

Sustainability Report 2016

Fuji Xerox Co., Ltd.



Sustainability Report 2016

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 2016

- **Reporting Period**
Sustainability Report 2016 focuses on the CSR efforts of Fuji Xerox during fiscal 2015 (April 2015 to March 2016) and also covers some policies and activities for fiscal 2015.
- **Organizations Covered**
Sustainability Report 2016 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 option of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative.
We also consulted the 2012 edition of the Japanese Ministry of the Environment's Environmental Reporting Guidelines.
- **Next Release of Our Sustainability Report**
September 2017
- **Report to the Global Compact**
In our capacity as a corporate signatory to the Global Compact, we have submitted this report to the Stakeholders as our Global Compact Communication on Progress in the four areas and ten principles of the Compact. Please see page 8 for our activities regarding the Global Compact.



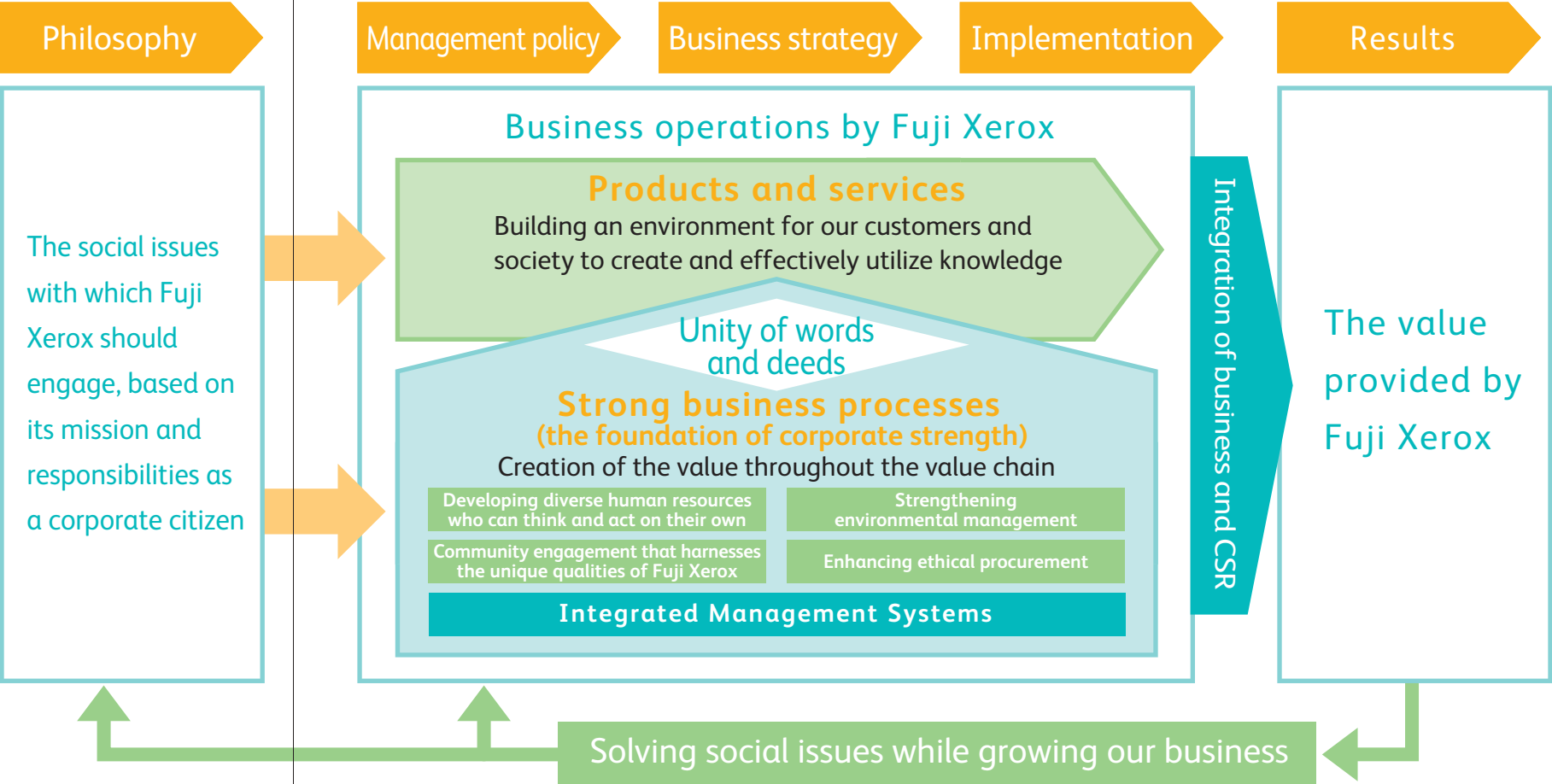
Global Compact
LEAD
PARTICIPANT

Editorial Policy

Features of fiscal 2016 report

- To ensure that the report presents the “big picture” of Fuji Xerox as a whole, we paid attention to these points.
- 1 The contents of this report are organized along the lines of Fuji Xerox’s management processes, which aim to create value through the integration of business operations and CSR (see diagram below). The social issues on which Fuji Xerox focuses based on its mission are classified into four categories, and an effort is made to present a coherent and easy-to-understand report on the processes by which we aim to provide value through business activities.
 - 2 The report presents the initiatives we are undertaking in our business operations to promote achievement of the Sustainable Development Goals contained in the 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly in September 2015.
 - 3 Additional focus has been placed on explanations of the value we provide in our business operations through our products and services, growth strategies for the future of our business, and the underlying technologies that support them.
 - 4 To give readers a more concrete understanding of our global business activities, actual examples of overseas initiatives are provided wherever possible.

The Process Leading to Value Creation



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

Structure of Sustainability Report 2016

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).


Web Info

<http://www.fujixerox.com/eng/company/sr/2016/index.html>

Sustainability Report




Website



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

SkyDesk Media Switch

Wherever you see this symbol in this report, you can access related content using the SkyDesk Media Switch App. Place your smartphone over the image near the symbol, and take a picture of it with the SkyDesk Media Switch App. For details, see the page 58 of this report.



Purpose of Management at Fuji Xerox



Joseph C. Wilson

Better Communications

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

Mission Statement and Shared Values

【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.

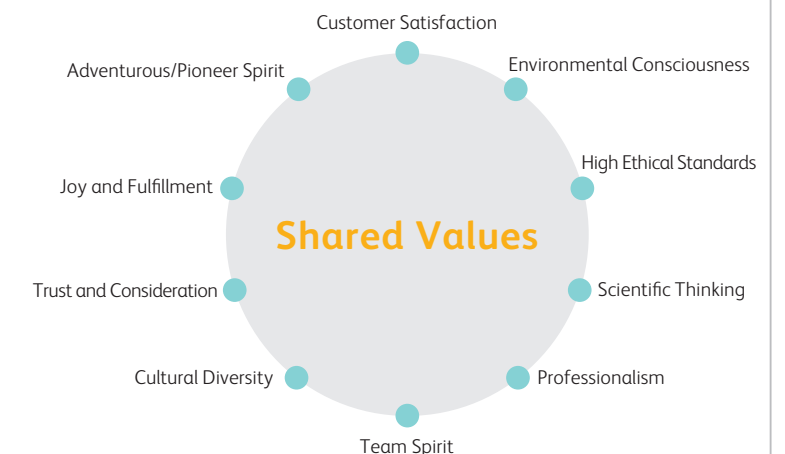
Build an environment for the creation and effective utilization of knowledge.

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.



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

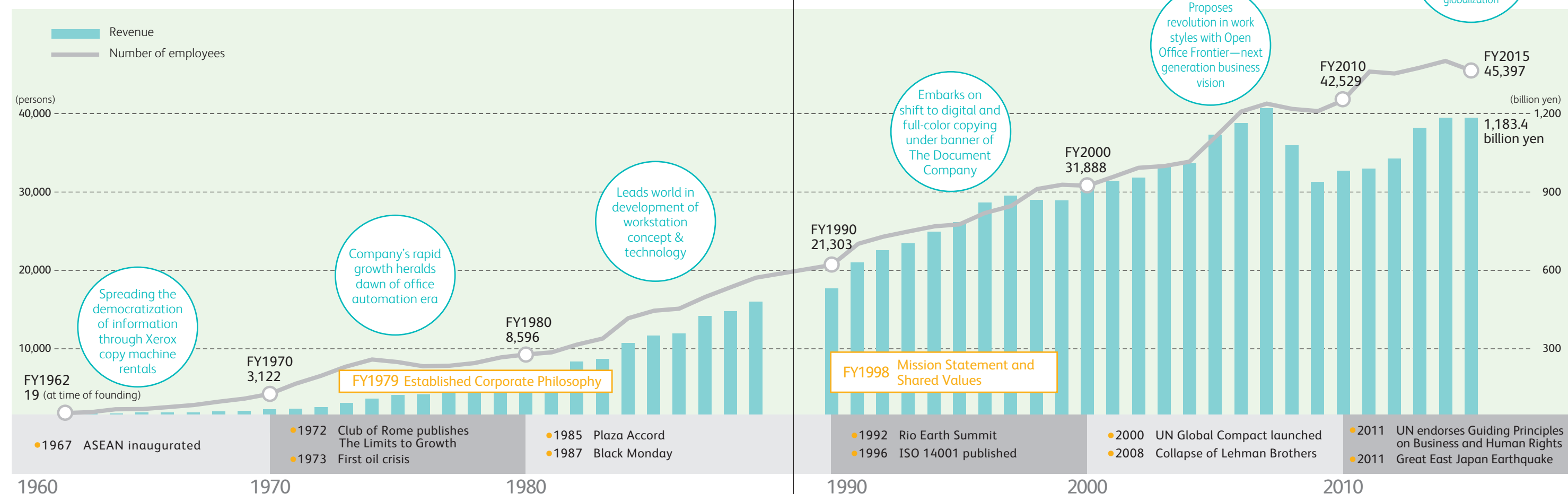
A “strong” company delivers excellent products and services that satisfy customers and is able to reward its shareholders continuously. A “kind” company contributes to local and global communities in terms of environmental conservation, ethical behavior, and social contribution. Employees find their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



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. Rising above “Market-In,” Fuji Xerox has pursued the concept of “Society-In,” which focuses on social needs and provides solutions which are of value to society. By eliminating handwritten copies and enabling instantaneous sharing of information among large number of people, Xerox copy machines ushered in the age of the democratization of information. For this reason, it can be said that these machines virtually embodied the solution of social issues through the process of “Society-In.”



Promoting New Value Standards

1962 ~ From Products to Benefits

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.



1970 "From Hustle to Beautiful"

At the height of Japan's rapid-growth era, Fuji Xerox had a dramatic impact on Japanese society, changing people's lifestyles and way of thinking by reexamining what it means to live a beautiful life and calling for a return to human values from the prevailing workaholic climate of the 1960s. At a time when giant strides were being made in technological civilization, Fuji Xerox stopped to consider how it could serve as a bridge to liberate people from the pressures of a workaholic society and to redirect their energies toward more creative and human activities.

1980 Pursuit of Corporate Quality Earns Deming Prize

Fuji Xerox's business environment became more challenging with the entry of competitors and repeated oil crises. Against this backdrop, Fuji Xerox steadfastly promoted companywide quality assurance management and total quality control (TQC) activities, and committed itself to standing head and shoulders above others with products that surprised the world. This spirit led to Fuji Xerox being awarded the Deming Prize in 1980.



1988 Promoting and Adopting New Work Way

Fuji Xerox introduced the New Work Way as a means to breaking free of the uniformity imposed by TQC activities. In addition to the question "Why?" that is so vital to carrying out work in a scientific way, the New Work Way expressed a respect for individual ideas and initiative by asking the question "Why not?" Anticipating the advent of a new relationship between individuals and organizations, we worked to bring about a company in which individuals are able to make the most of their abilities.



The Foresight of Yotaro Kobayashi



Yotaro Kobayashi, Fuji Xerox's former president and CEO (appointed 1978) and chairman and CEO (appointed 1992), passed away on September 5, 2015. Mr. Kobayashi strongly advocated for better relations among business, society, and employees (individuals). He constantly stood at the forefront of change by leading the "Beautiful Campaign—From Hustle to Beautiful" of 1970, the "New Work Way" of 1988 and the "Good Company Concept" in 1992. Mr. Kobayashi was also very active outside of Fuji Xerox. Appointed chairman of the Japan Association of Corporate Executives (Keizai Doyukai) in 1999, he expressed concern that undue attention was given to short-term economic performance in corporate evaluations, and advocated market evolution with a focus on the social and human roles expected of business. Mr. Kobayashi was also a lifelong advocate of the importance of corporate social responsibility and sustained value creation by business.

By Practicing CSR Management, We Will Contribute to Creating a Society Where All Can Live in Comfort and Engage in Fulfilling Work

Changes in Global Society and Social Issues

In 2015, the demands and framework of the global society has seen significant changes, as evidenced by the adoption of the COP 21 Paris Agreement and the UN's 17 Sustainable Development Goals (SDGs). These are imposed on top of the ongoing requirements that include socially responsible investing as well as environmental, social, and governance considerations. In particular, SDGs present important guidelines that urge countries at all stages of development to work toward the realization of sustainable development by 2030. As such, SDGs strongly demand global partnership that rises above the framework of businesses to encompass all stakeholders, including industries, government, academia, citizens, NGOs, and local communities. The impact of SDGs may be as large and extensive as to require corporate management to fundamentally reconsider its understanding of business opportunities and risks.

At the same time, the attention being paid to corporate governance and compliance is further increasing, while accelerated advances and innovation in information and communication

technologies (ICT), including the Internet of Things, big data, and artificial intelligence, are generating far-reaching changes in society, the economy, and the environment. As a result, we now face social issues that conventional modes of thought and action are often powerless to solve.

The Role of Fuji Xerox

The way of doing business has also changed. No longer can a company acting alone take care of all its duties and responsibilities. To move forward with business in the new age, a number of companies must collaborate on a global level. In this setting, creating an environment conducive to growth of knowledge through speedy and accurate distribution and sharing of information is becoming increasingly important.

Fuji Xerox's Mission Statement starts with a commitment to "Build an environment for the creation and effective utilization of knowledge." Since our founding in 1962, we have remained committed to the realization of "Better Communications" as our business goal, and have endeavored to create social value and

enrich communication in society through the delivery of our products, solutions, and services. In the context of SDGs, Fuji Xerox's most important mission is to make a valuable contribution to the promotion of decent—that is, fulfilling and humane—work and to the realization of sustained economic growth. The importance of the role of communication will only continue to grow as social issues become increasingly complex and difficult to solve. As long as there are day-to-day business activities in society, there can be no end to the management issues that we must work to resolve. For this reason, every employee of Fuji Xerox must be mindful of their social responsibilities and must play a meaningful role with a sense of pride. I firmly believe that what society demands of us today is to put our Mission Statement into practice, incorporate it into our lives, and contribute to the development of society with a sense of fulfillment.

The Meaning of "CSR Is Synonymous with Corporate Management"

I have always advocated that "CSR is synonymous with corporate management." This is based on my belief that CSR management indispensable to sustained corporate growth is meaningful only when practiced throughout all business processes. Therefore, I regard CSR management as the challenge of creating new value

that affects the future of both Fuji Xerox and society. Corporate value is determined by how successful a company is in satisfying all the stakeholders. Only when the value of a company is globally recognized and its existence is deemed essential, it can be said to have attained the rank of a sustainable enterprise capable of continued growth.

We at Fuji Xerox have proven strengths in the fields of document services and communications. With these strengths, we now aim to become an excellent company in the true sense of the word by creating high-value communications through our core business far exceeding stakeholder expectations. We will remain committed to contributing to the creation of a society where all can live in comfort and engage in fulfilling work.

Tadahito Yamamoto
Chairman of the Board and
Representative Director
Fuji Xerox Co., Ltd.



Participating in the UN Global Compact

Spearheading Activities as a LEAD Company

Fuji Xerox supports the UN Global Compact* and became a signatory in fiscal 2002. We 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 43 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 presently serves as a member of the Global Compact Board in New York City, and manages the Global Compact Network Japan (GC-NJ), which currently comprises some 200 companies and organizations. We also actively support the UN Global Compact Office in New York City and GC-NJ by seconding employees.



UN Global Compact Leaders Summit 2016 in New York (Fuji Xerox participated)

※ The UN 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.

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

Following on the Millennium Development Goals, in September 2015 the UN General Assembly adopted a set of new goals for sustainable development comprising a total of 17 goals and 169 targets. This Agenda calls on all UN member states to endeavor to achieve sustainable development goals in such areas as poverty, hunger, energy, climate change, and peaceful societies between 2015 and 2030.

