and to society. Currently, one of our top priorities is promoting diversity. We must create a work environment where employees with different backgrounds can each deliver their full potential. To help achieve this, we will reform the present working style which takes overtime and availability on holidays for granted; we will create workplaces conducive to career growth for women and foreign nationals, and will build an environment in which people with disabilities can make full use of their talents.

Accordingly, we are committed to initiatives that include further reducing annual work hours per employee, creating a flexible work system to ensure the most effective use of our diverse workforce, and introducing a common yardstick for evaluation to improve employee satisfaction at a global level—all moves which will ultimately lead to greater corporate strength.



Toru Yamada Director and Senior Vice President, Fuji Xerox

Features of Fuji Xerox Activities

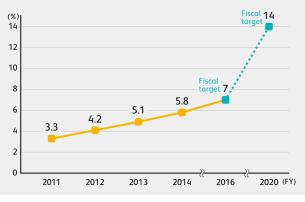
At Fuji Xerox, we aim to be a company where every individual on our diverse team can live up to his or her full potential in an environment that is fair and just. Specifically, we create new value for our customers as a company where all can deliver their full potential—regardless of gender, nationality, disability, or age by achieving an organizational culture which draws to the full on the diversity of expertise available to us. The new value that this diversity generates makes us a more competitive company. In particular, since the company's earliest years we have listened to female employees' wishes in designing systems to promote worklife balance and have striven to ensure that they can continue working when they marry and have children. These efforts have resulted in a culture where it is increasingly second nature for managers to make the most of diversity by, for example, accommodating employees' constraints when allocating roles.

Starting in fiscal 2013, we have endeavored to reduce annual work hours per employee by reforming a work style that traditionally expected long hours of overtime and thus helping to ensure that employees in a variety of circumstances, such as those engaged in childcare and family nursing care, are able to advance in their careers.

Fiscal 2014 Performance

In fiscal 2014, to reduce annual work hours per employee, we encouraged a shift to new work styles by promoting changes in attitudes and culture, in work prioritization and processes, and in the working hours system. These efforts succeeded in reducing total hours worked per employee at Fuji Xerox to 1,878, down from 1,947 the previous year. Progress was also made in advancing diversity, as the ratio of women in executive and managerial positions at Fuji Xerox reached 5.8 percent. To provide more scope for older employees,





Case Study

In fiscal 2014, we transformed our existing flex-time system and introduced a "cooperative time system." By having all employees-sales, development, headquarters staff, and others-work the same hours regardless of job type or responsibility, we aim to work more as a team and increase productivity throughout Fuji Xerox. A uniform core time (9:00 to 15:00) has been set for the entire company, but this is reduced to 10:30 to 15:00 for those employees, male or female, engaged in childcare or home nursing care. We also established a general rule against overtime after 20:00, thus encouraging employees to shift to morning work. As part of the same package of reforms, a work-at-home system was introduced for those raising a child or nursing a family member; to allow more flexibility for the employees who utilize it, their hours will be based on a flex-time system without core working hours.

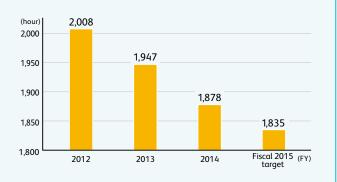
we instituted an inter-affiliate system for reemployment of retirees, and as of March 2015 there were 991 employees who had been rehired upon reaching mandatory retirement age.

Fiscal 2015 Initiatives

We will continue our ongoing efforts to improve the work environment, aiming to make Fuji Xerox a company where every employee can thrive and realize his or her full potential. Specifically, we are studying how to encourage employees to take all of their annual paid vacation days and how to expand the work-at-home system, currently available only to those who need to work from home for reasons of childcare or home nursing care. We will also carry out a fact-finding survey as a step toward improving the systems we have in place to support employees who provide home nursing care.

To give older employees greater scope, we intend to provide opportunities for career planning and to enhance mobility among Fuji Xerox and its affiliates by promoting implementation of the new system for inter-affiliate rehiring of those who reach mandatory retirement age.

In the area of women's career advancement, we will work actively to develop our women employees, nurture their motivation to aim for higher positions, and heighten management's awareness of the importance of diversity.



Changes in Annual Work Hours per Employee at Fuji Xerox

(unconsolidated)

Developing Human Resources Who Can Think and Act on Their Own

Features of Fuji Xerox Activities

If we are to create consistently high value that keeps pace with the changing business and market environments, each one of Fuji Xerox's employees must rise to the challenges of growth and change and must think and act on his or her own. To support our employees in this, we implement training of human resources.

The support we provide for career development enables individual employees to develop their competencies at their own initiative and create careers in which they can sense their own growth. In addition, the wide-ranging measures we implement also include management training to promote renewal of our organizational culture, training in problem solving, and global human resources development programs.

Fiscal 2014 Performance

In fiscal 2014, we began management improvement training for the managers who will become the key players in transforming our organizational culture. Having analyzed the abilities required of managers at different levels, we made it our main goal to strengthen those qualities that we identified as important; they include a change-oriented mentality, decision-making ability, and the ability to train their staff.

To instill the basic skills needed to solve problems on one's own, we have started offering problem-solving training at our overseas affiliates as well as in Japan.

Further, to speed up the development of human resources prepared for the global arena, we are sending more people to receive training in the work of our overseas affiliates.

Case Study

Training in Problem Solving

At Fuji Xerox, we see problem solving as a basic skill that all employees need, and we provide training in this skill to help ensure our employees can think and act on their own.

Designed to provide a deeper understanding of what it means to solve a problem, the training is unique to Fuji Xerox. Employees are presented with simulated work situations using such materials as interlocking building blocks, and each gains firsthand experience of the innovation process as they think through the possibilities for improvement.

Trainees learn the basics of problem solving through a series of processes in which, utilizing such tools as logic trees and the cause-and-effect diagrams of QC, they take problems that arise in their work and break the system down logically, identify the issues, and apply measures for improvement.

This training is also conducted as part of our programs designed for new graduates and for each managerial rank. To date, over 15,000 people have taken the problem-solving training in Japan. In fiscal 2014, we also implemented the training in some areas overseas, and the training is due to be fully rolled out overseas in the future.

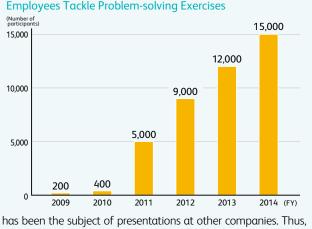
This training is also incorporated into student internships and



Fiscal 2015 Initiatives

In fiscal 2015, we will continue to strengthen our personnel training designed to ensure that employees can think and act on their own. This year we will fully implement the three-year management improvement training plan with the aim of transforming the culture companywide by changing the attitudes of all managers. We will also continue our initiatives to strengthen our employees' problem-solving ability and global readiness. In fiscal 2015, we will expand the problem-solving training program to our overseas affiliates and enhance the global readiness of each of our organizational units in Japan, for example, by increasing the rotation of employees of other nationalities to workplaces in Japan.





our initiative in this area reaches beyond internal company use.

Fuji Xerox official website

Web

Info

· Relationship with Employees http://www.fujixerox.com/eng/company/sr/2015/stakeholder/employee/

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 ethics, we at Fuji Xerox contribute globally to the solution of social issues including those concerning the environment, human rights, labor, and corporate ethics.

•At Fuji Xerox, we view our suppliers as partners who 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 selfchecklists. 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.

2014

•Commences ethical procurement in Vietnam.