Fuji Xerox will act through its core business to implement initiatives for achieving SDGs.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



Web Info

- The UN Global Compact <http://www.unglobalcompact.org/>
- The United Nations <http://www.un.org/en/index.html>



Aiming to Be a Company that
Delivers Continuous Innovation
through Offering Communication
which Brings People to Life

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

Hiroshi Kurihara

Ability to Select and Apply Knowledge and Information

Since its founding in 1962, Fuji Xerox has contributed to the democratization of information through document transmission using copy machines. The IT revolution of the 1990s dramatically increased information volume and added great diversity and complexity to the channels and forms of information distribution. More recently the advances in ICT made an ability to select and utilize valuable knowledge and information even more crucial. This major paradigm shift has made it increasingly difficult not only for Fuji Xerox but also for its customers to continue to grow their businesses using conventional methods from the past. The questions of how to respond to an increasingly complex and sophisticated information society and how to maintain business growth in this environment will test the true worth of companies.

New Opportunities for Capitalizing on Fuji Xerox's Strengths in The Age of Information Overload

In the past few years, Fuji Xerox has accelerated the transformation of its business structure, placing greater emphasis on solutions and services. I was appointed president and representative director in June 2015 after serving as executive vice president overseeing domestic sales business where I promoted this process while communicating directly with customers. As president, I was made keenly aware that this age of information overload presents Fuji Xerox with amazing opportunities for capitalizing on its strengths.

The technologies and know-how we have fostered over more than 50 years encompass the entire communication field. By providing optimal means for the conversion into suitable formats of and speedy distribution and sharing of necessary information, we have helped customers solve their management issues and improve their business processes in all areas, especially by streamlining the overall business flow, reinforcing governance, and improving customer relations. In addition to the copy technologies that we have thus far accumulated, we look forward in the years ahead to building document and communication infrastructures that meet the needs of the new age by exploiting diverse technologies, such as archiving to ensure the preservation of necessary information; sensoring to develop recommendations by detecting and predicting changes from past records; and monitoring and alerting. I am acutely aware that the concept of "Build an environment for the creation and effective utilization of knowledge" declared in our Mission Statement is exactly what society requires in this age.

Approaching Social Issues with Open Innovation in Our Core Business

Fuji Xerox is also engaged in open innovation initiatives to facilitate new value creation through communication technologies including collaboration and concept work. For instance, the Fuji Xerox R&D Square located in Yokohama's Minato Mirai district pursues the creation of new value, notably by introducing successful solutions to local community problems and related technologies to customers, government officials, universities, research institutions, NGOs, and community members, and by partnering with them in R&D activities. From the perspective of promoting regional revitalization, we are taking solutions proven successful in one region and applying them to other regions.

Another area of strength for Fuji Xerox is providing high-value communications realized through the fusion of IT with such analog processes as human sensibilities and experience, and

business activities. We will continue to contribute to the solution of problems facing our customers and local communities by offering communication-related products and services focused on people.

Accelerating the Integration of CSR and Our Business

At Fuji Xerox, we have been pursuing company-wide reform activities entitled "unity of words and deeds" (*Genko-Itchi*) that serve as an engine for reinforcing business processes with a view to bolstering corporate strength, building capacity in employees, and providing value to customers. Such activities implemented throughout all areas of sales, services, manufacturing, R&D, procurement and supply chain, and corporate functions have fostered in all employees the ability to identify problems and find effective solutions. These efforts have led to many achievements. For example, in fiscal 2015 Fuji Xerox was ranked first in customer satisfaction in the J.D. Power Asia Pacific survey for the sixth consecutive year, and was also awarded the Energy Conservation Grand Prize. We also became the first company in Japan to acquire Integrated Management Systems Certification at the scale of 40 companies and 30,000 employees. We have constantly endeavored in these ways to strengthen our business foundations. During fiscal 2016, we will strive to attain top global levels by further promoting CSR activities throughout the company, actively discussing high-priority management themes identified from the perspective of sustainability, and implementing the plan-do-check-act cycle.

By building on these activities, Fuji Xerox aims to foster an ever-rising awareness of "CSR is synonymous with corporate management" among all its members, from top management down to the individual employee. We will ensure that this awareness permeates our corporate culture and will move forward on integrating CSR and our business.

The Challenge of Further Growing Our Business

With "Change Myself, Change Team, Change Fuji Xerox" as our corporate direction for fiscal 2016, we will strive toward achieving mid-term management goals and accelerating Fuji Xerox toward the next stage of growth, with emphasis placed on expanding customer contact points and delivering greater value. As these objectives must be accomplished through the efforts of our employees, it goes without saying that employee satisfaction is essential to successful management.

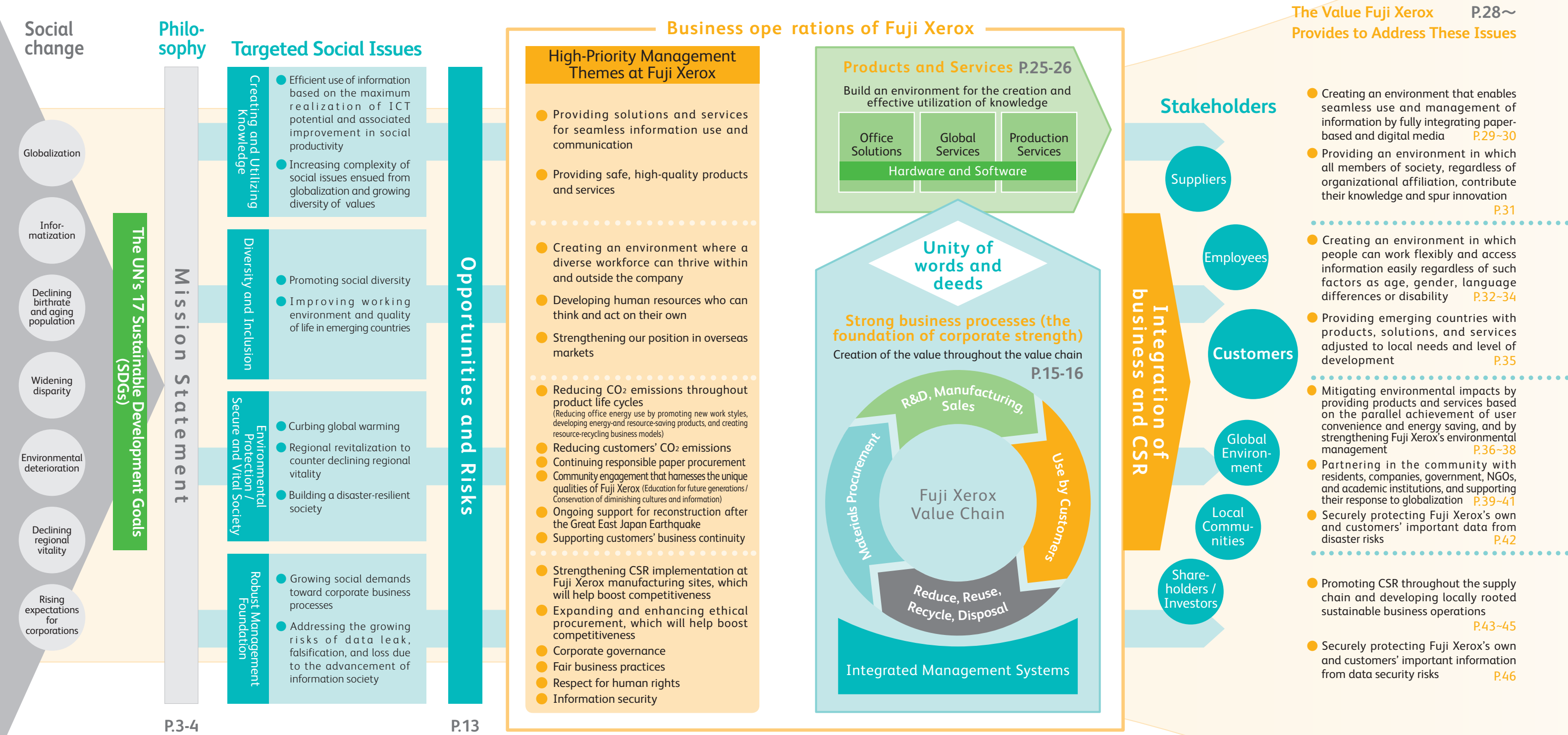
"No Try, No Success"—i.e., nothing can be accomplished without taking on challenges—is my motto. To create a corporate culture where every individual aspires to lofty goals and finds real satisfaction in growth, we will actively endeavor to create opportunities for dialogue with employees, and will continue to push forward the transformation of how we work and communicate.

My Promise to Our Stakeholders

Technology is advancing at an amazing speed and has brought us into an age where revolutionary changes in ICT have an immense impact on society. This, however, does not mean that the pursuit of efficiency and convenience is the be-all and end-all. My primary commitment is to fostering sure and steady management that enables us to have a clear vision of the social issues and to deliver those values that are truly needed by society. I will take on the challenge of leading Fuji Xerox to contribute to customers and society by creating an environment where every employee thrives and by transforming Fuji Xerox into a company characterized by ceaseless innovation. I pledge to make the greatest possible effort to safeguard Fuji Xerox's position as a company loved and needed by society, and as a committed proponent of social transformation over the medium to long term.

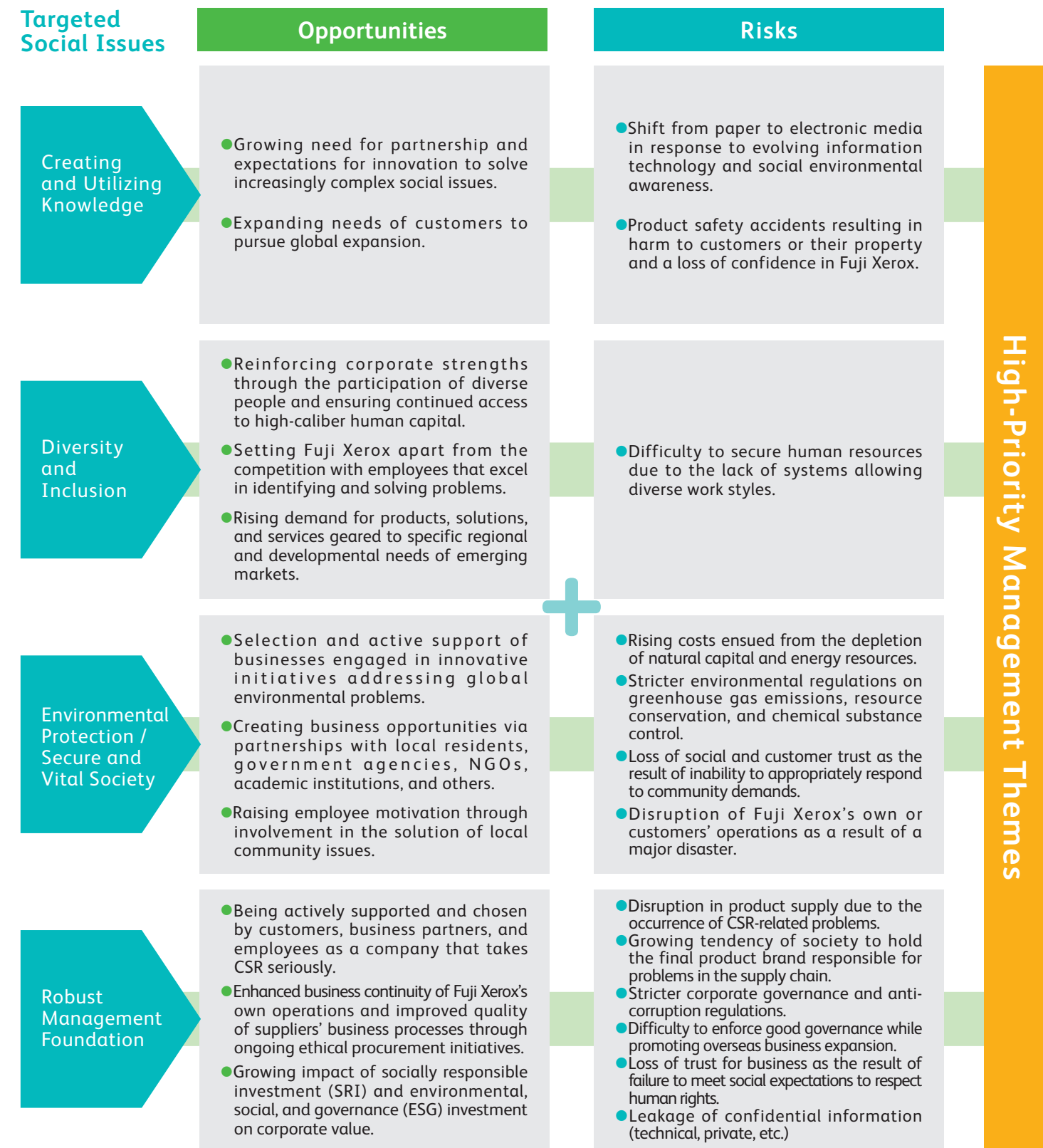
Our Value Creation Process

Fuji Xerox has identified four categories of social issues to concentrate on from among a broad spectrum of contemporary problems. The selection was made in line with our Mission Statement and what we consider to be our essential responsibilities to society. Based on our designated high-priority management themes, we will endeavor to create values through our business activities that will contribute to solving specified social issues and to support value creation by our customers and stakeholders.



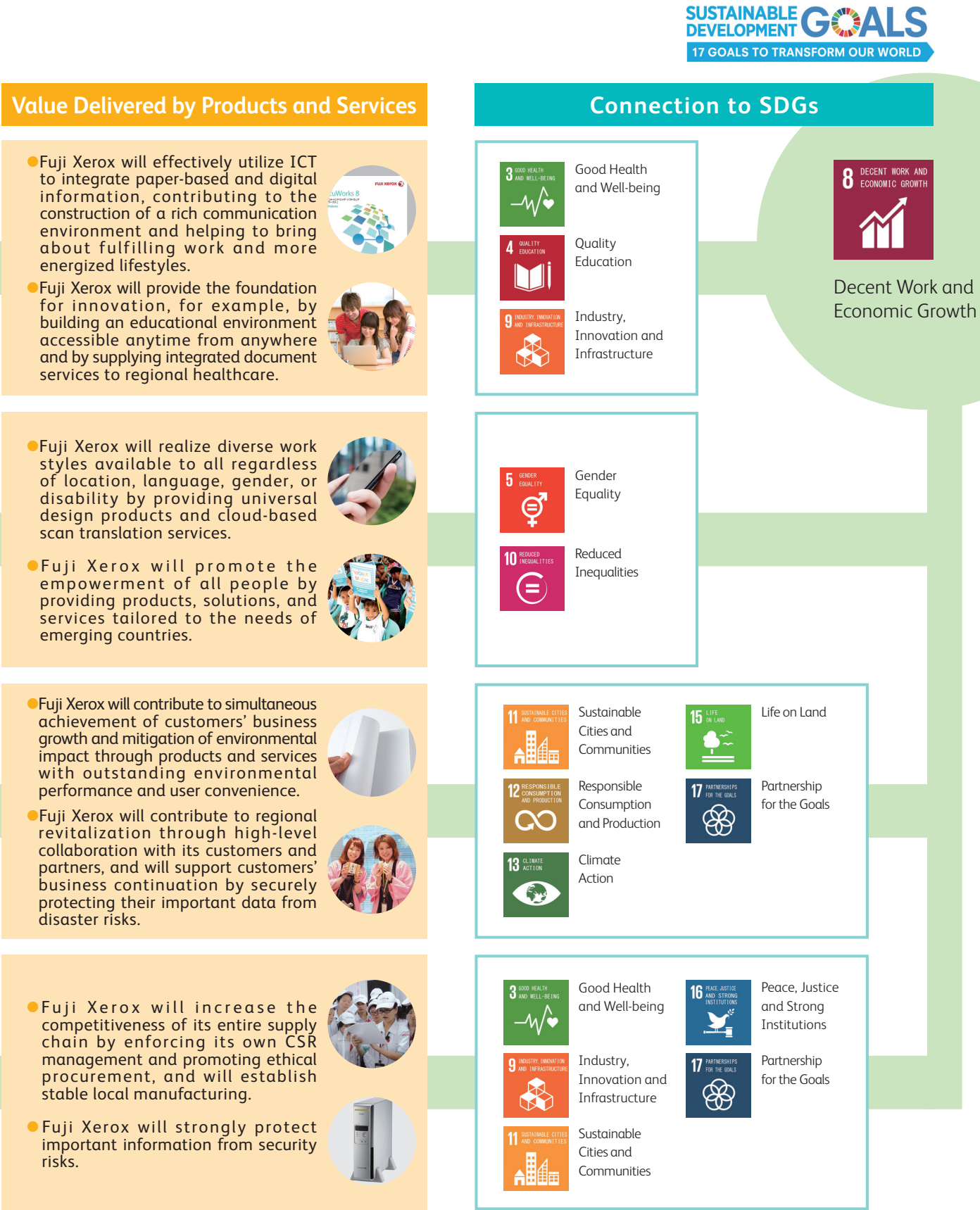
Opportunities and Risks in Designating High-Priority Management Themes at Fuji Xerox

Fuji Xerox analyzes the opportunities and risks in each category of social issues that it engages in to identify high-priority management themes for its sustainable growth.