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 ethical procurement self-checklists, and conducting on-site checks.

Commitment

Through the ethical procurement activities we have pursued incrementally to date, we have not only strengthened our relationships with suppliers, but over the last several years we have also seen a sharp decline in component delivery delays and line stops whose causes lie with our suppliers. We will concentrate our efforts on extending the processes and know-how of initiatives that have produced the best results in Shenzhen, China, to other overseas production sites, and will link this to still higher competitiveness.

Tomoyuki Matsuura Corporate Vice President and Executive General Manager of Procurement Group, Fuji Xerox



Expanding Ethical Procurement

Features of Fuji Xerox Activities

In order to make our supply chains more competitive, we want to ensure that our suppliers understand the importance of CSR management and continue to make improvements. We therefore communicate frequently with our suppliers at all levels, from top management to those directly carrying out the work, and seek their understanding of the importance of CSR and the need for improvements as we strive to take our CSR engagement to a higher level throughout our supply chain.

The CSR Assessment System

Self-checks **Basic On-site** Checks by 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.

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, aeneral affairs, legal, and CSR sectors of Fuji Xerox perform on-site checks of suppliers. These visits lead to improvements through dialogue with the suppliers.



In fiscal 2014, we continued as in the previous year to strengthen our initiatives at our major overseas production sites. We focused in particular on communicating with our suppliers' top management, holding executive CSR seminars at a number of locations.

Strengthening Overseas Initiatives

We are finding it effective to have visiting expert teams drawn from the procurement, human resources, general affairs, legal affairs, and CSR sectors of Fuji Xerox of Shenzhen, Ltd. give advice on needed improvements to our suppliers of production materials. We therefore increased the number of on-site checks by these teams and strengthened the team system in readiness for further expansion.

In logistics, we worked with overseas suppliers whose self-checks had indicated low compliance rates the previous fiscal year. As a result, among suppliers completing the ethical procurement self-checklist for fiscal 2014, the ratio of logistics partners with a compliance rate of 90 percent or higher on "very important" items exceeded the target of 90 percent.

In the indirect materials sector, we started sending expert teams to make on-site checks of the service providers who support Fuji Xerox of Shenzhen, Ltd.'s site operations.

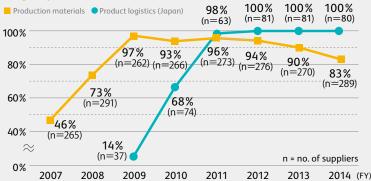
Communication with Suppliers' Top Management In Japan and in China (Shenzhen and Shanghai), we held executive CSR seminars for our main production materials suppliers in August and September 2014. These seminars were designed to develop a common awareness with our suppliers' top management in such areas as recent trends in CSR and the growing social concern surrounding these issues, and matters identified in Fuji Xerox's ethical procurement policy as points in need of strengthening. In Vietnam, we held an executive CSR seminar for suppliers at Fuji Xerox Hai Phong (Vietnam), which came into operation in 2013.

ລ

There is an ever-growing demand for stronger ethical procurement initiatives (especially on human rights issues), both from international agencies and from nongovernmental organizations in the United States and Europe. In light of this international concern, we will redouble our efforts to determine the facts relevant to our environmental, human rights, labor, and corporate ethics initiatives at our production sites, and wherever problems are found we will pursue improvements.

Further, through our ethical procurement initiatives we will provide more opportunities to share with suppliers what we have learned from our own work at our production sites in regard to labor affairs, environmental management, and personnel training. Enhancing ethical procurement on the basis of mutual trust with our suppliers will enable us to build an even stronger supply chain. Through this combination of CSR management at our production sites and ethical procurement from our suppliers, we will aim to establish stable production solidly rooted in the local community.

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



Fiscal 2014 saw a decline in the compliance level of our suppliers of production materials compared to the year before. We attribute this in part to the fact that we made the ethical procurement self-checklist more stringent for fiscal 2014 and our suppliers' efforts have not yet attained the new level. By providing still greater support for ongoing improvements by our suppliers, we will endeavor first to quickly regain the prior level of compliance and then to achieve the targets, including having all suppliers in at least 90 percent compliance on "very important" items.

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



Operations at Fuji Xerox Hai Phong

Case Study 1

Commencing Ethical Procurement in Vietnam

In November 2014, we held an executive CSR seminar for top management from 40 companies in the Hai Phong area that supply us in the production materials, logistics, and indirect materials sectors. This seminar-our first for suppliers in Vietnam-marked the start of our full ethical procurement program in that country, and it was also our firstever joint seminar covering the three sectors. We explained the background and objectives behind Fuji Xerox's emphasis on ethical procurement, outlined the process involved in our program, and asked the suppliers for their cooperation in carrying out self-checks. In the future, we will run a PDCA cycle of improvement in Vietnam, as we have been doing in Japan and China

We also provided CSR training for the employees of Fuji Xerox Hai Phong. In addition, we offered practical training for ethical procurement champions and had them visit several suppliers and carry out actual on-site checks on the environment, labor safety, and hygiene in the production lines, cafeterias, and other areas. Based on these checks, we then

Case Study **2**

Engaging with the Conflict Minerals Issue

In accordance with the US Dodd-Frank Wall Street Reform and Consumer Protection Act, companies are required to track and report the source and chain of custody of conflict minerals. In May 2014, such companies disclosed to the SEC the results of inquiries they had made in 2013 into the origins of certain designated minerals that they used. Such companies are now obligated to make these disclosures annually.

Although we at Fuji Xerox are not required to file these reports, in order to cooperate with the inquiries of our customers who do have this obligation and to determine whether there is any involvement of armed groups in our own supply chain, since 2013 we have been tracking the source and chain of custody of conflict minerals. The response rate from first-tier suppliers in our 2014 investigation was 92.4 percent (up from 87.5 percent in 2013). We identified 211 smelters in our supply chain^{*1}, and ascertained that, as of June 2015, 132 of these had been certified conflict-free under the CFSI*2

exchanged information on CSR risks and how they should be addressed in plant management in the Hai Phong area, with reference to the environment, human rights, labor, and corporate ethics.



program of the EICC*³. No information indicating involvement of armed groups in the supply chain was received.

At Fuji Xerox, we recognize conflict minerals as a major human rights issue, and our Basic Procurement Policy includes a clear call to deal in good faith with the issue of conflict minerals. Further, as a member of the "Responsible Minerals Trade Working Group" of JEITA*⁴, we join other companies in studying rational and effective measures to ensure that we are not a party to human rights violations. In our investigations from 2015 onward, we will aim for more precision as well as a higher response rate.

- *1. This is the number of smelters meeting the description of standard smelters in the 2014 reporting template that were confirmed to be present in Fuji Xerox's supply chain; the figure is the total for the four designated minerals (tantalum, tungsten, tin, and gold). *2. CFSI: Conflict-Free Sourcing Initiative
- *3. EICC: Electronic Industry Citizenship Coalition

*4. JEITA: Japan Electronics and Information Technology Industries Association

Web Info

• The Basic Procurement Policy for Fuji Xerox and its Affiliates http://www.fujixerox.com/eng/company/policy/purchase.html Articles in Previous Stainability Reports http://www.fujixerox.com/eng/company/sr/2015/backnumber.html

· Procurement Personnel Have Started On-Site Visits and Checks of All Suppliers in China (2013) · Synergetic Exchanges Beyond National and Corporate Borders: The Evolution of Ethical Procurement (2008) · Learning About CSR Hand-in-Hand With Business Partners (2007)



Helping solve social problems

by applying the lessons of the Great East Japan Earthquake

•Protection, management, and full

•Promoting dialogue and

collaboration with local

utilization of important information

Providing value

Contributing to a

the conversion,

transmission, and

through business

better society through

sharing of information

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.