Value Delivered by Products and Services and Connection to SDGs

Below is the explanation of the link between SDGs and the ways Fuji Xerox contributes to their achievement in the four specified social areas by engaging into business activities which leverage the features and values of Fuji Xerox's products and services.

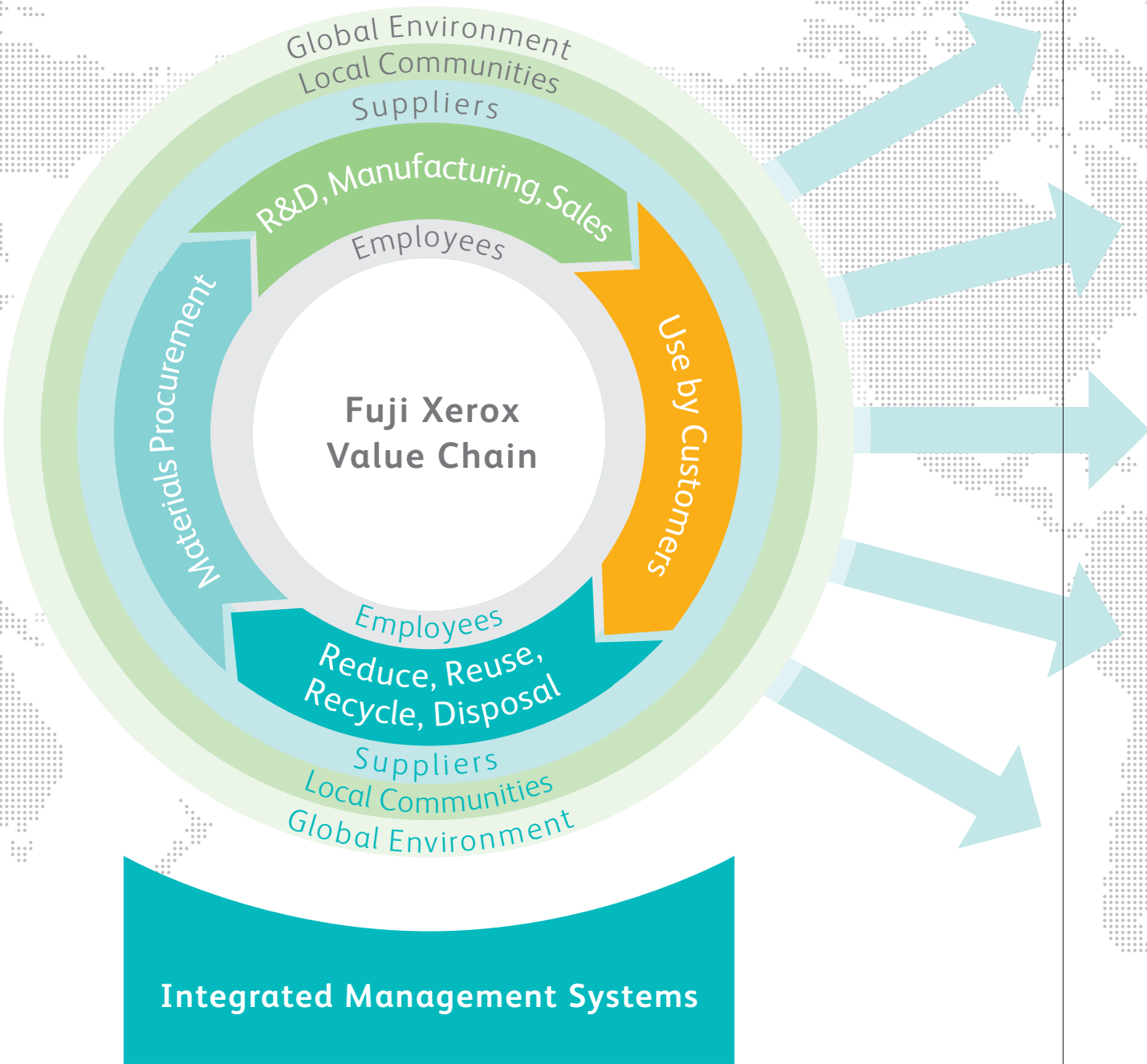


Strong Business Processes to Support Growth

Delivering Value to Society at Every Stage of the Value Chain in Every Country of Operation

Fuji Xerox takes responsibility for all business processes in its value chain, from materials procurement to 3R (reduce, reuse, recycle) and disposal. Wherever it operates, we work hand in hand with stakeholders in all business processes to create value at every stage of the value chain. By pursuing “unity of words and deeds” (*Genko-Itchi*), the company strives to deliver that value both to its customers and to society as a whole.

Strong business processes (the foundation of corporate strength)



Integrated Management Systems

Outstanding Products and Services

Fuji Xerox and its affiliated companies have been accorded with various prizes and awards in recognition of its activities. Some of the awards and prizes are shown below.

Customers



customer satisfaction
No.1

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

for six straight years
No.1

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

for six straight years
No.1

Global Environment

- 2015 **Energy Conservation Grand Prize** for excellent energy conservation equipment
Chairman Prize of the Energy Conservation Center, Japan (ECCJ)
- **The Carbon Offset Award**
Excellent carbon offset initiatives
- The Sustainable Business Awards Singapore 2015
- **The Biodiversity Action Award of Japan 2015**
The Jury Prize
- The 19th **Environmental Communication Awards**
The Judge's Special Award

Integrated Management Systems

First in Japan to be simultaneously certified under three standards at scale of 40 affiliate companies and 30,000 employees



Fuji Xerox integrated the certification and implementation processes for the information security management systems and the 2015 revisions to the quality/environmental management systems, and was certified by the Japan Audit and Certification Organization for Environment and Quality (JACO) on January 27, 2016. It became the first

company in Japan to be certified at a scale of 40 affiliate companies with 30,000 employees.

Prior to this, management system certification was acquired separately for each place of business and function, resulting in problems such as multiple domain overlaps in the certification process, and weak operational efficiency directly linked to management. Therefore, in 2009 Fuji Xerox launched activities aimed at achieving greater efficiency through companywide integration of management systems and improving effectiveness as a management tool.

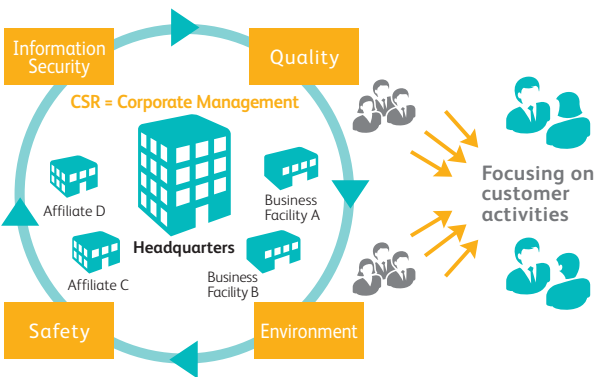
The purpose of these activities was defined as “building the foundations for CSR management.” To prepare for integrated certification and implementation, a checklist for internal audit use integrating the three standards was drawn up, and a centralized, one-stop system for management of information was created. Specific aims included visualizing the entire business process and embedding responses corresponding to risk assessment into business processes, thus implementing the plan-do-check-act cycle in the core businesses of Fuji Xerox and

all its affiliates.

Quality, environmental, and information security management systems were integrated through these activities and were adopted for implementation in Headquarters functions, research and development, manufacturing functions (including two affiliates), and Japan domestic sales (including 37 sales companies).

Moving forward, coverage will be expanded to all parts of Fuji Xerox and its affiliates, including overseas affiliates. The systems which are now in place will be used to achieve higher standards throughout the value chain. Finally, the corporate foundations of Fuji Xerox will be further strengthened to ensure the delivery of solutions and services geared to solving customer management challenges.

Achieving greater efficiency and effectiveness through integrated implementation





Highlight • 1

Changing The Way We Work

Improving productivity and creating high-value communication

Improving the productivity of office workers has emerged as a common social issue for many companies as business environment continues to undergo rapid change.

Fuji Xerox strives to raise its productivity by promoting its own new work styles. Lessons learned from these experiences are translated into solutions that are offered to customers to realize higher productivity, build a communication environment that holds value, and create a work atmosphere that allows all workers to fulfill themselves by realizing their potential. Referred to as “unity of words and deeds” (*Genko-Itchi* in Japanese), this approach is being used to leverage solutions to various social challenges including the promotion of diversity and devising countermeasures to global warming.

● The average annual hours actually worked per worker in OECD states ... **1,770** hours
Source: OECD Statistics (2014)

In Japan :
● Growth rate of the real labour productivity per hour **0.9** %
Average annual growth rate between 2005 and 2014
Source: Cabinet Office, “The Action Guidelines to Promote Work-Life Balance” (numerical targets)

● Annual paid leave acquisition rate ... **47.6** %
Source: Ministry of Health, Labour and Welfare, “General Survey on Working Conditions 2015”

What we aim to achieve by promoting new work styles

It was in 1988 that Fuji Xerox first launched a management innovation campaign called the New Work Way. Since then, we have studied and implemented new approaches designed to support diverse work styles and have been committed to respecting individual initiatives aimed at encouraging employees to take on new challenges. As part of this campaign, Fuji Xerox took early action to adopt various employee support systems, such as childcare leave (fiscal 1988) and family care leave (fiscal 1990). To promote diversity, new measures were introduced in fiscal 2014 to support employees who prefer to work from home due to childcare or family care duties. Under this program, employees engaged in childcare or family care are now able to opt for flex-time work scheduling not bound by any uniform core working hours.

The purpose of promoting new work styles at Fuji Xerox is not limited to helping employees balance the demands of work and private life. Our ultimate aim is to improve productivity by raising morale and creating an environment that allows both individuals and organizations to achieve their best possible performance and bring out their latent potential. And our sights are set on fostering a culture that supports the diverse values of individual employees and the transformation of Fuji Xerox into a company where all find satisfaction in their work and joy in the achievement of growth. Widening our vision, our aim is to change how people work in all walks of life and contribute to bringing about a more fulfilling and comfortable society by offering to customers and all our stakeholders solutions and services that represent the successes gained from a tireless process of trial and error pursued within Fuji Xerox.

New work styles are the first step to changing society

The problems facing society have rapidly become more advanced and complex as businesses have become diverse and globalized. Simultaneously, dramatic advances in information and communication technologies (ICT) are generating an endless stream of changes. Fuji Xerox believes that in this challenging environment, the conventional business model centered on selling equipment and consumables is no longer sufficient to support value creation by customers and the process of social transformation. What is called for is a rapid shift to solutions and services designed to solve customer problems. Beyond that yet another challenge awaits us. We want to know how our employees can respond to the expectations of customers and society by learning to make appropriate and timely judgments about ways to move forward and continue to produce results. Today we see that many companies are grappling with the question of how to raise the productivity of sales staff, engineers, and other office workers.

At Fuji Xerox, we began promoting new work styles in the belief that better communication holds the answer to this question. Recognizing that what troubles our customers cannot be different from the challenges that we ourselves face, we embarked on analyzing our own work styles as the first step.

Promoting new work styles across business units

Promoting new work styles for sales staff, Customer Engineers and Systems Engineers was launched in 2009. The campaign went beyond these three specific functions, reaching across business units to reconsider work styles in collaboration with colleagues in such areas as General Affairs, Human Resources, Information Systems, Supply Chain, and Administrative Services.

Special attention was paid to transformation in the four domains — business processes, IT mobile environment, systems and rules, and office environment.

In business processes, we set out by visualizing and quantifying the tasks of each individual employee, a project requiring considerable patience and perseverance given the level of personalization in business processes. But this is definitely an area of unrivaled strength for Fuji Xerox. We identified waste and inefficiencies by tracing the flow of related documents and developing a comprehensive image of business processes and communications. Next we acted to thoroughly streamline ancillary operations related to application and licensing

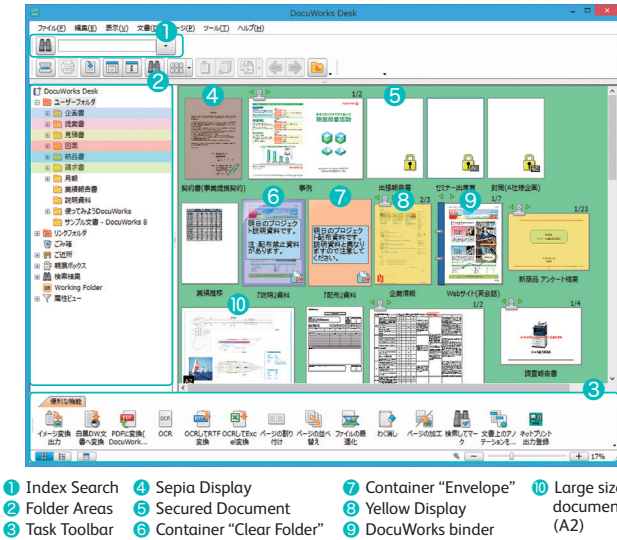
procedures. By adopting new work styles in sales, we actually reduced time invested in administrative work by about 52 percent. And by monitoring the quantified information, we ensured that the plan-do-check-act cycle would take firm root in our organizations.

In IT mobile environment, Fuji Xerox developed a new information-sharing app for use as a business support tool. To create an environment for working anytime anywhere, we equipped our staff with lightweight PCs and installed systems for DocuWorks, a document handling software for integrated management of electronic and paper-based documents, Working Folder, a cloud service for document sharing, and net printing (see p.30).*

In the area of systems and rules, Fuji Xerox has overhauled HR systems and rules to facilitate working from home and back-and-forth direct commute between home and client sites. To improve the office environment, we have established a number of satellite offices throughout the Tokyo metropolitan area, including sites in Roppongi (Minato Ward, Tokyo) where the Fuji Xerox Headquarters are located and Nihonbashi (Chuo Ward, Tokyo), where the company’s branch office has been located since May 2015. Other satellite offices have been opened at the Minato Mirai district in Yokohama and several sites in Chiba and Kanagawa Prefectures occupied since 2015.

*1 Service for safe and high-quality printout of electronic documents and contents temporarily registered and stored in Internet-based files using Fuji Xerox multi-purpose digital color multifunction devices (DocuCentre-V, C4475MP) installed in 7-Eleven stores throughout Japan.

DocuWorks
DocuWorks Desk Screenshot



Satellite offices accelerate change in work styles

Frontline capacity has been reinforced as a result of Fuji Xerox's company-wide campaign to promote new work styles. For example, the New Business Group 2, New Business Sales of the Tokyo Region Sales stationed at Nakano-sakaue (Nakano Ward, Tokyo) has increased customer visits by 65 percent by utilizing the Nihonbashi satellite office since the spring of 2015. The dramatic increase is primarily due to the improved efficiency in the mobility of regional sales staff.

Lisa Adachi, a member of the Group working with customers in the Ginza and the Nihonbashi areas, explains the advantages of satellite offices. "From Nakano-sakaue to my customer's site it takes 40 minutes by train one way. But it's just a short walk from the Nihonbashi Office. Working out of the satellite office gives me so much more time to visit customers. It also makes it easier to consult with customer engineers and facilitates speedy response to customers' questions and requests." This serves as a kind of live demonstration of Mobile Work supported by ICT tools, enabling customers to see the practical benefits for themselves. Watching this exciting process has piqued the interest of many customers in Fuji Xerox solutions.

Improving the delivery of value to customers



Tomoyuki Ishida
General Manager
Tokyo Daiichi Department
Tokyo Region Sales,
Fuji Xerox

Nihonbashi Office employees receiving satellite workers have also learned a lot from this initiative. Particularly valuable were the lessons gained from establishing the office in 2015 and rethinking office layout in the process of increasing floor space in July 2016, a process in which office employees played a leading role. "Thanks to this experience, I am able to explain the importance of workplace reform with greater conviction than ever before," agree

all members who were involved in the project.