Overview of Social Initiatives

Addressing new issues

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 and our business operations.

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 largefont 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

2013

• Holds the Ishinomaki Market, a "reconstruction market," in Tokyo as a way for people outside the Tohoku area to support reconstruction

2014

- •Opens Tono Mirai Zukuri College
- •Launches a project to provide learning materials in the Philippines
- Holds "reconstruction markets" at four of our centers 2015

• Launches a project to provide learning materials in Myanmar

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

Features of Fuji Xerox Activities

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

Fiscal 2014 Performance

In April 2014, we opened a second center for this work in our main R&D hub, the Fuji Xerox R&D Square in Yokohama, so that our technological team could be more closely involved The initiative thus has two centers, Kyoto and Yokohama.



Presentation of replica of *Daigo Hanami Tanzaku* at Daigoji Temple

In fiscal 2014, we donated replicas of about 40 historical documents. The most notable was the Daigo Hanami Tanzaku, a collection of waka poems written in the 16th century, owned by the temple Daigoji in Kyoto and recognized

wider community.

These activities began as a social initiative in Kyoto in 2008. As historical documents are at risk of deterioration with age, we donated reproductions to the shrines, temples, educational institutions, and families who own the originals, thus freeing them to physically handle and actively use the replicas.

as an Important Cultural Asset.

Fiscal 2015 Initiatives

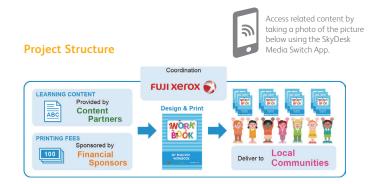
In fiscal 2015, our initiatives in this area will have two focuses: promoting reproduction of historical documents in the Yokohama area to take advantage of the new center located there, and making the work much more efficient by using our own technology for controlling the visual perception of images.

In the future, in addition to supporting the development and revitalization of local communities in these ways, we will consider expanding the scope for such initiatives overseas as we aim to contribute still further to the conservation of diminishing cultures and information.

Education for Future Generations: Offering Learning Materials in Emerging Nations

Features of Fuji Xerox Activities

In 2014, we launched an initiative to help eliminate the education gap among children in the Asia-Pacific emerging nations where Fuji Xerox does business, by offering learning materials to children who have limited access to primary school. Fuji Xerox, which coordinates the project as a whole, calls 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 and other partners in the community. By 2023, we plan to distribute materials to 100,000 children.



Fiscal 2014 Performance

The project got under way in June 2014 in the Philippines, where we distributed workbooks to help children learn English through self-study, in collaboration with Gakken Holdings Co., Ltd. and the local NGO Gawad Kalinga. The recipients were 442 children around the age of 5 in the Towerville district of

Bulacan Province, near Manila. The presentation ceremony drew over 250 people, including 120 children from nearby villages, their parents, district representatives, and members of Gawad Kalinga, and was featured in local news media. We



Children in the Philippines delighted with their new workbooks

have since visited the communities at intervals, in September 2014 and January and March 2015, to monitor the uptake of the books.

Fiscal 2015 Initiatives

While continuing and expanding this work in the Philippines, we will also introduce the initiative to other Asia-Pacific countries and regions.

In the Philippines, while monitoring the uptake of the first round of workbooks, we plan to call for further financial sponsors and expand the districts in which we distribute books.

We have also decided to launch similar projects in Myanmar and Thailand, and distribution in Myanmar began in June. By drawing on the particular strengths of each company that joins us in these initiatives, we aim to build a sustainable structure in each country and region while being flexible enough to adapt to local differences in education systems and learning cultures.

Ongoing Support for Reconstruction from the Great East Japan Earthquake

Features of Fuji Xerox Activities

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

Fiscal 2014 Performance

In Kamaishi City, Iwate Prefecture, we continued to support home-based medical care through the use of the integrated patient information system, and we provided problem-solving assistance with the ultimate goal of integrated community care in areas affected by the disaster. In Tono City, in April we opened the Tono Mirai Zukuri College, which arose out of a community revitalization initiative. Programs we have held there include a local government study meeting on backup logistical support during disasters, and exchanges through tours and fieldwork in the affected areas.

Case Study

Initiatives through Our Business

In integrated community care, it is essential that information be shared and circulated among a team of professionals with many different specializations. In Kamaishi, we collaborated with local nursing care facilities to identify the challenges faced in this sharing of information and to find optimal solutions. The solutions discovered will be applied in future efforts to centralize information in order to achieve integrated community care. At the Tono Mirai Zukuri College, we have hosted two study meetings of local governments providing backup logistical support during disasters, with participants from four municipalities in other parts of Japan. A total of about



200 people have taken part to date in six fieldwork sessions for universities and companies in the Tokyo metropolitan area, including tours of the areas affected by the disaster.

Initiatives through Employees' Volunteer Work

Since 2012, Fuji Xerox has sent volunteers from among its employees to carry out a variety of projects. In fiscal 2014, 13 volunteers supported the work of escorting children to and



Products from affected prefectures were sold in "reconstruction market" at the Ebina Office

Fiscal 2015 Initiatives

We will support local governments, community groups, and medical institutions as they work to integrate community care, not only in Kamaishi City but also in the Kuji and Ninohe medical districts of Iwate Prefecture, and in Miyagi and Fukushima Prefectures. At the Tono Mirai Zukuri College, we will contribute to further reconstruction by continuing the programs we launched last year, including exchanges with the affected areas, research on backup logistical support, and recovery studies.

from school and providing after-school supervision in a project run by an NGO in Ishinomaki City, Miyagi Prefecture, and the work of Tohoku Mirai Zukuri Summer School in Tono City, Iwate Prefecture, whose goal was to make the lessons learned from the 2011 disaster known around the world, together with research findings on disaster prevention and recovery.

After our employees responded enthusiastically to the first "reconstruction market" in fiscal 2013, we held markets at four of our centers. At the first market, the stall-holders came only from Ishinomaki, but in 2014, with the cooperation of groups in Iwate, Miyagi, and Fukushima we were able to invite exhibitors from these three areas—the three Tohoku prefectures most affected by the disaster—and to make the markets larger in scale, with more products on display. We also organized round-table discussions among the exhibitors, people working for recovery in Tohoku, and Fuji Xerox employees. Many of the employees who took part said that they were moved by the exhibitors' words, and especially by comments such as "We appreciate your aid, and now we need to use your encouragement to get back on our feet."

In the future, based on local needs which will continue to change, we will provide opportunities for each one of our

employees to think about and become involved in support for the areas affected by the disaster, including employees' volunteer work and reconstruction markets.



- Fuji Xerox Starts a Project to Provide Learning Materials to Children of Asia-Pacific Emerging Countries Collaborating with Businesses/NGOs http://news.fujixerox.com/news/2014/001097/
- Articles in Previous Stainability Reports http://www.fujixerox.com/eng/company/sr/2015/backnumber.html
 Helping to Educate Children in Disadvantaged Communities (2014) · Develop Local Leaders (2013)
 Early Traditions of Kyoto Come to Life (2012) · Thinking about Corporate Disaster Preparedness (2012)

Fuji Xerox Is the Stage Where We Interact with Society

Fuji Xerox does business in Japan, China and the Asia-Pacific region, and the officers and employees 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	Osaka
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715 employees

Joining with the Community and Our Customers to Help Educate Children

In one of our "Educating Future Generations" initiatives, in which we partner with local companies, governments, and schools, Fuji Xerox Osaka is collaborating with the Nishinari Ward Office, local elementary schools, and our customers in a program designed to get children thinking about "work." In FY2014, with the cooperation of the quality shoe manufacturer Salon de Gres, pupils from the city's Koji Elementary School tried making artworks using remnants of real leather.