Tomoyuki Ishida, General Manager of the Tokyo Daiichi Department, explains the aim of this effort in the following terms. "What do clients need to solve their problems? The answer is always to be found in the particular customer. Our job is to demonstrate how we ourselves implemented reform and to help customers find their own answers."

Comfortable office environment with 20 percent less floor space

The total floor area of the Nihonbashi Office was reduced by about 21 percent, going from 1,660 m² before the move to 1,300 m²



Lisa Adachi
New Business Group 2,
New Business Sales
Tokyo Region Sales,
Fuji Xerox

after the move. By eliminating desks with built-in file drawers, desk width was cut from 120 cm to 80 cm. At the same time, personal lockers were installed against the walls instead to provide room for personal storage. Necessary documents were digitized wherever possible and stored in a document management system (DocuShare).^{*2} As a result, 120 boxes of documents were discarded at the time of the move and a free-address system was introduced for seating to maximize floor space flexibility. Because of these changes, the office retained a feeling of spaciousness even after desks were added to accommodate employees working out of the satellite office. Efforts were also made to create an environmentally friendly setting by placing recycling stations at each floor to promote waste separation and paper reuse.

Promoting new work styles has reduced work hours through improved productivity, while Mobile Work has cut back on transportation time and saves natural resources. In addition to these gains, the reduction of floor space contributes to lower CO₂ emissions.

^{*2} Web-based document management and utility software realizes enterprise-wide information asset utilization.

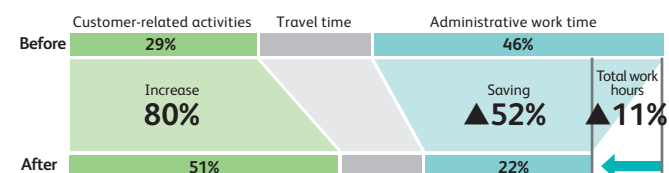
Changes have increased time for creative activities

The results of these changes are well documented. Time spent in discussion with customers and other customer-related activities has increased by 80 percent, while total work hours have actually been cut by 11 percent. Another significant outcome of adopting new work styles is that the reduction of waste and the freeing up of available time leave employees with more time to think and communicate.

"Our members are making good use of the extra time they have after work. You see some engaging in self-development activities and others just spending more time having dinner with their families. These changes in personal life give a real boost to morale and help maintain energy levels in the workplace," explains Hitoshi Tsushi, Group Manager of the New Business Group 2.

What underpins this high level of motivation is the sense of accomplishment that comes from seeing how the equipment and solutions proposed to customers can help them overcome problems, and how in some cases this can even lead to changes in customer work styles as well as changes across society in general. "It's not only about selling products. Fuji Xerox's commitment to solving the problems that hamper our customers permeates our organization and has taken firm root in the front lines of our business," Tsushi says with pride.

Breakdown of the activities of a day per salesperson



Hitoshi Tsushi
Group Manager
New Business Group 2,
New Business Sales
Tokyo Region Sales,
Fuji Xerox

Offering solutions that resonate with customers

Yomeishu Seizo Co., Ltd., a company with a history of more than 400 years, is beginning to change by implementing solutions proposed by Fuji Xerox. Serviced by the Account Solution Sales of the Tokyo Daisan Department, the long-established company is striving to achieve sustained growth by branching out from its core business making a traditional herbal liqueur to expand into general food products. To make this transformation work, Yomeishu concluded that employee awareness had to be transformed and the corporate culture overhauled. As a first step, it has launched into utilizing IT to create a platform for new work styles.



Takayuki Tanimura
Group Leader
Information Systems Group
Business Management Department
Yomeishu Seizo Co., Ltd.

Takayuki Tanimura, Group Leader of Information Systems Group, Business Management Department at Yomeishu Seizo, describes what happened. "We were feeling our way in the dark when we started thinking about developing a platform for new work styles. We took a close look at examples of "unity of words and deeds" (*Genko-itchi*) at the Nihonbashi Office and a wide range of solutions that were backed up by a wealth of experience and an impressive track record of real results. This gave us confidence by showing us a concrete vision of the road ahead. A really important step was taken when Fuji Xerox came up with a comprehensive proposal for an optimal IT environment that drew on all options that were available to us. But that was not the only thing that attracted us. What clinched the deal for us was the speed and thoroughness of the Fuji Xerox proposal team's response and communications. This was certainly a major factor in carrying this project to the finish line and to implementation in a short period of time."

Capable of integrated management of paper-based documents and all formats of electronic documents, DocuWorks dramatically boosts the utilization of intra-company documents when linked to multifunction devices and PCs. This has accelerated paperless meetings and is beginning to change internal communications including recordkeeping and storage.

Tanimura adds, "Once the installation phase is done, the key is to ensure that the management of the system takes root in the company and continues to achieve the targeted effects. Going forward, we expect Fuji Xerox to act as our partner in changing the work style throughout our company and in evolving our corporate culture."

Toshio Yamada, Executive General Manager of Tokyo Region Sales describes his excitement for the future in the following terms. "I am beginning to feel a difference in customer response. But really these initiatives have only just started. The real challenge for promoting new work styles still lies ahead. The changes we are proposing through these initiatives can deliver dynamic and exciting solutions to customers. This is what we want to achieve, but we still have a long way to go before we reach the heights we are aiming for."



Toshio Yamada
Executive General Manager
Tokyo Region Sales,
Fuji Xerox

Promoting new work styles moving from "quantity" to "quality"

The seven years spent on promoting new work styles have generated multifaceted results, ranging from realization of an improved work-life balance to the delivery of value to customers. Fuji Xerox believes two critical requirements must be met for the continued and successful evolution of these initiatives. First, there must be systems that assess the quality of labor input (the magnitude of value created) rather than the quantity of labor (hours of work). Second, a corporate culture that welcomes this paradigm shift must be fostered. With the cooperation of the Solution Service Development Group and the Research and Technology Group, Ishida, General Manager of the Tokyo Daiichi Department, also intends to visualize the contents of communication, including such details as the destination of emails and the frequency with which they are being sent.

Fuji Xerox's solutions and commitment to developing new work styles have always been focused on the concept of human-centered communication. The core idea is that by investing the time made available by new work styles as additional time spent with customers and in communication with other members, the implicit knowledge accumulated in individuals will be given a chance to circulate and be shared. This effectively lifts the overall level of knowledge throughout the organization and also encourages dialogue and exchange, leading to the creation of new value. When sales personnel directly experience this process, they are empowered to make exciting and attractive proposals that exceed customer expectations.

Ishida is determined that these efforts should continue. "We will continue to promote new work styles," he says, "with the aim of contributing to the solution of social challenges by improving productivity and promoting diversity. At the same time, we want to build an environment in which each and every employee can enjoy the experience of true growth."



Katsuhiko Yanagawa
Director and Executive Vice President,
Fuji Xerox

As social issues become more complex and challenging, the only way to ensure continued business growth is by constantly improving the values we deliver to society and responding robustly to society's many

demands and expectations. This requires each individual employee to nurture high aspirations and to internalize a broader and higher perspective.

Visualizing the process and enhancing the value of communication are exactly the strengths that Fuji Xerox has fostered over many years. To become a company that generates a constant stream of innovative proposals that can deliver fulfillment to stakeholders and contribute to the solution of social issues at the same time, we believe Fuji Xerox must endeavor to create an environment that provides maximum opportunity for employees to develop and express their talents based on respect for the individual and for diversity.



Highlight • 2

For the Community, With the Community

Supporting regional revitalization with a global perspective

Kyushu’s population, currently at 13 million, is projected to decrease by 10 percent by 2030.

Many challenges stand in the way of revitalizing a region that accounts for 30 percent of all municipalities nationwide that contain isolated islands in their jurisdiction.

But there are members who have begun to act with faith in a brighter tomorrow.

Fuji Xerox Kyushu, the company’s regional sales headquarters, is working together with Fuji Xerox and sales companies and dealers throughout Kyushu to support regional revitalization under the motto “For the Community, With the Community.” These support initiatives are activating communication throughout the region and taking steady steps forward with the support of local residents.

● No. of depopulated municipalities

Nationwide: **797** (percentage of total municipalities in Japan: 46.4%)

Kyushu: **144** (percentage of total municipalities in seven Kyushu prefectures: 61.8%)

Source: Ministry of Internal Affairs and Communications, “List of Depopulated Areas and Municipalities” (as of April 1, 2015)
Calculation based on “Changes in the Number of Municipalities by Prefectures” (as of April 5, 2014), Ministry of Internal Affairs and Communications

● Municipalities that contain isolated islands in their jurisdiction

Nationwide: **139** municipalities

Seven prefectures in Kyushu: **46** municipalities (33% of total municipalities in Japan)

Fuji Xerox Kyushu’s service area: Seven Kyushu prefectures, Yamaguchi and Okinawa prefectures, **75** municipalities (54% of total municipalities in Japan)

Source: Center for Research and Promotion of Japanese Islands, “Annual Statistical Report on Remote Islands” (2013)

Uniting Kyushu with Audio Guide Service

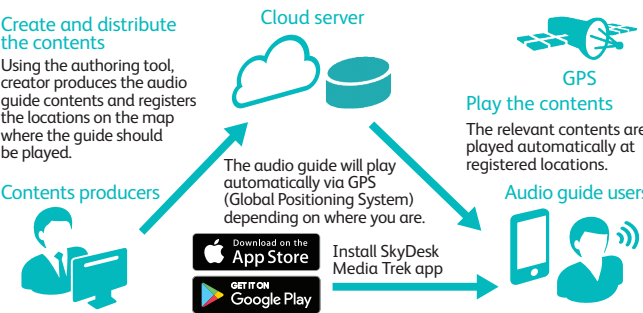
Fuji Xerox is engaged in regional revitalization support activities in all industrial sectors with a special emphasis on tourism and human resources development (education). Communication technologies are at the core of such activities, which are now beginning to produce positive results in all fields, helped along by government programs for regional revitalization. Leading the charge is a certain project now being implemented in Kyushu.

Fuji Xerox Kyushu is one of six regional sales headquarters established throughout Japan in July 2012 to provide local customers with solutions and services that are tailored to their specific needs. Fuji Xerox Kyushu has taken remarkable steps under the leadership of President Shinichi Miyazaki in contributing to regional development. One such project features an Audio Guide Service for tourists. In April 2013, Miyazaki began mulling the possibilities of focusing on tourism to formulate regional revitalization initiatives designed specifically for Kyushu. His mind made up, Miyazaki ordered Yoichi Sarukawa, Group Manager, Kyushu Regional Solution SE Group of the Solutions and Services Marketing Department No. 2, to carry out market studies and look into possible solutions.

What emerged from the study was a GPS-linked Audio Guide Service. As a tourist approaches a guide point, an audio guide is automatically triggered and a voice is heard from a handheld terminal. The Communication Design Office of the Research and Technology Group has been working on this technology for many years. Eventually, their efforts produced a dedicated terminal that was made available to tourists in Kamakura, Oiso and other major tourist sites in the Kanto area, where it received excellent reviews. In July 2013, the New Business Development released the product as an Audio Guide Service. As the release coincided with the rapid proliferation of smartphones, work quickly started on a new smartphone-based system, the SkyDesk Media Trek (released in January 2014). The product was based on the idea that while users of dedicated terminals are likely to be limited, a smartphone app can deliver exciting services to people all over the globe.

Acting on Miyazaki’s instructions, Sarukawa and his group of four began visiting a wide variety of tourism-related locations, from local railway lines to government offices, and tourist facilities. But they were always met with the same comment, “Why is Fuji Xerox venturing into this field instead of copy machines?” “We want to be of use by providing communication-related services and solutions,” the team members answered persistently as they searched for new possibilities. No significant progress was made while this went on for a whole year.

Overview of the GPS-Linked Audio Guide Service



Things began to change in the early summer of 2014. A customer testing the system in the hot springs of the Kansai area suggested a visit to Kurokawa Hot Springs in Kumamoto Prefecture. A walking event gave permission for trial use, and this led to the team’s first contract in June.

“Kurokawa Hot Springs signed up with you?”

The impact was immediate as people everywhere began to take note of the crowd-gathering potential of the new tool. The audio guide, available bilingually in Japanese and English, could tout the charms of local sites beyond anything that guidebooks and maps could hope to do. As luck would have it, the influx of foreign visitors was increasing dramatically and the race was on to welcome the flood of tourists. Against this backdrop, Kita-Kyushu City (Fukuoka Prefecture), the Nishi-Nippon Railroad Company, Nakama City (Fukuoka Prefecture), Tamana City (Kumamoto Prefecture), Iki City (Nagasaki Prefecture), and Kirishima City (Kagoshima Prefecture) adopted the Audio Guide Service in quick succession. Currently, the service is available in nine areas and coverage is continuing to expand.

Suppose you want to market your agricultural products or attract tourists. In Japan’s outlying areas, multilingual presentation and reaching overseas audiences present daunting challenges. A newly developed smartphone app now makes it possible to get rid of these barriers. Local communities have many promising resources. What appears mundane to locals may be extremely attractive to outsiders. Local communities are also home to a lot of priceless information. Our task is to highlight these resources and create social infrastructure for tourism.

“Most of the areas have only recently started using our system. But already we are receiving glowing reports about satisfied foreign visitors. More importantly, we are really impressed by the requests for a broader range of contents. We certainly want to respond to customer expectations and we are definitely excited by the possibilities to contribute to regional development by expanding the coverage of the system to the whole of Kyushu. It would be great to develop a ‘unified Kyushu guide’ that reaches across prefectures and raises the level of excitement and activity for all of Kyushu.” (Sarukawa)



Yoichi Sarukawa
Group Manager
Kyushu Regional Solution SE Group
of the Solutions & Services
Marketing Department No. 2
Fuji Xerox Kyushu

Building a Future for Iki through Dialogue

The Audio Guide Service was adopted by Iki City in April 2016. But this is not the only thing that links Fuji Xerox to this area.

Iki-na Mirai Zukuri Project is generating new hope among residents of Iki City. As a citizen-led initiative, the project aims to attract more tourists, foster new industries that contribute to population growth, and develop a more comfortable living environment. After identifying the community’s real issues through dialogue, the residents formulated themes and lines of action for overcoming the challenges that they had specified. This approach has empowered residents to take the lead in solving problems and has given momentum to a cycle of citizen-led community revitalization activities.

Residents were initially hesitant about engaging in the first process of dialogue meetings, which involves methods designed to draw out the true feelings of participants. But as soon as one person started

speaking from the heart, others were encouraged to follow suit.

“These dialogues provided an opportunity for people to look back on their own experiences and realize what has been most important to them through their lives. Listening to what has been important for others led to a sense of empathy and connection. Then it was a question of waiting until ideas started to come to the surface regarding issues that people are personally motivated to tackle now. This process led to the emergence of new topics,” says Hideto Yuzawa, member of the Communication Technology Laboratory of the Fuji Xerox Research and Technology Group. Yuzawa explains that this approach is founded on multiple global theories and draws on Zen philosophy as well. The project has gained a lot from the experiences of the Tono Mirai Zukuri College, where residents are taking the initiative to design their own communities.



Hideto Yuzawa
Communication Technology
Laboratory
Research and Technology Group,
Fuji Xerox

A total of nine themes were identified in five dialogue meetings held between November 2015 and March 2016. These included “Iki—Island for Learning,” “Iki Pilgrimage,” and “Revitalizing Farming in Iki.” Although participation was voluntary, the five meetings drew a total of 609 participants. The majority were local residents but there were also 90 people representing out-of-prefecture companies. What surprised Iki Mayor Hirokazu Shirakawa and other organizers more than anything else was that more than half of the citizen participants were students, most of whom were local high school students.

“It was great to see so much youthful energy, with local high school students coming forward to moderate the dialogue meetings and helping out in lots of ways,” says General Manager Tokuhiro Takashita of the Fuji Xerox Kyushu Regional Marketing. Takashita, who serves as leader for the Iki project, was excited to hear Issei Shinohara of the Iki City Hall say ambitiously: “We want to make Iki a model for how Japan’s remote islands can become forward-looking and progressive.” Shinohara, who serves as the manager of the Regional Promotion Division, was totally serious. Takashita took the case directly to President Miyazaki and pleaded, “Please let me work



High school students cheer the walk rally participants



Local residents and other participants who became aware of their power to transform themselves in the ancient surroundings of Iki Island and are now looking to the future

on the Iki project.” As soon as his request was granted, Takashita moved to Iki Island where he now says he has a palpable sense of the changes taking place in the community.