Comments from those who helped organize the project included: "We could never have done this on our own. It happened thanks to the city government, the school, and a local company all joining forces," and "It made me realize that donating money isn't

the only way we can contribute to society—we can also take an educational approach."

We will continue partnering with various players in the community in further "Educating Future Generations" initiatives.



Fuji Xerox Yamaguchi

118 employees

Digitally Restoring an Iconic Castle Helps Conserve Culture and Revitalize the Community

With a major TV drama series set in Yamaguchi currently airing, the prefecture is looking to tourism as one way to revitalize the region. To play its part in this effort and help conserve traditional culture, Fuji Xerox Yamaguchi has set about "restoring" the lost tower of iconic Hagi Castle using computer graphics, in a collaborative effort among industry, academia, and government. The initiative met with an enthusiastic response. Historical materials were made available by outside experts, and we collaborated with Yamaguchi University and supported the students in their CG work. This effort to promote tourism and conserve local culture has been furthered by displaying the reconstruction on a website cohosted by the Yamaguchi branch of Keizai Doyukai (Japan Association of Corporate

Executives), the Yamaguchi Prefectural Government, and the Yamaguchi Prefectural Tourism Federation.

We will continue to help conserve traditional culture and restore local vitality through initiatives rooted in the community.



Fuji Xerox Korea

1,032 employees

Educating Future Generations through Production Services Business

Fuji Xerox Korea has launched an initiative to educate future generations through its production services business, in partnership with Seoul Technical High School (the only Korean high school with a graphic arts department), Seoul Printing Information Industry Cooperative and Seoul Printing Center. In addition to donating a DocuColor 5000 Digital Press to the school's new Digital Printing Laboratory, we have jointly developed and provided an educational program that teaches the principles, structure and uses of digital printers. In October 2014, a party of 26 students and staff from the school visited Japan and were given tours by customers who use our production printers and by our own Customer Value Innovation Center.

As one of the staff said. "The

trip has inspired our students to visualize their future goals in detail." We will continue to help educate future generations and create new business by utilizing our core competencies in various forms of cooperation between industry and schools.



Fuji Xerox Singapore

515 employees

Enabling and Empowering Communities in Singapore

Singapore is currently celebrating the 50th anniversary of its independence in 1965. Fuji Xerox Singapore, founded that same year, has various initiatives under way to mark its own 50th anniversary milestone. We have participated in "Smile Singapore Campaign," which aims to make Singapore a happier country. Together with our corporate partners, staff and members of the public, a giant floor mural consisting of 5,154 smiling portraits were printed with our high speed printers. For every photo submitted, we have pledged \$5 and by the end of the year we aim to pledge a total of \$50,000 for 1,000 families. The money will go towards a "Smile Pack Distribution" fund to distribute food packs to low income households. In each run, our employees

will volunteer in packing and distributing the Smile Packs in collaboration with a local NPO. Going forward, we will continue to help enable and empower the local community through our various CSR initiatives.



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

Helping Solve Local Problems : http://www.fujixerox.com/eng/company/sr/2015/stakeholder/community/activity.html





At Fuji Xerox, we have formulated 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 semiannually as part of the plan-do-check-act (PDCA) cycle.

In this section, we report on the performance of Fuji Xerox on indicators pertaining to those challenges identified as high-priority management themes by the CSR Committee on the basis of the needs and expectations of society, our own management goals, and the nature of our business. Information on other CSR indicators is available on our website.

Customers

Number of serious product incidents

GRI PR2

GRI PR1

GRI PR1

GRI EN7, EN27 GC Principle 7-9

	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 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal	
Fuji Xerox and affiliates (including OEM sales)	0	1	0	0	

Notes on fiscal 2014, but we were alerted to instances in which an extremely rare electronic component failure had caused part of the internal mechanisms to char in certain monochrome printers supplied by Fuji Xerox between March 2002 and February 2008. While the malfunction does not have the potential to escalate into a serious incident, Fuji Xerox took preventive measures for units of the models referred to it by customers responding to the related "Important Product Announcement" on the company's official website or visiting the company.

Goals/ challenges In fiscal 2015, we plan to step up our risk-assessment initiatives. In addition, we will continue our efforts to root out the potential for product accidents through the use of ever-more effective safety and evaluation technologies, along with strict compliance with all relevant laws and regulations.

Contribution to CO2 reductions at our customers' offices

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

 Companies
 Fiscal 2012 performance
 Fiscal 2013 performance
 Fiscal 2014 performance
 Fiscal 2015 goal

 Fuji Xerox and affiliates
 1,519kt-CO2
 2,695kt-CO2*1
 3,206kt-CO2
 3,729kt-CO2

 Notes on fiscal 2014, our contribution to customer emissions reductions rose to 3,206 kt-CO2, surpassing our goal of 3,075 kt-CO2, thanks to increased sales of energy-efficient products as well as solutions that contribute significantly to CO2 emissions reductions.
 0ur goal for fiscal 2015 is to boost our contribution to customers' CO2 emissions reductions to 3,729 kt-CO2, up 523kt-CO2 from fiscal 2014, through the business of fiscal 2015 is to boost our contribution to customers' CO2 emissions reductions to 3,729 kt-CO2, up 523kt-CO2 from fiscal 2014, through

allenges of goal for fiscal 2015 is to boost our contribution to customers CO2 emissions reductions to 3,729 kt-CO2, up 523kt-CO2 from fiscal 2014, through ongoing development of space-saving, time-saving, and transport-saving solutions, paired with more effective efforts by all sales staff to match those solutions with customer needs, in order to reach our fiscal 2020 target of reducing annual CO2 emissions by 7 million tons.

*1 In fiscal 2013, our performance jumped thanks to new methods of accurately calculating our solution's contribution to our customers' CO₂ emissions reductions.

Customer loyalty index based on Fuji Xerox CS program surveys

 Definition
 Index of positive response rate to the "intent to continue business relationship" item on Fuji Xerox customer satisfaction surveys, with 2012 as baseline (100).

 Companies
 Fiscal 2012 performance
 Fiscal 2013 performance
 Fiscal 2014 performance
 Fiscal 2015 goal

 Fuji Xerox and affiliates in Japan
 100
 101
 104

 Notes on fiscal 2014, our customer loyalty index improved from the previous year thanks to concerted efforts to meet customer expectations by maintaining close communication under our CS programs.
 Goals/
 We will continue using the CS program to expand and intensify our efforts to foster a high level of brand loyalty among all customer segments in every region.

Results of ethical procurement self-assessment by production sites

Definition	Percentage of production Procurement Self-checklist.	sites achieving	a compliance rate of	90% or higher on "im	portant" and "very important" items	on the Fuji Xerox Ethical
	Companies	Items	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal
	sites of Fuji Xerox affiliates	Very important items	-	-	100 % (8 facilities)	100 % (10 facilities)
(in 2014, productions sites of new-machines,		Important items	_	-	87.5% (7 of 8 facilities)	100 % (10 facilities)
Notes on fiscal 2014 performance						
Goals/ challenges	We will intensify our ethical procurement efforts at Fuji Xerox Hai Phong, focusing on areas where it failed to achieve compliance in fiscal 2014. Our goal for fiscal 2015 is to achieve at least 90% compliance on both "important" and "very important" items at all 10 of our production sites, including our recycling facilities in addition to our production sites of new-machines, components, and chemical products.					
Definition	Percentage of production si	tes achieving a	"green" rating on the EI	ICC self-assessment.*2		

Companies Fiscal 2012 performance		Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal	
	sites of Fuji Xerox affiliates w-machines, components, and chemical products)	_	100% (7 facilities)	100 % (8 facilities)	100 % (8 facilities)
Notes on fiscal 2014 goal of having all our production sites of new-machines, components, and chemical products plants achieve a "green" rating, indicating the lowest level of risk, on the EIIC self-assessment.					
Goals/ challenges	Our goal moving forward is to maintain a " and overseas.	green" rating for all our	production sites of new	v-machines, components, and chemico	al products plants in Japan

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

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Employees

"Core Morale" score as employee satisfaction indicator

Definition Average score (using a five-point scale) on the five key "Core Morale" components*3 of the ES Survey of employees conducted at Fuji Xerox and our affiliates and sales companies in Japan. Fiscal 2014 performance Fiscal 2015 aoa Fiscal 2012 performance Fiscal 2013 performance Companies

Fuji Xerox (unconsolidated)	3.37	3.36	3.35	-	
Affiliates in Japan (excluding sales companies)	3.16	3.23	3.25	_	
Sales companies in Japan	3.59	3.47	3.49	-	
Notes on In fiscal 2014, there was no substantial change in the "Core Morale" score at Fuji Xerox (unconsolidated) or at our affiliates and sales companies in Japan					

al 2014, there was no substantial change in the "Core Morale" score fiscal 2014 performance

Goals/ We will redouble our efforts to boost employee satisfaction, not only at Fuji Xerox (unconsolidated) but also at all our affiliates and sales companies in challenges Japan and overseas, by using the results of the ES Survey to identify specific issues and applying the PDCA cycle for continuous improvement.

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

Increase in rate of positive responses to "Core Morale" questions

Definition	Change in the percentage of employees responding positively to "Core Morale" questions on the ES Survey of employees conducted at Fuji Xerox and its affiliates.							
	Companies	Fiscal 2012 performance	Fiscal 2014 performance	Fiscal 2015 goal				
Fuji Xerox and affiliates – – (Fuji Xerox [unconsolidated]) (Fuji Xerox [unconsolidated]) 5% point increase 5% point increase								
Notes on fiscal 2014 performance With a view to meeting our fiscal 2014 goal of a 5 % point increase in the "Core Morale" positive response rate, we fostered discussion and dialogue in all our workplaces. We also held workshops for all business division heads at Fuji Xerox (unconsolidated) with the aim of cultivating a shared approach to new work styles and boosting employee satisfaction through reforms in the adoption of new work styles. Thanks to these efforts, the rate increased by 0.5% points in fiscal 2014.								
Goals/ challenges To enhance employee satisfaction company-wide, including our overseas affiliates, top executives and business division heads will intensify their efforts to improve the work environment at the workplace level. In addition, Fuji Xerox and its affiliates in Japan and overseas will implement improvements based on the results of the ES Survey, a standardized company-wide employee satisfaction survey for use in Japan and overseas.								

Percentage of women in executive and managerial positions

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 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal	
Fuji Xerox	(unconsolidated)	4.2%*4	5.1 % *4	5.8 %	6.3 %	
Affiliates in Japan		2.7 %	2.8 %	2.8 %	_	
Overseas affiliates		28.1%	26.4%*5	24.8%	-	
Notes on fiscal 2014 performance	iscal 2014 target of 5.5% of managerial positions occupied by women and took active measures to reach it; as a result the ratio rose by 0.7% points to 5.8%,					
Gogle/	We will continue to encourage the promotio	n of women employees	at Eulii Vorov and all our a	ffiliatos At Eulii Vorov (upconcolidatod)	we will intensify our offerte	

We will continue to encourage the promotion of women employees at Fuji Xerox and all our affiliates. At Fuji Xerox (unconsolidated), we will intensify our efforts challenges to support workplace diversity by evaluating and promoting employees on the basis of individual performance, competence, and motivation, with the goal of boosting the ratio of managerial positions held by women to 14% by fiscal 2020. Our affiliates and sales companies in Japan will pursue the same policies. *4 Figures have been revised retroactively to exclude executives and managers who stepped down from their position under the fixed-age retirement system for managerial staff. *5 We revised the definition of "managerial positions" in fiscal 2013 performance. Before revision; 29.2%. After revision: 26.4%.

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

GRI LA12 GC Principle 6

GRI LA12 GC Principle 6

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

Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal	
Fuji Xerox (unconsolidated)	100 % (employment rate: 2.08 %)	100 % (employment rate: 2.07 %)	100 % (employment rate: 2.06 %)	100%	
Affiliates in Japan (excluding sales companies)	75 % (6 of 8 companies)	88 % (7 of 8 companies)	78 % (7 of 9 companies)	100%	
Sales companies in Japan	74 % (23 of 31 companies)	81 % (25 of 31 companies)	81 % (25 of 31 companies)	100%	

Fuji Xerox and all our affiliates and sales companies in Japan have been pursuing an aggressive hiring program aimed at achieving Japan's legally stipulated 2.0% rate of employment of persons with disabilities. Special efforts have been devoted to building partnerships with other companies, government agencies, and universities in order to share know-how and develop a model for the employment of people with disabilities. Thanks to these efforts, Fuji Xerox Notes on fiscal 2014 performance (unconsolidated) has achieved the legally stipulated rate, but we have yet to achieve that goal among all our affiliates and sales companies in Japan. Goals/ To promote the hiring of persons with disabilities at our affiliates and sales companies in Japan, we will continue to pursue a wide range of initiatives

challenges as we explore best practices in job development and adaptation of work processes to accommodate diverse abilities and aptitudes, and consider more appropriate recruiting and hiring practices, with a view to achieving the legally stipulated rate. We will also redouble our efforts to foster new attitudes within management to promote workforce diversity and create a fully inclusive workplace environment for all.

Annual work hours per employee

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 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal	
Fuji Xerox (unconsolidated)	2,008 hours	1,947 hours	1,878 hours	1,835 hours	
Affiliates in Japan (sales personnel, office staff, etc.)	2,018 hours	1,986 hours	1,971 hours	_	
Affiliates in Japan (manufacturing staff)	2,029 hours	2,025 hours	2,094 hours	_	
Overseas affiliates (sales personnel, office staff, etc.) ^{*6}	2,010 hours ^{*7}	2,011 hours	2,085 hours	-	
Overseas affiliates (manufacturing staff)	2,219 hours	2,274 hours	2,177 hours	_	

Notes on fiscal 2014, we instituted a system of flexible work arrangements as a foundation for enhancing work-life balance and workplace diversity. In addition, fiscal 2014 performance and employees collaborated closely to reform our work processes. At Fuji Xerox (unconsolidated), these efforts contributed to a further reduction in total work hours, although we did not reach our goal of 1,835 hours. At our affiliates and sales companies in Japan and overseas, meanwhile, we intensified efforts to educate managers regarding the importance of monitoring daily work hours, reviewing work processes, and maintaining close communication with employees.

Goals/ challenges To further reduce total working hours within Japan, we will intensify efforts to foster new attitudes within management so as to accelerate the reform of work processes, further establish the new employment system, and encourage employees to take their paid vacations, as we continue to promote new work styles. Overseas, we will step up oversight to curb surplus labor.