One of the themes of the project is “Iki—Island for Learning,” and a study program entitled “Iki Study Group on Changing How We Work in the Future” has been launched as part of this theme. Participants in the study group have commented on what they learned from a walk rally designed for people to experience the power to transform themselves through problem-solving and how this sensitized them to change. “The rally taught me the importance of stopping to think things over after putting aside the biases and hubris that comes from past experiences.” “It’s amazing how the same route takes on a completely different appearance when you approach it from a different perspective.” Human resources armed with this fresh awareness become valuable assets for the community and begin to play a positive role in changing the community.

“Although we have just started, wouldn’t it be wonderful if we could gradually develop a vision for the future that awaits us,” says a high school student who is project leader for another one of the themes—“Greet Your Neighbor to Energize the Community.” Takashita smiles as he watches the student hoist a placard to cheer participants in a walk rally, recognizing it as a sign of a strong desire to get personally involved in changing the future. “What gives me the greatest joy are the sincere expressions of thanks I get from high school students I’ve never met before for having moved to Iki Island. That is exactly the precious moment that I become aware that local residents devise solutions for regional revitalization,” Takashita says with emotion.



Tokuhiro Takashita
General Manager
Regional Marketing
Fuji Xerox Kyushu

* Tono Mirai Zukuri College: Learning site launched in 2014 to contribute to community and industry development and human resources development in Tono City and its surroundings. The College is jointly operated by Fuji Xerox and Tono City in Iwate Prefecture.

Accelerating support for globalization from Kyushu

In addition to developing tourism resources and helping communities design their future, Fuji Xerox is currently involved in a number of multifaceted support projects in Kyushu tailored to meet local and regional needs. These include support for local businesses participating in overseas business negotiations, internationalization support for universities and corporate personnel featuring internship programs at Fuji Xerox’s overseas sites, and support for SME manufacturing activities. Fuji Xerox is already planning to add new programs in the years ahead.

The business negotiations support program that started in early 2015 already counts four successful cases of promoting global outreach by Kyushu companies. One case involved a tie-up with a major regional bank to match the bank’s corporate clients with local companies in Thailand. In another case, Fuji Xerox Kyushu organized business meetings in South Korea and Taiwan specifically for local companies in Iki.

In certain cases, synergy effects are emerging among multiple projects, helping to provide solutions ideally suited to local needs. For example, the demonstration of the Audio Guide Service in one business meeting attracted the interest of local companies.



Business meeting in Taiwan held by Fuji Xerox to support local businesses

Activities for designing the future of communities are also spreading widely. Following on from the project in Iki, Shiiba Village located in Miyazaki Prefecture has decided to move forward with a similar project. Fuji Xerox members are now preparing for the launch.

Fuji Xerox’s support for regional revitalization in Kyushu has only just begun, but the broad range of projects in tourism, industry, human resources development, and global outreach is making local communities shine. The same glow is readily seen in Fuji Xerox employees who accompany the local communities in their quest.



Hirokazu Shirakawa
Mayor of Iki City

The population of Iki City peaked in 1955 at 52,000 but has since steadily declined and is just 28,000 today. The hope for Iki is that 70 to 80 percent of the young people who leave the island to study or work elsewhere say they want to return

eventually. The participation of so many high school students in the Iki-na Mirai Zukuri Project is probably an expression of their strong desire to play a direct role in changing the hometown that they love so well. The fact that the project is led by citizens and not by government agencies provides many useful hints on how to energize Japan’s remote islands.

Being a remote island means Iki has to grapple with the handicap of high transport costs. But that does not override the amazing potential for development that lies in its tourism resources led by the 1,000 or so shrines of all sizes and the breathtaking natural beauty of the island. Nor does it detract from the island’s wealth of agricultural and fishery resources, the fact that it is located only an hour away from Fukuoka, the availability of information and communication technologies, and the existence of various sports venues and facilities. There is no doubt that Iki is an “island of manifold harvests.” We know these harvests will go far in driving the development of Iki. But we also hope that Fuji Xerox will make full use of Iki to fuel its own growth so that both can reap plentiful future harvests. How wonderful that would be.



Shinichi Miyazaki
President,
Fuji Xerox Kyushu

Helping regions and companies solve their difficulties and supporting regions and companies in carrying out what they want to achieve – at Fuji Xerox Kyushu we are now committed to a serious engagement with these aims.

Population decline is already a reality in all but a few areas of Kyushu. The revitalization of regions and companies is naturally an important issue for Kyushu as a whole. At Fuji Xerox Kyushu we are determined that we must do everything we can to help address this issue, in order to ensure continued growth of our business in these regions in the future.

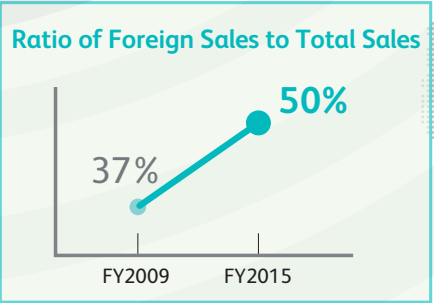
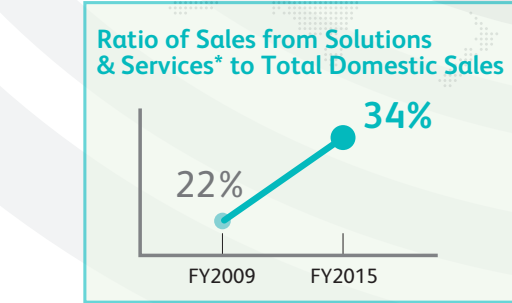
As a company we have used our communications technology to provide a variety of services to our customers, and have achieved positive results. It would be unthinkable not to put these to use to contribute to energize regions and companies. We started efforts in this direction several years ago. Today, we continue to assist local governments and companies on topics relating to regional revitalization, with our efforts based around the Customer Business Support Centers established in each of our sales companies in the Kyushu region.

Agriculture, tourism, remote islands, and depopulation, small-and-medium-sized enterprises and the manufacturing sector in northern Kyushu—these are all key terms for revitalization efforts in Kyushu, along with Kyushu as the gateway to Asia. In cooperation and collaboration with our affiliated companies in Kyushu, along with a wide array of companies, local government offices, and universities that share our ideals, we will continue to work hard to produce ideas, and will continue to strive to contribute to the revitalization of the region.

Our Business Operations and Growth Strategy

Achieving Growth by Solving Social Issues

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



China/Asia-Pacific Markets (All business domains)

In the China/Asia-Pacific markets, Fuji Xerox will contribute to the solution of customer management challenges through the expansion of all its business domains. The strengths of direct sales networks will be harnessed to promote solutions and services, and local dealerships and e-commerce will be utilized to sell low-price products.

In the Chinese market, Fuji Xerox will continue to bolster the supply of products based on the concept of “Built by Market”

where speedy and accurate responses to diverse market needs are achieved by running an integrated series of development cycles beginning with product planning. In emerging countries where market growth is anticipated, we will expand our lineup of products and services capable of responding flexibly to regional features and diverse customer needs. In this way, Fuji Xerox will globally support its customers’ communication activities and value creation.

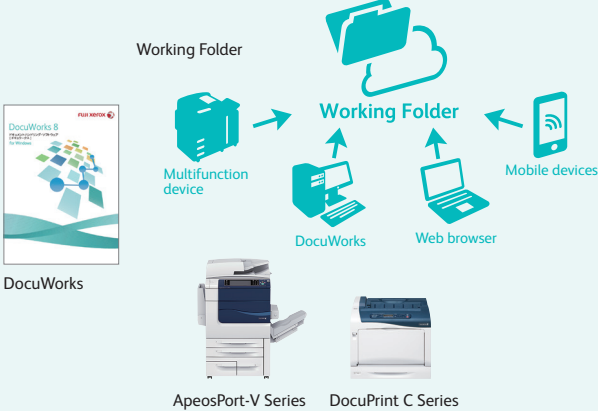
Office Solutions

(Office Products Business, Office Printers Business)

The business environment of Fuji Xerox’s customers is being rapidly transformed by such requirements as reacting to the globalization and diversification of society, application of revolutionary changes in ICT, ensuring business continuity through disaster preparedness, mitigating environmental impact, and responding to growing security threats. As a result of these changes, the management challenges facing customers are becoming increasingly complex and difficult to cope with. Fuji Xerox is committed to supporting customers in the solution of their management challenges and achievement of business growth. It is with this objective in mind that we visualize customer challenges in the documents and communication field and design products and services to match the regional requirements of advanced as well as emerging countries. These efforts enable Fuji Xerox to deliver solutions globally from the perspective of total optimization.

Fuji Xerox will continue to build advanced communication environments and support the business transformation of its customers by strengthening its solutions and services through the development of high-value-added solutions geared to specific industries and operations, and solutions leveraging cloud and mobile environments.

Key Products and Services



Global Services

(Global Services Business)

While remarkable progress continues in the application of IT and digitization to core business operations, many customers face the challenge of improving the efficiency of overall business processes by visualizing the flow of documents and cumbersome operations that require human intervention. To contribute to the solution of these challenges, 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.

Next Generation Managed Print Services goes beyond integrated management of the output infrastructure to support business process improvement and problem solving using such new tools as mobile and cloud computing technologies. We also support higher efficiency in business processes through document digitization, and offer outsourcing services for marketing, sales promotion, and other processes. In addition to helping customers improve their internal and external communications, we will be responding to society’s growing demands for more stringent governance and compliance.

Key Products and Services



Production Services

(Production Services Business)

Maintaining and strengthening good relationships with stakeholders (customers, shareholders, employees, the community, etc.) through better communication is more important than ever for sustained business growth. For this purpose, it is essential to gain an accurate understanding of diverse needs and to put arrangements in place for delivering contents tailored to the needs of each group of stakeholders in a timely and appropriate setting regardless of whether the information is paper-based, digital, or in some other medium. By integrating the latest digital technology with the 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.

We will continue to expand and enhance our lineup in color production printers – the industry where the company maintains strong leading role. 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.

Key Products and Services

Supporting diverse needs through high-quality and high-productivity digital printing



Color 1000i Press



Color Management Service

The Customer Value Innovation Center



Postcards, cards, and packaging using metallic colors for high-quality production values



Technologies Supporting Growth of Fuji Xerox

At the core of Fuji Xerox's corporate philosophy is the goal of enhancing social understanding through better communications. In the field of document services and communications, we carry out ongoing research and development geared to meeting the business challenges of its customers and solving the problems of society.

Fuji Xerox will continue to utilize technologies and know-how fostered over many years to build an environment where needed information can be shared and utilized in the desired format anytime anywhere. That is to say, by "building an environment for the creation and effective utilization of knowledge," Fuji Xerox will facilitate value-added communication and support value creation by customers.



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



Future Directions of Fuji Xerox Technology

● **Document Domain** Fuji Xerox uses the term "document" to refer not just to print media but to all visual and audio records of human thought, including electronic data. We aim to contribute to reinforcing and improving our customers' business efficiency by adding to the value of such "documents" and promoting their more effective use by facilitating the linkage of knowledge and wisdom.

● **Value Creation Domain** Fuji Xerox is committed to helping customers and local communities overcome their challenges and problems by providing mechanisms and systems that support partnership among various people and organizations in ways that are free of the constraints of location or time. By doing so we aim to contribute to providing new value, creating new businesses, and promoting regional revitalization.

● **Communication Domain** Fuji Xerox aims to 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. The company's goal is to create an environment conducive to creative thought and innovative work styles.

● **Environmental Domain** Fuji Xerox is deeply cognizant of global environmental problems and the importance of curbing global warming, conserving natural resources, and countering the destruction of ecosystems, and is committed to a two-fold response to these challenges. The first is to actively engage in recycling resources and developing energy-efficient equipment and services. The second is to improve efficiency and reduce the environmental impact of our own operations by realizing smart offices and smart work styles, and to provide similar solutions to customers.

Chapter 3 The Value Fuji Xerox Provides

Creating and Utilizing Knowledge

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Diversity and Inclusion

- Creating an environment where a diverse workforce can thrive within and outside the company 33
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Environmental Protection / Secure and Vital Society

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- Reducing CO₂ emissions throughout product life cycles 37
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- Community engagement that harnesses the unique qualities of Fuji Xerox: Education for Future Generations 40
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Creating and Utilizing Knowledge

Targeted
Social
Issues

- Efficient use of information based on the maximum realization of ICT potential and associated improvement in social productivity
- Increasing complexity of social issues ensued from globalization and growing diversity of values

Engagement with Customers

Our Goal | Fuji Xerox strives to provide value that meets customer expectations and to contribute to the growth of our customers, as well as to the sustainable development of society as a whole.

Our Approach

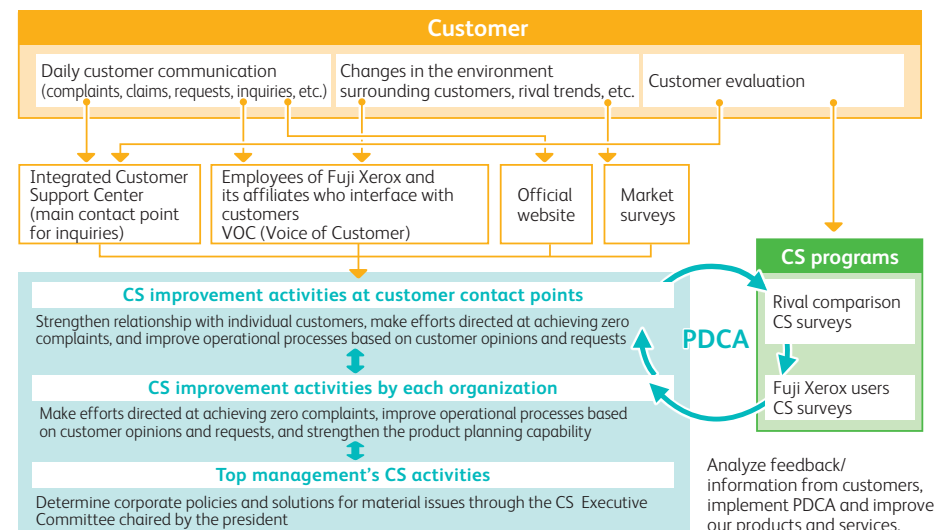
Through initiatives based on “unity of words and deeds” (*Genko-Itchi*), Fuji Xerox supports customers in solving their management problems and contributes to society through value creation. We want to gain trust and deliver satisfaction to our customers, becoming an irreplaceable partner instrumental to their continuous development. We strive for continuous growth together with our clients.

Creating Values based on Customer Satisfaction

Fuji Xerox regards customer satisfaction (CS) as the starting point of all its corporate activities. Understanding what customers want and what they expect is crucial to being able to satisfy their requirements. Fuji Xerox places importance on interactive communication with customers and aims to build long-term customer relationships based on mutual trust by continuously meeting their needs and expectations.

In 2001, Fuji Xerox formulated the CS Guidelines that set out standards of conduct to be adhered by all employees in order to increase customer satisfaction. The CS Guidelines require all employees in Japan and abroad to constantly strive, with a strong sense of ownership, to solve the issues customers face and to create new value through cross-organizational and cross-functional cooperation.

Overview of CS Management System



CS Guidelines for Fuji Xerox and Its Affiliates

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

Commitment

Fuji Xerox engages in various initiatives to become the “True Number One in CS”. Although we receive high praise from our customers, we realize that there remains room for improvement in our ability to anticipate customer needs and promptly respond to their expectations. It is crucial that each employee fully understands true concerns of the customers, understands their position and proposes solutions in a flexible manner. Fuji Xerox continues its pursuits of greater customer value on a group-wide basis, and aims to achieve mutual growth of customers and itself by remaining their permanent partner of choice. We are going to further advance CS activities and to contribute to creating and utilizing knowledge in society together with our customers.



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

High-Priority Management
Themes at Fuji Xerox

Providing solutions and services for seamless information use and communication

Creating an environment that enables seamless use and management of information by fully integrating paper-based and digital media

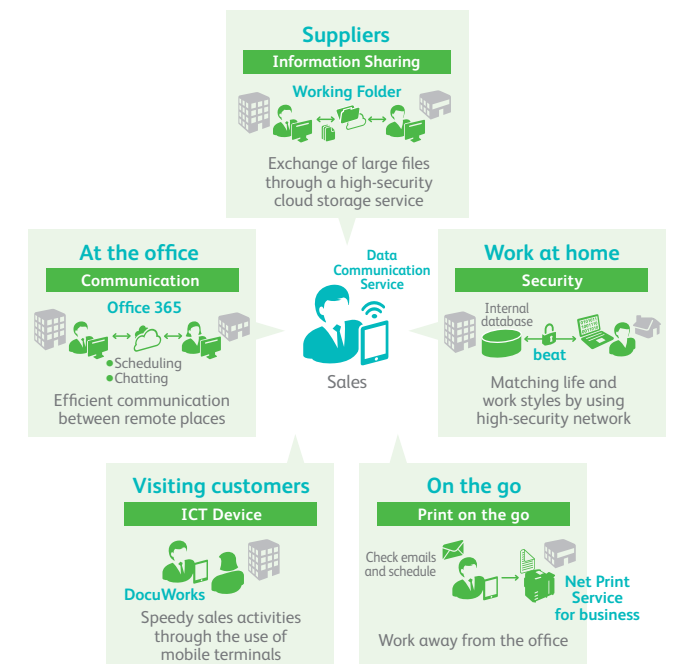
Fuji Xerox improves the quality and productivity of customer communications and helps to solve management problems by consolidating paper and digital information and seamlessly integrating it with cloud services and mobile solutions.

Solutions for Mobile Work

Fuji Xerox's Mobile Work Solutions

The first step towards innovation which can be taken right now is the creation of environment that enables employees to increase “work density” and deliver additional value. To do this one needs to introduce ICT that can bring on the innovation of workplace and work style.

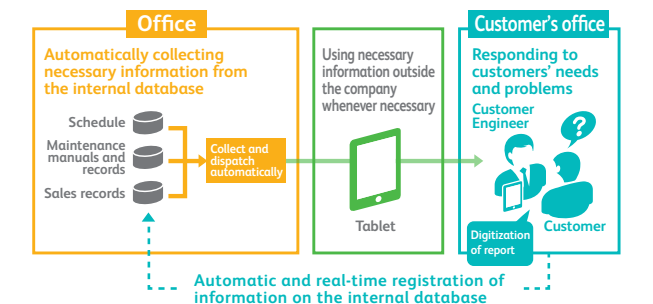
Fuji Xerox provides solutions that allow seamless information sharing among people regardless of time and place. For example, DocuWorks enables users to handle electronic documents as easily as paper-based ones, and to store encrypted files securely in the cloud-based storage service “Working Folder”. Users can access the stored documents outside the office via mobile terminals and present the materials to their customers. Moreover, Fuji Xerox provides a one-stop solution named “beat,” which provides a safe, easy and convenient network environment in which users can access information stored in their internal systems from mobile terminals outside the office via a high-security network. These are just some examples of our various mobile work solutions.



Increasing Work Efficiency of Customer Engineers and Improving Customer Relationships

Fuji Xerox started operation of a unique system that collects information from the internal database, for example, maintenance history, maintenance manuals or records kept at sales and call centers, and dispatches it automatically to the tablet terminals of Customer Engineers in accordance to customer visit schedule. This system enables Customer Engineers working across Japan to receive the information necessary for their work on their tablets wherever they are. The use of this system increases the likelihood that engineers will complete repair work in one visit, which helps improve customer satisfaction. Fuji Xerox has also digitized work reports and eliminated the necessity to enter data manually after visits to customer sites, thus enabling engineers to complete the whole process outside the company.

By reducing the time required for preparation and reporting, Fuji Xerox has provided each engineer with about 100 additional hours per year that they can use for communicating with customers or for proposing



new solutions to the customers from technical viewpoints. We will keep improving the work efficiency of engineers and their communication with sales personnel through seamless utilization of information. We want to further strengthen our relationships with customers by promptly responding to their needs and challenges.

Web Info

- Fuji Xerox official website
- Aiming to enhance Customer Satisfaction <http://www.fujixerox.com/eng/company/cs/>
- Solution <http://www.fujixerox.com/eng/solution/>

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

We will create new value through collaboration with all our stakeholders, including customers, business partners and local communities.

Creating Innovation under the Tripartite Research System

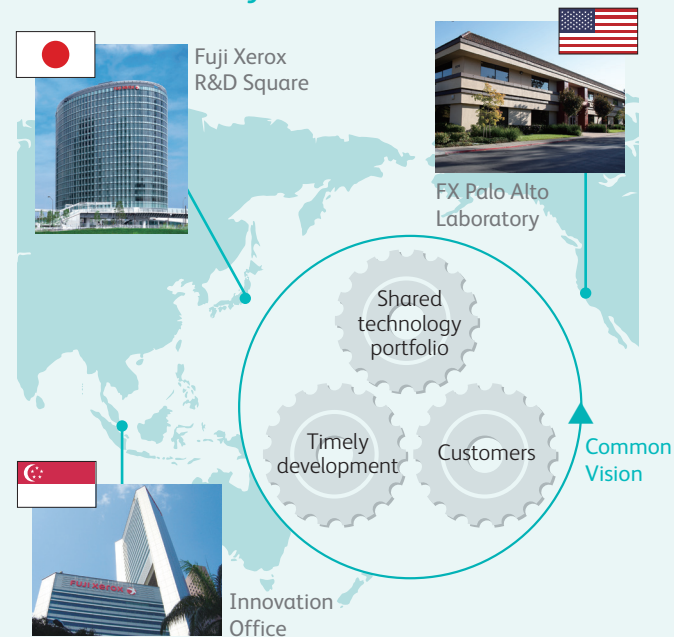
Fuji Xerox established a new research center in Singapore in 2015, in addition to two existing ones — in Minato Mirai 21, Yokohama and Palo Alto in the United States. Through the collaboration of these research centers we want to bring to life our key concept of creating new global value through the fusion of diverse cultures.

Using our multimedia technologies^{*1} and remote communication technologies^{*2}, our researchers and customers in Japan, Silicon Valley and Singapore share the same virtual space, where they can experiment with new technologies and verify their worthiness.

We plan to carry out medium- to long-term R&D projects in collaboration with our customers and partners in order to enhance our solution services business and to be able to instantly respond to global customer needs.

^{*1} Technology that enables, for example, images and videos of the real world to be built into a virtual three dimensional world. Another example is to enable a real sensed information to be reflected onto a model.

^{*2} Technology that enables several locations to be connected with a remote conferencing system via web interface.



High-Priority Management Themes at Fuji Xerox

Providing safe, high-quality products and services

Features of Fuji Xerox Activities

Fuji Xerox is doing its best to provide safe and high-quality products. Specifically, we have established the Basic Policies on Quality Assurance and the Fuji Xerox Product Safety Key Principles to ensure that all products we bring to market are safe to use. Throughout the lifecycles of our products we conduct quality assurance activities in line with the international standards and by adopting advanced technologies, aiming to make further improvements to eliminate product safety-related problems. If a product safety incident does occur, we respond swiftly and work to prevent any recurrence of the incident, thereby maintaining and strengthening the trust Fuji Xerox has earned.

We regularly hold the Quality and Safety Forum to deliver products that our customers can use safely and with peace of mind as part of our effort to ensure product safety in Japan and in the rapidly growing Asia-Pacific region. Quality and safety managers from our production facilities and sales companies in Japan and overseas come together at "Quality and Safety Forum" to exchange opinions on ways to provide safe, reliable products.

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

Fiscal 2015 Performance

As a result of promoting the aforementioned improvement activities, we had no serious product accidents as defined in the Consumer Products Safety Act of Japan for our own developed products in the fiscal year. Further we participated in the product safety enhancement activities conducted by the Ministry of Economy, Trade and Industry, thereby proactively providing customers with more information about the safe use of our products.

Fiscal 2016 Initiatives

We will continuously conduct activities to prevent and eventually eliminate product safety accidents. To this end we will introduce new safety and evaluation technologies. We will also continue to raise the safety awareness of employees, including those of our domestic and overseas affiliates, and foster the governance of product safety.

Web Info

- Fuji Xerox official website
- Quality Assurance <http://www.fujixerox.com/eng/company/quality/>

Diversity and Inclusion

Targeted Social Issues

- Promoting social diversity
- Improving working environment and quality of life in emerging countries

Engagement with Employees

Our Goal

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

Our 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 care leave are improved

2013 •Department-level dialogues utilizing results of Morale Survey start

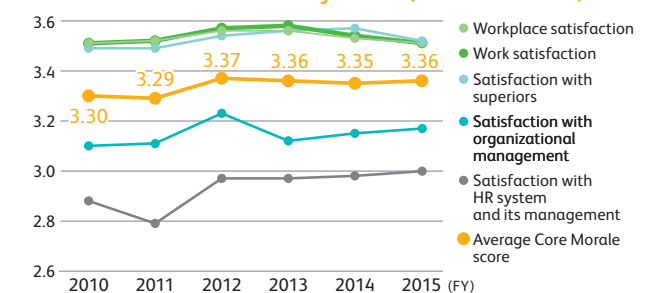
2014 •Revamp of work system to strengthen value provision to customers and to promote productivity

2015 •Integration of HR & training system, work system and HR information system of Fuji Xerox and its affiliates in Japan

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 front-line improvements through workplace discussions and dialogue with management about the findings. At our overseas sales companies, we 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

Trends in Core Morale at Fuji Xerox (unconsolidated)



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 its founding, Fuji Xerox has been emphasizing people-centric management, in which employees thrive and develop through their work. One of our top priorities is the promotion of diversity. To this end, we have improved the work system to allow employees with different backgrounds to realize their full potential, and reformed working styles across the company. From now on, we are going to promote employee satisfaction, measuring it on a common scale across the globe, while making our company stronger by nurturing a corporate culture, in which employees are encouraged to take on the challenges of change.



Toru Yamada
Director and Senior Vice President, Fuji Xerox

Creating an environment in which people can work flexibly and access information easily regardless of age, gender, language differences or disability

High-Priority Management Themes at Fuji Xerox

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

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 the environment that is fair and just. Specifically, we create new value for our customers as a company where all can realize 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.

Moreover, we are making a concerted effort to increase work productivity by reducing total working hours and introducing flexible work styles as the basis for the promotion of workforce diversity and healthy lifestyles.

Fiscal 2015 Performance

In fiscal 2015, to further foster the utilization of diverse human resources, we implemented a range of measures. To promote women empowerment, Fuji Xerox and its affiliates have introduced a system to allow employees to work in the areas where their spouses live or where the new workplaces of their spouses are located to ensure that they can continue working after marriage or relocation of the spouse. In addition, we launched seminars devoted to the development of new generation of female leaders. Furthermore, the number of registered users of the work-at-home system has seen an annual increase of 30% among qualified employees (those who are engaged in child-rearing or family care).

Also, results of the survey on the situation of the reemployed workers conducted in order to improve strategic allocation of human resources revealed that many of the reemployed were demonstrating good performance and had a positive influence on others by leveraging their expertise and experience. The

results of the survey will be used to design future measures.

Furthermore we promote participation of employees with disabilities by holding workshops on hearing impairments as part of our efforts to help them display more of their abilities. We will continue to implement various measures to foster mutual understanding among all employees.

Fiscal 2016 Initiatives

The diversity of our workforce provides us with a competitive edge. In fiscal 2016, we will continue creating a work environment where diverse human resources can leverage their differences to deliver value to customers. Further, we will provide managers with e-learning courses to improve their understanding of advantages associated with the diversity of their subordinates, while continuing to develop a corporate culture that helps each member to work comfortably through internal PR activities.

Case Study

Empowerment of Female Employees: Work at Home

I am engaged in design work to support our customers in reducing printout-related costs and to increase the productivity of their office workers. In order to help customers better their office, it is important to visit their sites and to identify what challenges they face – this is important for improving the quality of work.

Presently I am using reduced working hours system to raise my child, who is an elementary school student, and the hours that I can spend at work are limited. When I work from home, I can use the teleconferencing and image sharing systems thus having same conditions as in the office, thereby saving time to prepare for my visits to customers. Owing to this infrastructure, I can have more efficient and meaningful meetings with my customers, which indeed increases the productivity of my work.



Aya Nakayama
Global Service Professionals (Japan)
Fuji Xerox Global Services
Fuji Xerox

Empowerment of Employees with Disabilities

I am a manager in the department that supports salespeople and relevant office workers in negotiating contracts with customers. I can distinguish sounds with the aid of a hearing device, but cannot perceive sounds as words due to sensorineural hearing impairment.

Negotiating and concluding contracts with customers is a complicated process composed of multiple steps which requires expertise. We need to provide customers with easy-to-understand briefing documents and carefully communicate with them. Since Fuji Xerox is a company which focuses on solutions for all kinds of communication tasks, our corporate culture encourages employees to constantly think about ways to improve communication, and this applies to me as well. “Respect and understand each other. Think together.” – this is critical to help customers solve their problems, and the same applies to communication with people with hearing disabilities. You can take the first step to solving communication-related problems by sharing ideas about how to improve mutual communication.



Takanori Kusakabe
Group Manager
Planning and Management Office
Fuji Xerox Service Creative

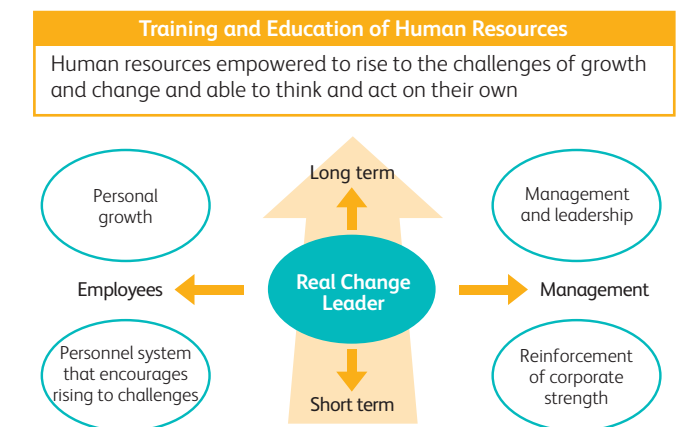
High-Priority Management Themes at Fuji Xerox

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 environment, 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 human resource training.

The support we provide for career development includes job rotation and other ways to provide employees with various experiences, enabling individual employees to develop their competencies at their own initiative and create careers in which they can sense their own growth. We also highly-value employees who can think and act on their own and promote these people to important positions. Further, we implement management training to nurture a corporate culture that appreciates the spirit of challenge, training in problem solving, global human resources development programs, and other initiatives.



Fiscal 2015 Performance

In fiscal 2015 we launched a three-year plan for the full implementation of management improvement training and gave this training to 800 managers from Fuji Xerox and its affiliates. We started the training in 2015 as the mainstay of our culture reform. We plan to provide a total of 1,500 managers with the training by 2017. We have also been expanding the problem-solving training program to our overseas affiliates. Moreover, we are promoting the employment of foreign workers to strengthen the exposure of our employees in Japan to multiculturalism, while continuing to provide the next generation of leaders with global education. In addition, we have enhanced the training system to prepare the employees of our overseas affiliates for future leadership positions. Specifically, we worked to increase the number of those to be dispatched to Japan to receive long-term training or study at graduate school (from one in fiscal 2014 to four in fiscal 2015).

In order to accelerate the development of reform leaders and to assign the right employees to the right positions, we established a common work system for about 23,000 employees of Fuji Xerox and its affiliates in Japan, while also fostering the integration of their HR databases and systems.

Fiscal 2016 Initiatives

We will integrate HR & training systems and the HR information systems to manage our workforce more flexibly and effectively across Fuji Xerox and its affiliates in Japan and abroad. Furthermore, in order to transform our organization into one that can take on more challenges, we will highly evaluate and give commendations to employees who are more apt to do challenging work, while continuing to implement the management improvement training.

Case Study

A Customer Engineer from South Korea to Work in a New Environment without Japanese Language Ability – Aspiring for New Career Opportunity

I was dispatched from Fuji Xerox Korea to Fuji Xerox Kyushu under the employee exchange program in April 2015. At that time I had no Japanese language ability, but volunteered to participate in the program, striving to make better and faster responses to customers in the face of dramatic changes in their environment. Since I was dispatched to Japan, I have been feeling the joy of learning new things, such as issues of customers in Japan or new approaches to customers – all this while working in the environment different from what I have experienced in Korea.

I will learn Japanese best practices and will adjust my

way of doing things as necessary, based on my knowledge of diverse customer environments and field service in Korea. I hope that I can inspire those around me to change their ways as well. “You cannot even fail without taking on a challenge.” This is what I learnt from one book, and indeed now I experience it myself.