*6 Excludes companies that have adopted the discretionary working system. *7 Figures are recalculated, excluding companies that have adopted the discretionary working system.

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

inition [Very important items] Percentage of production materials suppliers completing the Ethical Procurement Self-checklist that achieved a compliance rate of 90% or higher on "important" and "very important" items.**

[Important items] Percentage of production materials suppliers completing the Ethical Procurement Self-checklist that achieved a compliance rate of 90% or higher on "important" items. *8

Suppliers in lange and Very important 93.8% 90.4% 82.7% 100% (9	
Suppliers in Japan and litems 93.6% 90.4% 02.7% 100% 9	0% in Vietnam)
overseas Important 81.9% 72.8% 38.8%	90%

Notes on fiscal 2014, the percentage of suppliers achieving at least 90% compliance on "important" and "very important" checklist items declined. The drop can be attributed to more rigorous checklist questions and a larger pool of suppliers completing the checklist. Fuji Xerox fully revised its Ethical Procurement Selfchecklist last year to reflect major changes in the 2014 version of the EICC's self-assessment questionnaire. The new content is designed to verify not only outcomes but also compliance processes and how consistently they are applied. In addition, while information sessions on ethical procurement were held for our new Vietnamese suppliers in fiscal 2014, we recognize the need to step up our communication efforts through further information sessions and other means.

Goals/ challenges Society's expectations for ethical supply chain management have risen, as indicated by the recent revisions to the EICC self-assessment questionnaire. To respond to this trend, as well as the proliferation of suppliers in the ASEAN region accompanying the launch of new production sites, we intend to strengthen and upgrade our ethical procurement program in fiscal 2015. First, we plan to provide the personnel in charge of procurement and production at our overseas production sites with specialized training that will equip them to contribute to the improvement of CSR management at our suppliers. Second, after analyzing the challenges facing our suppliers by locale and type of issue (environmental, human rights, labor, and corporate ethics), we will hold information sessions tailored to high-risk suppliers and their issues and provide remediation support on a priority bases.

*8 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*9)

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

Companies		Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal
First-tier logistics partners and sites in Japan		100 %	100 %	100 %	100 %
First-tier l	ogistics partners and sites overseas	-	64%	93.8%	90 %
Notes on fiscal 2014 performance Japan to 94.4% (51 out of 54 companies). We also stepped up our efforts in the Asia-Pacific region and achieved a high level of compliance relative to the previous year.					

Goals/ challenges Within Japan, we will prepare to expand our ethical procurement program to companies providing industrial waste collection and transportation services. Overseas, we will develop and implement a process for on-site checking of logistics partners in China. We also plan to extend the program to major ocean carriers that ship our products to Europe and the Americas.

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

Ratio of indirect-materials suppliers with compliance rate of 90% or higher on "very important" items on the Ethical Procurement Self-checklist^{*10} GRI EN33, LA15, HR11, SO10 GC Principle 1-10

Definition	Percentage of indirect-materials suppliers achieving a compliance rate of 90% or higher on "very important" items on the Ethical Procurement Self-checklist.						
	Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal		
First-tier su	First-tier suppliers in Japan and Vietnam – – 71.4% 90%						
Notes on fiscal 2014 we extended our ethical procurement program to suppliers of indirect materials for the first time. We held information sessions for our first-tire suppliers in Japan and Vietnam and distributed copies of the Ethical Procurement Self-checklist. All of those suppliers completed and returned the checklist. Moving forward, we plan to step up remediation support geared to the issues in each type of business and industry subsector.							
Goals/ challenges	In fiscal 2015, we will be building up our overseas organizational structure to further expand the scope of our ethical procurement program. We will also tailor the self-checklist more closely to indirect-materials suppliers and work to boost the rate of compliance.						

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

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 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal	
	All companies supplying paper to Fuji Xerox and affiliates in Japan and overseas 100 % 100 % 100 %					
Notes on fiscal 2014 performance	At Fuji Xerox, we require that all our paper suppliers conduct their business 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					
Goals/ challenges	We will continue to monitor our suppliers' compliance with our requirements for paper procurement as part of our commitment to sustainable paper sourcing.					

Ratio of suppliers submitting conflict minerals report

GRI HR11 GC Principle 1-6

GRI EC9

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 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal	
Suppliers of	components of key Fuji Xerox products	_	87.5%	92.4%	95%	
Notes on fiscal 2014, our second year of distributing the conflict minerals report, we focused on boosting the percentage of suppliers submitting the report and also on improving the accuracy of information concerning smelters. In response to problems highlighted the previous year, we pressed suppliers for improvement and referred issues to the Fuji Xerox Conflict Minerals Staff Coordinating Committee for resolution. Thanks to such efforts, we exceeded our 90% submission-rate goal by 2.4% points.						

Goals/ challenges We will continue working in cooperation with our suppliers with the aim of boosting the ratio that submits conflict minerals reports and enhancing the accuracy of information on mineral smelters.

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

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 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal		
Fuji Xerox of Shenzhen, Fuji Xerox of Shanghai		60.6 %	65.7%	67.7 %	Maintain a consistent level of local procurement		
Notes on fiscal 2014 performance	al 2014 rate fluctuations, local content remained steady at last year's level (65.7%), indicating continued 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.						

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

Definition	Percentage of raw materials and parts procured by Fuji Xerox Hai Phong Co., Ltd., that are purchased from companies within Vietnam, by transaction value.						
	Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal		
Fuji Xerox Hai Phong – –			_	23.6%	Maintain a consistent level of local procurement		
Notes on fiscal 2014 performance	scal 2014 standards for ethical and green procurement as well as such criteria as price, value, and timely delivery. Moving forward, we will continue our efforts to						
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

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 its affiliates, converted to CO ₂ emissions.						
Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal		
Development and production Sites in Japan and overseas	130kt-CO ₂	128kt-CO2 ^{*11}	126kt-CO ₂	fiscal 2005 level (135kt-CO2)		
Offices in Japan and overseas	53kt-CO ₂	68kt-CO ₂	64kt-CO2	7% reduction from fiscal 2007 level (54kt-CO2)		

Notes on fiscal 2014 performance Since the Great East Japan Earthquake, Fuji Xerox has been pursuing the target of cutting electricity consumption by at least 15% from the fiscal 2010 level through energy-saving practices, installation of new energy-efficient equipment, and adoption of more efficient production processes. Thanks to these ongoing efforts, CO₂ emissions fell at our development and production sites in fiscal 2014. Emissions also fell at our offices in Japan and overseas as productivity rose with the introduction of new energy-efficient equipment at our development and production sites and review of production belowers. We will continue such measures as the installation of new energy-efficient equipment at our development and production sites and review of production

challenges we will containe such a by developing new energy-saving production technologies and exploring their adoption in production processes. At our offices, we will work to cut emissions with further increases in productivity through the adoption of new work styles.

*11 In sustainability report 2014, this was mistakenly reported. Before revision:122kt-CO₂ After the revision:128kt-CO₂

Whole-life-cycle CO₂ emissions of Fuji Xerox products

GRI EN15-17, EN19, EN30 GC Principle7-9

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

	Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal	
Fuji Xerox and affiliates		1,249kt-CO ₂	1,342kt-CO ₂	1,423kt-CO ₂	1,524kt-CO ₂	
Notes on Although we were able to reduce CO ₂ emissions from Fuji Xerox business sites thanks to rigorous efforts to cut electricity consumption, upgrade						

tiscal 2014
 equipment, and adopt more efficient production processes, whole-life-cycle emissions for our products rose by 6% overall from the previous year, mainly owing to increased emissions in the logistics area.