JINHO SHIN
Customer Services
Fuji Xerox Kyushu

Web
Info

• Fuji Xerox official website
• Relationship with Employees <http://www.fujixerox.com/eng/company/sr/2016/stakeholder/employee/>

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

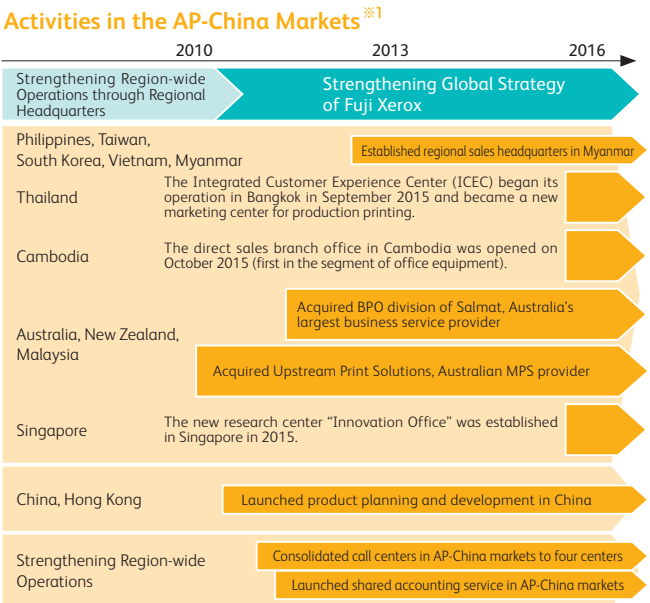
High-Priority Management Themes at Fuji Xerox Strengthening our position in overseas markets

Features of Fuji Xerox Activities

Fuji Xerox has worldwide business operations, directly marketing its products and services in Asia and Oceania, and serving Europe, the Americas, and emerging markets via Xerox Corporation.

In the Asia and Oceania markets, Fuji Xerox has direct-sales networks in large urban centers and works with local dealers in all other areas. The company has steadily bolstered its product planning and development capabilities in China and expanded its service business to provide products and services that cater to the specific needs of local markets in the region and have a good cost performance. By doing so, Fuji Xerox continues to meet the expectations of its customers.

*1 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.



Fiscal 2015 Performance

By strengthening its global strategies, Fuji Xerox increased the overseas sales ratio from 37 percent in fiscal 2009 to 50 percent in fiscal 2015. In the Asia and Oceania markets in particular, Fuji Xerox capitalized on the strength of its direct-sales networks to increase its equipment sales and to expand its solution services to maintain growth, and as a result is ranked top in terms of customer satisfaction across regions.

Fiscal 2016 Initiatives

In addition to promoting equipment sales, we will enhance the service and solution businesses. We are implementing localized strategies, for example through the pioneering in the office equipment industry in Cambodia by establishing a directly managed base, and opening the Integrated Customer Experience Center in Thailand as a marketing base for production printing. We will accelerate our business growth in each of the regions by providing products and services that meet the needs of local markets.

Case Study

Enhancing the Global Competitiveness of Our Products and Creating New Value through the Global Platform (GPF) Strategy

In order to keep providing highly-competitive products to the global market, Fuji Xerox introduced a new approach that will serve the basis for product design, and is planning to accelerate product development by sharing the basic designs of the products.

For example, we will foster the standardization of controllers, photoreceptors, toner, transfer belt units, fusers and other parts, establish rules to combine these parts, and create a variety of products through diverse combination of these standardized parts in compliance with the rules and in accordance with individual products' features. We will thereby deliver unique products that meet the needs of local markets and customers across countries including emerging economies. The GPF strategy is intended to increase efficiency in design, assembly on the production line, management of

components and materials and field support, and allow us to customize products with greater flexibility, making it easier to meet the requests of individual customers. These requests include printability on paper sheets of different specifications, simultaneous copying of ID documents, and other needs that are specific to emerging countries with accelerated economic growth. Also, the GPF strategy fosters the linkage of products with the latest solution services of Fuji Xerox, enabling it to offer clients in the global market the products with higher added value.



DocuCentre SC 2020

Environmental Protection / Secure and Vital Society

Targeted Social Issues

- Curbing global warming
- Building a disaster-resilient society
- Regional revitalization to counter declining regional vitality

Engagement with Global Environment

Our Goal

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.

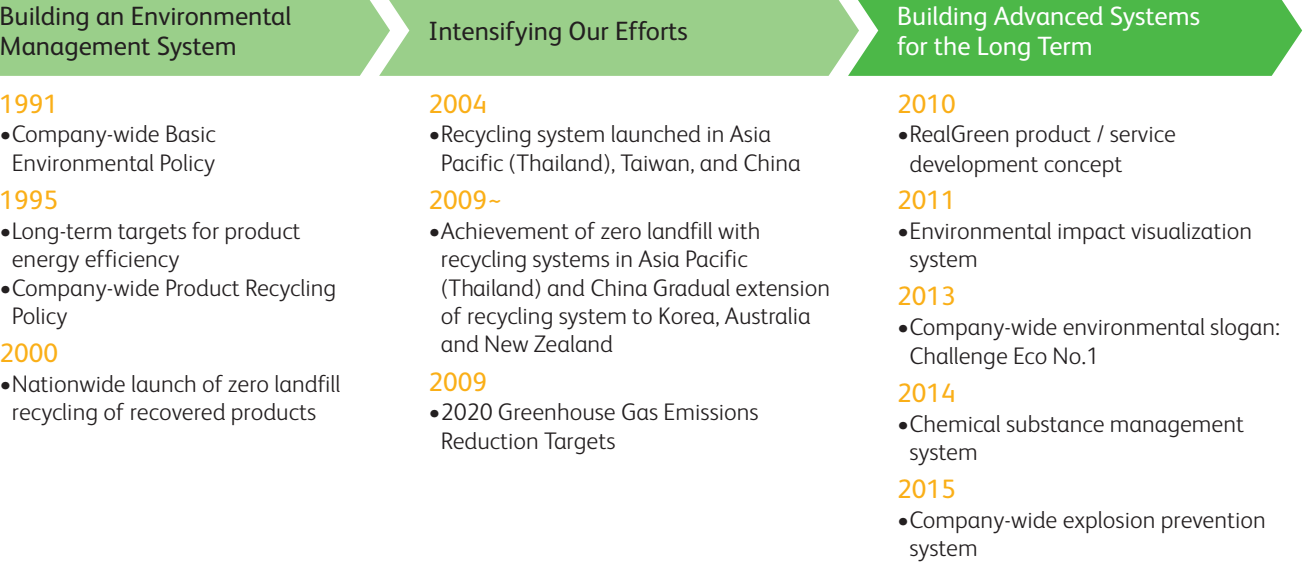
Our Approach

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



Web Info

- Fuji Xerox official website
- Relationship with Global Environment <http://www.fujixerox.com/eng/company/sr/2016/stakeholder/environment/>

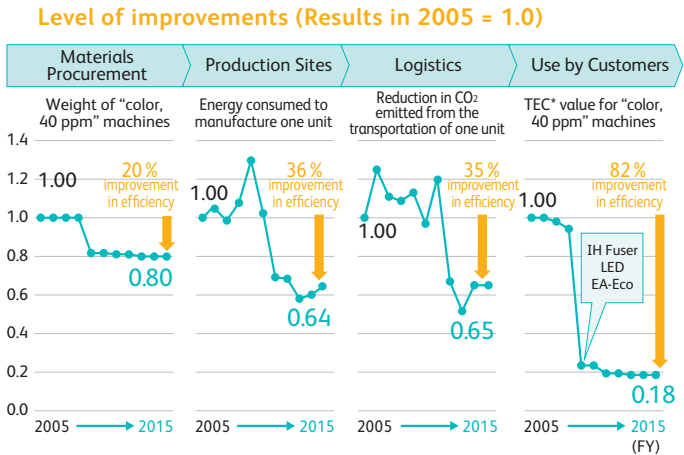
Mitigating environmental impacts by providing products and services based on the parallel achievement of user convenience and energy saving, and by strengthening Fuji Xerox's environmental management

High-Priority Management Themes at Fuji Xerox Reducing CO₂ emissions throughout product life cycles

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 of the product life cycle, our employees contribute to an overall reduction in the lifecycle impact—sales personnel by solving customers' problems, engineers by developing energy-saving technologies and lowering total costs, and so forth. Our company-wide campaign to boost employees' job efficiency and shorten work hours has also been instrumental in reducing the environmental impacts of our business operations.

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



Fiscal 2015 Performance

We were able to reduce CO₂ emissions from our logistics activities by decreasing the use of aircraft for the shipment of our products to overseas markets.

* We introduced a new environmental impact management system and have recalculated CO₂ emissions from our production sites and offices, which makes year-to-year comparison difficult.

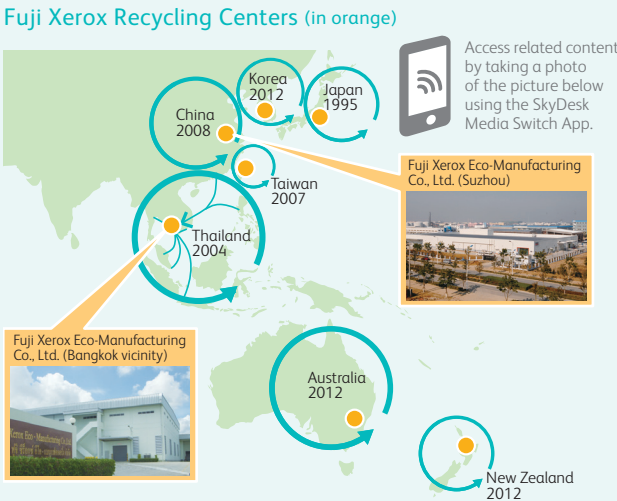
Fiscal 2016 Initiatives

We expect more increase in CO₂ emissions due to our business expansion. To respond to that, we are striving to be more efficient in office management to reduce the use of energy (electricity and gas) and paper.

Sustainable Business Awards Singapore 2015

Overseas Affiliate Received an Award in Recognition of Its Global Resource Recycling System

In our overseas operations, Fuji Xerox Asia Pacific, which supervises Fuji Xerox sales companies in the Asia and Oceania regions, won an award at the Sustainable Business Awards Singapore, in recognition of its ceaseless efforts in waste management and the efficient use of resources. The award was presented by Global Initiatives, which has bases in Singapore, London, Hong Kong and other places, and selects award winners from among businesses operating in six ASEAN countries. Fuji Xerox Asia Pacific achieved zero landfill waste, zero contamination and zero illegal dumping in nine countries and regions including Australia, the Philippines, Indonesia, Singapore and Thailand, and has been conducting other environmentally friendly, sustainable business activities. For example, the company established a global system to recycle waste plastics into high-quality plastic materials in partnership with a chemical products manufacturer. The company became a winner at the Sustainable Business Awards, being highly evaluated for continuing contributions to a resource recycling society beyond the scope of its business.



Web Info

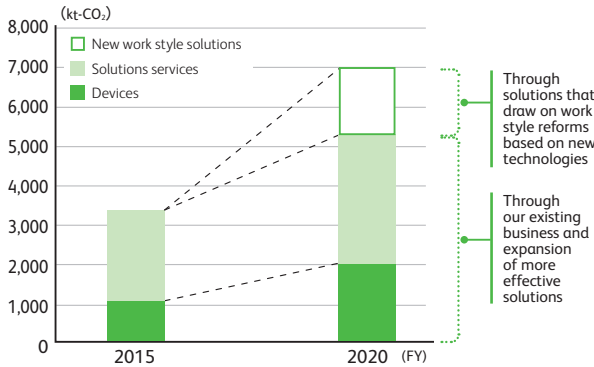
- Articles in Previous Sustainability Reports <http://www.fujixerox.com/eng/company/sr/2016/backnumber.html>
- Toward Sustainable Paper Procurement (2014)
- Achieving Real Green for Our Customers (2011)
- Innovative Service Business Helps Reduce Environmental Burden Generated by Offices (2010)
- Integrated Recycling System Contributes to the Creation of a Truly Affluent China (2009)

High-Priority Management Themes at Fuji Xerox 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 user convenience. The goal is to achieve "Comfortable Eco," an ideal rooted in our conviction that to achieve true environmental performance, our products must be stress-free for customers as well as earth-friendly. With this goal in mind, we are creating new value by developing products that seamlessly integrate our environmental technologies and by offering customers solutions focused on those products.

Our Contribution to Cutting Customers' CO₂ Emissions



Fiscal 2015 Performance

In fiscal 2015, our contribution to reduction of CO₂ emissions from customer sites rose by about 260 kt-CO₂ to 3,460 kt-CO₂ due to growth in sales of energy-saving solutions.

Fiscal 2016 Initiatives

In fiscal 2016, we will continue helping customers achieve business growth while reducing CO₂ emissions by leveraging our strength in solutions and services and by offering the ultimate eco-friendly products incorporating the energy-efficient technologies we have developed and refined.

The Fifth Carbon Offset Award Excellent Carbon Offset Initiatives

Contributing to Carbon Offset Promotion and Awareness Raising through Multiple-Use Copiers

Fuji Xerox received a prize of excellence at the fifth Carbon Offset Award held by the Carbon Offset Network, in recognition of the carbon offset activity that it had conducted jointly with Seven-Eleven Japan. The Carbon Offset Award is designed to promote carbon offset for the creation of a low-carbon society by giving commendations to excellent carbon offset initiatives.

In the activity conducted for one year from December 8, 2014, the two companies converted the amount of electricity and paper consumed by users of Fuji Xerox's multi-use copiers installed at

7-Eleven stores in Japan (18,249 as of December 2015, excluding some stores) into CO₂ emissions and offset these emissions by buying carbon credits (emission rights) as the first such initiative to be implemented at convenience stores.

The offset volume reached about 22 kt-CO₂, which is equivalent to the amount of CO₂ absorbed by 1.52 million Japanese cedar trees per year. The carbon offset promotion initiative received the award for being highly evaluated specifically owing to the fact that it was implemented at convenience stores visited by a wide range of age groups.

High-Priority Management Themes at Fuji Xerox 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 they support our ongoing business activity, but also because of their environmental and cultural

value. With this in mind, we have adopted rules for sourcing paper exclusively from suppliers that practice sustainable forest management and operate in a socially responsible manner. The Committee for Socially Responsible Paper Procurement, chaired by the corporate officer for environmental affairs, conducts regular reviews to verify compliance.

Fiscal 2015 Performance

In fiscal 2015, the Committee for Socially Responsible Paper Procurement carried out a review of our paper suppliers' compliance with the Fuji Xerox standards based on the results of the regular surveys conducted at paper suppliers in Japan and abroad, as well as on the deforestation information obtained from environmental NGOs and other parties. In addition to the audit of paper suppliers in Japan, we audited the factories of two Chinese paper suppliers to ensure their compliance with the internal standards.

Fiscal 2016 Initiatives

From April to August 2016, 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 survey results to verify suppliers' compliance with Fuji Xerox standards. Additionally, we plan to conduct onsite audits at several facilities overseas, while continuing the work we have been doing in Japan.

The Jury Prize at the Biodiversity Action Award of Japan 2015

In recognition of its long-term commitment to sustainable paper procurement, Fuji Xerox received the jury prize at the Biodiversity Action Award of Japan, which is granted to contributors to biodiversity conservation. Fuji Xerox set its own paper procurement standards in 2004 to urge paper manufacturers and other paper suppliers to give consideration to ecosystems in their business activities. Fuji Xerox requested

suppliers to ensure the traceability of raw materials and to maintain environmental management systems at their factories. Moreover, we revised the internal standards in 2012 to add criteria to evaluate not only paper products themselves, but also their approach to CSR activities. We have received the prize for our efforts to foster sustainable paper procurement, which contributes to solving biodiversity conservation issues.

Engagement with Local Communities

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

Our Approach

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

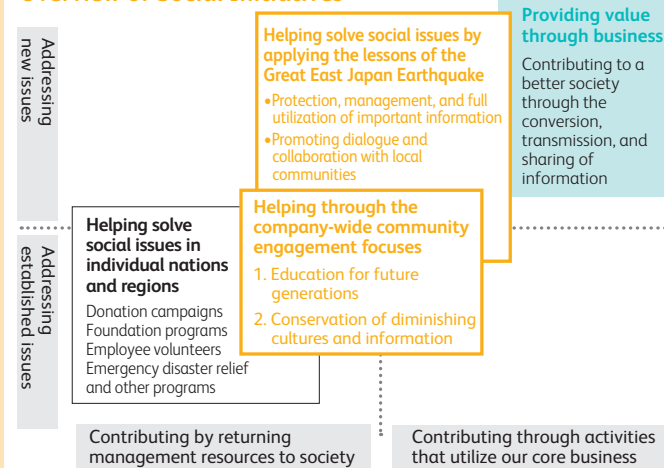
In addition to providing excellent value to customers, Fuji Xerox and its affiliates are attuned to their communities' expectations and motivated by high ideals, and are thus committed to supporting cultural development and helping create a better society through farsighted and groundbreaking initiatives 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 community engagement that harnesses 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 community engagement focuses. In these focal areas, we are carrying out initiatives that offer learning materials in emerging countries, 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 issues by creating synergies between our community engagement activities and our business operations.