 Goals/
 In fiscal 2015, we will continue to step up efforts to reduce emissions in each functional area. In addition, we will review our strategies for meeting the

challenges fiscal 2015, we will continue to step up erforts to reduce emissions in each functional area. In addition, we will review our strategies for meeting the fiscal 2020 emissions target of 1,091 kt-CO₂ on a function-by-function basis and intensify our long-range emissions reduction efforts in a targeted manner.

Reduction of new resource inputs in manufacturing process by reusing parts GRI EN2 GC Principle7-9

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

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	Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal		
Fuji Xerox and affiliates		2,361t	2,875t	2,916t	3,065t		
Notes on fiscal 2014 performance							
Goals/	The design of ever lighter and more compact products and consumables, while helping to reduce inputs, has made it structurally difficult to make						

challenges further progress in reducing new resource inputs by increasing the number of products, components, and consumables manufactured with reused parts. Nonetheless, we will continue our efforts to expand the effective utilization of resources in our production processes.

Resource recycling rate for recovered end-of-life products

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 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal
Japan	99.9%	99.9%	99.9%	99.5% or higher
Asia-Pacific region	99.9%	99.6%	99.6%	99.5% or higher
China	99.7 %	99.7 %	99.9%	99.5% or higher
Taiwan	99.9%	99.9%	99.9%	99.5% or higher
South Korea	99.9%	99.9%	99.9%	99.5% or higher
Australia	99.5 %	99.5 %	99.8%	99.5% or higher
New Zealand	99.7 %	99.7 %	99.7 %	99.5% or higher

Notes on fiscal 2014 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. In Australia, the recycling rate rose by 0.3 points as a result of improved processes for recycling circuit boards, while China's rate rose by 0.2 points thanks to a change in the methods for processing used motors and fans.

Goals/ As in fiscal 2014, our goal is to improve the quality of our recycling program while maintaining a "zero landfill" recycling rate, and to further expand reuse to minimize our impact on the environment

Water usage in manufacturing process

Definition Amount of water Fuji Xerox and its affiliates in Japan and overseas use in the manufacturing process. Fiscal 2014 performance Fiscal 2015 goal Fiscal 2013 performanc 2.06 million t 30% reduction from 2 29 million t 215 million t Fuji Xerox and affiliates fiscal 2005 level Japan: 1.77 million t Japan: 1.71 million t Japan: 1.63 million t Overseas: 0.52 million t Overseas: 0.44 million t Overseas: 0.43 million t (2.59 million t) Notes on fiscal 2014 Since fiscal 2009, Fuji Xerox has focused on reducing water use at the manufacturing stage, which accounts for the greatest portion of our water consumption. In fiscal 2014, we achieved our annual goal of using 45% less water than in fiscal 2005, at the same time surpassing our target of a 30% performance reduction from the fiscal 2005 level.

Goals/ challenges While maintaining our target (30% below the fiscal 2005 level), we will strive for a further year-on-year reduction in water usage. At the same time, we will consider our options with regard to new domestic and international indicators of water use, such as the "water footprint."

Local Communities

Social contribution spending

GRI EC1, EC7

Definition Total spending by Fuji Xerox and its affiliates on social initiatives and activities that contribute to the community.						
Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal		
Fuji Xerox (unconsolidated)	378.00 million yen	372.00 million yen	302.00 million yen	Continue social		
Affiliates in Japan	96.00 million yen	96.00 million yen	72.00 million yen	contribution at a		
Overseas affiliates	194.00 million yen	193.00 million yen	176.00 million yen	set level		

Notes on fiscal 2014 performance Total social contribution spending came to approximately 550 million yen thanks to ongoing donations to and sponsorship of academic research and sports programs and our continued involvement in social initiatives in Japan and overseas. A decrease in donations as well as personnel secondment to outside organizations accounted for the drop in spending from the previous year.

Goals/ challenges

Definition

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, transmission of diminishing cultures and information, and measures to address social problems specific to given local communities or regions.

GRI EN28 GC Principle7-9

GRI EN8 GC Principle7-8

Employee participation in volunteer programs

CDI	EC7
UK	LC/

GRI FC7

Definition	Aggregate number of employees (including repeat participants) participating and cooperating in volunteer programs sponsored by Fuji Xerox and its affiliates.					
	Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal	
Fuji Xerox	Fuji Xerox (unconsolidated) Figures unavailable (while company-sponsored		808	903	Increase number of	
Affiliates in Japan		volunteer programs have been active, monitoring of	2,162	4,756	participants from	
Overseas affiliates participation levels did not begin until fiscal 2013)		7,863	11,018	fiscal 2014 level		
Notes on A total of 16,677 employees (including repeat participants) company-wide took part in company-sponsored volunteer activities, as employee participation						

fiscal 2014 among our affiliates rose sharply.

Goals/ We will continue 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

Percentage of companies among Fuji Xerox and its affiliates that have instituted systems to encourage and support employee volunteerism, including HASU Clubs*¹² and volunteer leave. Definition

Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal
Fuji Xerox (unconsolidated)	100 %	100 %	100%	Boost percentage among overseas affiliates
Affiliates in Japan	100 %	100 %	100%	
Overseas affiliates	81%	78%	87%	

In fiscal 2014, the percentage of overseas affiliates supporting volunteerism rose, as two more companies instituted volunteer leave. Notes on fiscal 2014 performance

In fiscal 2015 we plan to boost the ratio of overseas affiliates supporting volunteer activities as we continue to step up social contribution activities at our affiliates in Japan and overseas.

*12 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 Clubs

Definition Number of employees and retirees who are men	Number of employees and retirees who are members of one of the Fuji Xerox HASU Clubs, volunteer organizations.			
Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal
Fuji Xerox (unconsolidated), Fuji Xerox Advanced Technology Co., Ltd., Fuji Xerox Manufacturing Co., Ltd., and Fuji Xerox Service Creative Co., Ltd.	3,773	3,837	3,807	Increase membership

At Fuji Xerox (unconsolidated), approximately 41% of employees were enrolled in fiscal 2014. Meanwhile, our company-wide volunteer network is Notes on fiscal 2014 expanding, with employees at our affiliates participating in earthquake relief and other volunteer. performance

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

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

GRI EC7

GRI EC7

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

Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 goal
Recipients of grants for foreign doctoral candidates in Japan*13 (Total recipients to date*14)	30 (1,044)	32 (1,076)		Continue grant-giving activity at a set level
Recipients of Kobayashi Fellowship* ¹⁵ (Total recipients to date)	8 (165)	8 (173)		Continue fellowship-giving activity at a set level

Notes on fiscal 2014 Research grants were awarded to 33 foreign scholars representing eight countries and studying at 20 Japanese universities under our Research Grant Program for Foreign Doctoral Candidates in Japan. Moreover, fellowships were awarded to eight Japanese scholars at six universities under the Kobayashi performance Fellowship Program. In addition, research papers submitted by recipients were published in book form and distributed to educational institutions and previous recipients, and measures were taken to facilitate networking among the program's more than 1,000 alumni.

Goals/ While continuing our grant- and fellowship-giving activity, we intend to expand our efforts to facilitate networking among past recipients by continuously holding research symposiums for those who have completed their doctorates to present their research and by expanding our digital archives of research reports. *13 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.

*14 Includes those who returned a grant after receiving it. *15 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 SO8 GC Principle 10

Definition	Number of corporate governance and/or compliance issues warranting disclosure that emerged during the fiscal year.				
	Companies	Fiscal 2012 performance	Fiscal 2013 performance	Fiscal 2014 goal / performance	Fiscal 2015 goal
Fuji Xerox and affiliates		0	0	0 / 0	0
Notes on fiscal 2014 performance	There were no serious corporate governance or compliance issues warranting disclosure.				
Goals/	Fuji Xerox and its affiliates will continue working to enhance corporate governance and compliance at every level.				

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

Third Party Opinion

Eiichiro Adachi

Head of ESG Research Center The Japan Research Institute, Limited



As in fiscal 2014, I was again invited in fiscal 2015 to review the Sustainability Report of Fuji Xerox and its affiliates. Last year, broadly speaking, I made two requests.

The first was to give more substance to 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 (*Genko-Itchi*)." In this regard, I noted in this year's report that the value creation process has been clearly charted (p.1), and the value that Fuji Xerox provides has been defined in concrete terms (p.10). I also felt that the report's structure serves to guide the reader, as the Top Commitment (p.5) and the Initiatives Addressing High-Priority Management Themes: Highlights (from p.23 onward) are now placed within a more logically structured overall flow.

My second request last year was this: "I look to Fuji Xerox for a proactive message about what the better society they envision will be like." This year, I noted that the social issues that Fuji Xerox should address have been set out concretely (p.9) and the high-priority management themes have been recast in terms of the stakeholders concerned (p.11). In addition, the new value standards that Fuji Xerox has been promoting over the years strike me as more persuasive now that they are set out in a timeline (p.21). Having the "Evolution of Fuji Xerox Value Creation" timeline heightens the reader's expectations for the company's growth in the years to come.

While the ties and relationships between the social issues to be addressed and the value the company provides have been made clear (pp.9–10), there remains a slight sense of disconnect when this is presented under the headings of the existing business segments or stakeholders. This may be inevitable, as the business segments were never designed to address specific social issues or types of value, nor is there a one-to-one correspondence with the stakeholder categories. When the task at hand is to disclose information while focusing on the integration of business and CSR, however, it becomes a real issue. Further, while I found the section on the technologies that support Fuji Xerox's growth very interesting in itself (p.18), here too the overall picture in terms of the corresponding social issues or value to be provided remained somewhat unclear.

In the disclosures on Engagement with Stakeholders (pp.35–52), the established format—consisting of "Our Ideal," "Our Basic Approach," previous fiscal year performance, current fiscal year initiatives, and case study—is easy to follow and highlights the main points well. The information disclosed in Main CSR Indicators (pp.54–59) also sheds considerable light on how the PDCA is operating at the company and its affiliates, and I would like to commend Fuji Xerox for monitoring progress using comprehensive CSR indicators in this way.

That said, in the fiscal 2015 report (including the disclosures on the website), there were a number of puzzling lags in CSR efforts bearing fruit. These included the reduction of new resource inputs in the manufacturing process by reusing parts, the increase in VOCs (volatile organic compounds), the increased number of workplace accidents per 1,000 employees at affiliates in Japan, and the drop in the percentage of women in executive and managerial positions at overseas affiliates. I would have liked to see a detailed explanation of the factors behind these figures, and also information on the decrease in Fuji Xerox's total spending (on a consolidated basis) on social initiatives and activities that contribute to the community.

To recapitulate, then, in its Sustainability Report for fiscal 2015, Fuji Xerox has made ambitious strides forward in clarifying the management processes involved in integrating its business and CSR. They have undertaken with commendable seriousness to discuss the social issues that they themselves should be addressing and the value that they themselves should be providing, instead of merely identifying generic "material issues," and I hope that Fuji Xerox will continue to issue a similarly distinctive and forward-looking Sustainability Report in the future.

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.

Fuji Xerox Corporate Overview

Corporate Information

Name Headquarters	Fuji Xerox Co., Ltd. Tokyo Midtown, 9-7-3 Akasaka, Minato-ku, Tokyo JAPAN 107-0052
Telephone	+81-3-6271-5111
Chairman of the Board and Representative Director	Tadahito Yamamoto
President and Representative Director	Hiroshi Kurihara
Date of establishment	February 20, 1962 Established as a joint venture between the British company Rank Xerox Limited and Fuji Photo Film Co., Ltd. (Rank Xerox changed its name to Xerox Limited on October 31, 1997)
Capital	20 billion yen
Shareholders	FUJIFILM Holdings Corporation (75%) Xerox Limited (25%)
Number of employees	46,945 employees (consolidated, March 2015); 8,530 employees (unconsolidated, March 2015)



Office Products Business, Office Printers Business, Production Services Business, Global Services Business

Headquarters Tokyo

Business

Business sites

Research

sites

laboratories

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

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

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

Main sales and Approximately 300 cities including key locations such as Sapporo, Sendai, Tokyo, Yokohama, Nagoya, Kyoto, service offices in Japan Osaka, Kobe, Hiroshima, Fukuoka and Okinawa

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

1,188.9

91.9

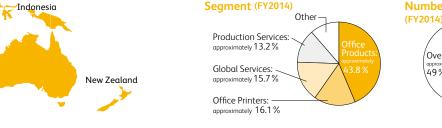
2014 (FY)

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.



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(billion yen)

1,200

800

100

0

Consolidated Revenue by Business

2013

Key Management Indexes

Revenue (consolidated)
Income before income taxes (consolidated)

1,142.9

890

Financial Data (US GAAP)

68.1

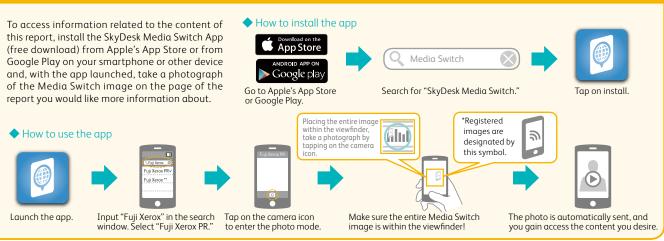
2012

Consolidated Revenue by Geography (FY2014)



Consolidated Employee Number by Geography





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Editorial Postscript

Paul Gauguin entitled one of his paintings *Where Do We Come From? What Are We? Where Are We Going?* It is a work that seems to ask these questions of viewers, to invite them to reflect on their own raison d'être.

Today companies are increasingly being called on to help solve social problems. If the world we leave for future generations is to be not just sustainable but progressively better than the one we know, companies too must constantly reexamine their own raison d'être and ask themselves what kind of value they can create for the society of which they are part.

The Fuji Xerox *Sustainability Report 2015* aims to answer the fundamental question "What does Fuji Xerox offer society?" We have taken up the challenge of working out how to give a fully rounded picture of Fuji Xerox's past and present, plus a look into the company's future, by tracing the route we have traveled, describing the initiatives we are pursuing and the value we are delivering to help achieve the society we envision, and indicating how we expect to grow in the future. It is our hope that readers of this Sustainability Report will come, in however small a degree, to understand Fuji Xerox in greater depth and feel a closer connection to us.

This year's cover photo depicts children joining hands in shared aspiration. It was chosen to illustrate our resolve to realize a society in which new value is created and a better world evolves as people in all their diversity work together, understanding and trusting one another thanks to high-value communication. We hope that this cover will conjure up an image of the society that we at Fuji Xerox envision.

In closing, we express our gratitude to all who contributed to the completion of this Sustainability Report. Fuji Xerox will continue to work with its diverse stakeholders in a wholehearted effort to continually create new value for society.

Fuji Xerox Co., Ltd.

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Sustainability Report 2015

Fuji Xerox Co., Ltd.