Overview of Social Initiatives



History

Main Programs Commence

- 1977~**
- Establishes the Fuji Xerox Co., Ltd. Setsutaro Kobayashi Memorial Fund
 - Commences acquisition of an art print collection
 - Launches a "social-service leave program" under which employees can take a leave of absence for volunteer activities
 - Launches Fuji Xerox HASU Club, a volunteer organization by employees
 - Commences support for large-font textbooks

External Partnerships Expanded

- 1994~**
- HASU Club becomes active internationally
 - Commences support for the Special Olympics Japan
 - Initiates support for the Aspen Institute Japan
 - Starts cosponsoring the Nature Conservation Society of Japan's training program for nature conservation educators
 - Commences support for Kids' ISO 14000, an environmental education program for children sponsored by Artech (International Art and Technology Cooperation Organization)

Toward Issue-conscious Initiatives

- 2011~**
- Provides emergency assistance and recovery support after the Great East Japan Earthquake*
 - Starts operating an Integrated Patient Information System in Kamaishi City, Iwate Prefecture
- 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 and Thailand
 - Holds "reconstruction markets" at six of our sites
- 2016**
- Supports recovery from the Kumamoto Earthquake through various measures*

*Donations, fundraising by employees, free-of-charge lease of multifunction devices, provision of support for printing, volunteer activities by employees, and dispatch of new employees (for three years)

Web Info

- Articles in Previous Sustainability Reports <http://www.fujixerox.com/eng/company/sr/2016/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)
- Helping to Educate Children with Limited Access to Primary Education" (Introduction video in English) <https://youtu.be/DBMnjpMu1vw>

Partnering in the community with residents, companies, government, NGOs, and academic institutions, and supporting their response to globalization

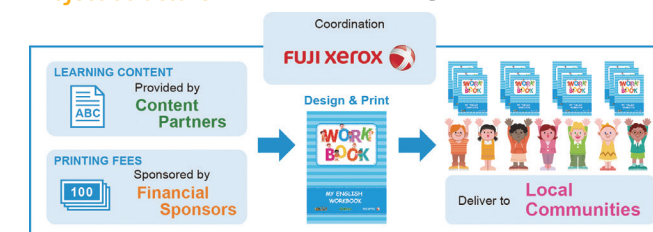
High-Priority Management Themes at Fuji Xerox

Community engagement that harnesses the unique qualities of Fuji Xerox Education for Future Generations: Offering Learning Materials in Emerging Countries

Features of Fuji Xerox Activities

We have been implementing an initiative to help eliminate the education gap among children in the Asia-Pacific emerging countries by offering learning materials to children who have limited access to primary education. We launched the activity in the Philippines in 2014 and in Myanmar and Thailand in 2015. Fuji Xerox 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.

Project Structure



Fiscal 2015 Performance

We launched the project in Myanmar in June and in Thailand in August, receiving support from our customers, NGOs, government agencies and local communities. Under this project we have distributed a total of about 3,000 workbooks with the number of employees participating in the activity totaling 213.

Fiscal 2016 Initiatives

We will continue to check how learning materials were distributed and utilized in the Philippines, Myanmar and Thailand, and will expand the activity also to Indonesia. By drawing on the particular strengths of each company that us



Workbook distribution ceremony held with the participation of the company and volunteers from NGOs and partner companies (Thailand)



Children delighted with their new workbooks (Myanmar)

joins 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, learning cultures and social issues.

High-Priority Management Themes at Fuji Xerox

Community engagement that harnesses the unique qualities of Fuji Xerox Conservation of Diminishing Cultures and Information: Reproducing Historical Documents

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 a wider community.

These activities began as a social initiative in Kyoto in 2008.

Fiscal 2015 Performance

In fiscal 2014, we began conducting activities at two bases in Kyoto and Yokohama so that our technological team could be more closely involved in these activities. In fiscal 2015, we reproduced and donated more than 30 historical documents, including Toji Hyakugo Monjo (a collection of medieval Japanese documents included in UNESCO's Memory of the World Register in October 2015) and materials possessed by the Maizuru Repatriation Memorial Museum.

Fiscal 2016 Initiatives

In fiscal 2016, we will make full use of self-developed technology for controlling the visual perception of images with an eye to substantially increase the efficiency of digital processing. We

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 enabling them to physically handle and actively use the replicas.



Donating replicas to the mayor of Maizuru City



Replicas at the Maizuru Repatriation Memorial Museum

will also expand the scope of activity nationwide, aiming to contribute to the preservation of cultural traditions even beyond the national border in the future.

CSR Initiatives by Our Affiliates around the World

Fuji Xerox Is the Stage Where We Interact with Society

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

Fuji Xerox Learning Institute

Supporting the Future of Children through Career Education

Fuji Xerox Learning Institute (FXLI) helps companies develop human resources and enhance their organizational strength through educational training and consulting services. As a community engagement unique to an educational services company, FXLI has been supporting career education at schools since 2006. The company has named this activity "Mira (future)-kuru (coming)," hoping to help school teachers and children have brighter future full of dreams.

In this activity, FXLI provided teachers with opportunities to join the employees of Fuji Xerox at the seminars on marketing, leadership and problem solving, making them aware of differences in approaches to problems between company employees and teachers, thereby gaining tips on providing their own students with career education. FXLI also organized office tours and interviews with Fuji Xerox employees for elementary, junior and senior high school students, their parents, and teachers to have hands-on experience of workplaces and occupations. A total of 555 people participated in the events. FXLI will continue to conduct educational activities for future generations in its pursuit of the unlimited possibilities of people and organizations.



HASU Club

Celebrating its 25th Anniversary Thanks to Voluntary Support from Employees

HASU Club was founded in 1992 as a volunteer organization managed autonomously by Fuji Xerox employees. Its membership fees are collected in the following way: fractional amounts of less than 100 yen are deducted from their monthly salaries and periodic bonuses of the employees who are members of the Club. In addition to this, the members can make personal contribution in increments of 100 yen within a range of 100 to 9,900 yen on a voluntary basis. The collected money is donated to various organizations engaged in social welfare, culture and education, environmental protection, international aid, and recovery from disasters. Fuji Xerox donates the same amount of money ("matching gifts") on top of each donation. Volunteer activities organized and managed by the Club members are also funded by the membership fees.

In February 2016, some Club members revisited Pumplion Primary School, the construction of which was funded by the Club in Cambodia in 2004, and repainted the aged external walls in collaboration with the NPO "Japan Team of Young Human Power (JHP)."

The Club has been continuously supporting the areas afflicted by the Great East Japan Earthquake. After the earthquake that stroke Kumamoto Prefecture in 2016, a total of 50 employees and their families visited the afflicted areas in June and July to provide onsite support to the victims.



Fuji Xerox of Shenzhen

Tackling Major Social Issues by Starting with Small Donations

In China, the issue of children who are living in poor rural villages apart from their parents working in industrial areas is becoming a serious social issue. At the initiative of its CSR promotion department, Fuji Xerox of Shenzhen started an activity to support physically and mentally sound growth of the children in January 2015, and to this end, about 2,500 employees (40 percent of the total) have registered to donate a fractional amount of their monthly paychecks.

The company conducted a questionnaire survey targeting employees having children living apart from them in their hometowns in order to identify their problems and what support they needed from the company. In reference to replies from 444 employees, the steering committee discussed and decided on specific measures to support employees with concerns about their children, including providing counseling services, holding workshops on parents-children relations and establishing a dedicated hotline. Fuji Xerox of Shenzhen will continue to enhance support activities and expand their scale in order to contribute to the solution of this social issue.



Fuji Xerox Vietnam

Lifting Learning Dreams

"B" Nhon Hoi Primary School is located in Nhon Hoi commune, An Phu district, An Giang province, a remote area in South Vietnam that is affected by flooding throughout the year. The children are undernourished and have to travel long distances to school but they do not give up on studying. Nevertheless, some of them must leave school to help their families and this leads to an alarming school dropout rate in this area. In collaboration with Loreto Kids Charity, an Australian NGO, Fuji Xerox Vietnam has helped to renovate a deteriorating school and totally transformed it within 3 months of work.

Cao Thi Yen Nhi, a student of class 2D told us: "I love the new school, it looks so nice with new fans and new lights. I love going to school and hope that I can become a teacher to help children become good people and do good things!"

Moving forward, Fuji Xerox Vietnam will continue on the journey where we will lift learner's dreams and help them fly into the future.



Securely protecting Fuji Xerox's own and customers' important data from disaster risks

High-Priority Management Themes at Fuji Xerox

Ongoing support for reconstruction after the Great East Japan Earthquake

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

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 community engagement activities. We are committed to continue supporting recovery through our business, as well as encouraging our employees' involvement in volunteer work.



Workshop held with the participation of government officials and volunteers from Fuji Xerox

Fiscal 2015 Performance

In Kamaishi City and in the Kuji and Ninohe medical districts in Iwate Prefecture, we have been supporting local governments, community groups, and medical institutions as they work to integrate community care. At the Tono Mirai Zukuri College, which was in its second year, we worked to stabilize the management system and implemented the programs aimed to: foster exchange between the disaster-affected areas and other regions; conduct research on backup logistical support bases; support education and culture; and drive industrial innovation. Through these measures we promoted dialogue with local people and contributed to their recovery from the disaster.

Fiscal 2016 Initiatives

We have expanded our recovery support target from coastal areas in Iwate Prefecture to include the Hamadori area in Fukushima Prefecture, and searched for ways to support all these areas by listening to the opinions of local governments and inhabitants whose communities were lost due to the nuclear accident and subsequent evacuation. Moreover, in order to make the community/industrial development support activities launched in Tono City more sustainable, we transformed the Tono Mirai Zukuri College into a general incorporated association and are preparing to open other Mirai Zukuri Colleges in Ashigara City, Kanagawa Prefecture and Shiraoi Town, Hokkaido. All the Colleges will serve as backup logistical support facilities in the event of a disaster.

High-Priority Management Themes at Fuji Xerox

Supporting customer's business continuity

Features of Fuji Xerox Activities

Fuji Xerox has established policies to deal with large disasters and ensure business continuity, and has made all employees aware of the basic actions to be taken in the event of a disaster.

<Policies to deal with large disasters>

Fuji Xerox and its affiliates will provide customers and all other stakeholders with safety based on the following policies:

- We will give top priority to the safety of employees, visitors to our sites and others, work to protect them from any dangers, and also implement measures to minimize the damage that might be caused to our facilities.
- We will strive to fulfill our social responsibility by continuing to provide customers with products and services.
- We will support the recovery and reconstruction of areas affected by disasters.

In the event of a disaster, based on the aforementioned policies, our bases in the affected areas and the Comprehensive Response Center (established in Fuji Xerox Headquarters) will collaborate to ensure the safety of employees and visitors as our first priority. We will then establish the Center Working Group, Product Supply Working Group and Customer Response Working Group within the response center, which will work together to ensure our business continuity.

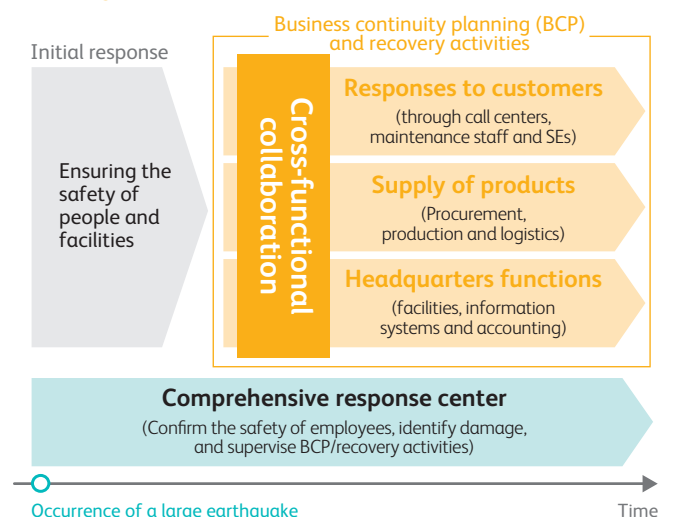
To facilitate internal collaboration for our business continuity, we hold regular meetings to examine BCP issues on a company-wide basis. Through these meetings we have shared problems concerning cooperation in our supply chain and made multiple improvements. As a result, we were able to collaborate flexibly across the company to make prompt and appropriate responses to the Kumamoto Earthquake, which occurred in April 2016.

As for external collaboration, we have exchanged opinions with a range of customers on themes related to disaster control and business

continuity. In fiscal 2015 the Fuji Xerox Headquarters had exchanges with 14 corporate customers and fostered dialogue on various topics, including desirable approaches to disasters and specific disaster control measures to be taken by companies.

In recent years, large typhoons have caused floods and inflicted tremendous damage on areas in Japan, and we are also witnessing a rise in volcanic activities. In response, we need to make more preparations against natural disasters. Based on lessons learned from past disasters, Fuji Xerox will further enhance its measures for the safety of its customers and local communities. It will thereby contribute to the enhancement of both corporate and social resilience to disasters.

Cross-organizational collaboration in the event of a disaster



Robust Management Foundation



- Growing social demands toward corporate business processes
- Addressing the growing risks of data leak, falsification, and loss due to the advancement of information society

Engagement with Suppliers

Our Goal

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 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 self-checklists. Supports individual suppliers implementing CSR improvements.

2008

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

Programs Take Root

2010

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

2012

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

Programs Are Strengthened

2013

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

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

2014

- Commences ethical procurement in Vietnam.

2015

- Holds Seminars on the Environment, Safety and Health, and Practical Labor Management for Suppliers (in South China).

Commitment

Fuji Xerox has been fostering ethical procurement in effort to achieve prosperity together with its suppliers while also reducing the suspension of its production lines. Ethical procurement has also helped the company make improvements in terms of quality, cost and delivery.

In fiscal 2016 we will continue to request suppliers to deepen their understanding of our procurement policies and enhance their own CSR activities for the establishment of a stronger supply chain.



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

High-Priority Management Themes at Fuji Xerox

Strengthening CSR implementation at Fuji Xerox manufacturing sites/
Expanding and enhancing ethical procurement, which will help boost competitiveness

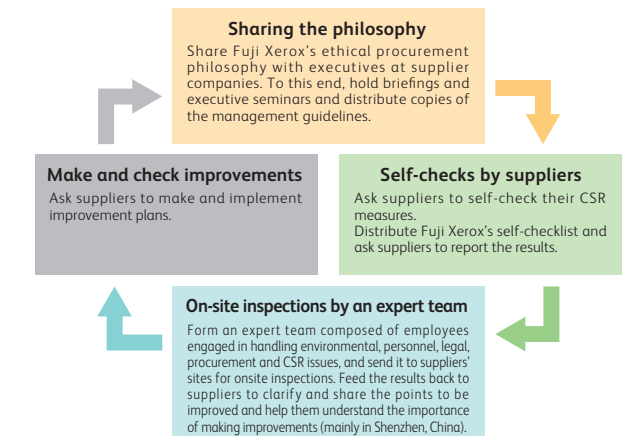
Promoting CSR throughout the supply chain and developing locally rooted sustainable business operations

Features of Fuji Xerox Activities

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

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

The CSR Assessment System



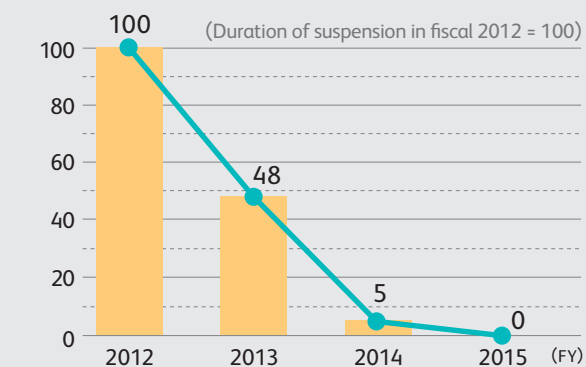
Fiscal 2015 Performance

In South China where Fuji Xerox has major production facilities, there has been a series of problems at factories, such as strikes by workers. In response, we have been conducting ethical procurement activities with a focus on South China, hoping to understand the management situation of local suppliers and help them make improvements.

Fuji Xerox of Shenzhen had been experiencing the suspension of its production line, which hinders stable operation and product supply, due to CSR risks faced by its suppliers. However, by encouraging suppliers to continuously improve labor management through the ethical procurement activity, Fuji Xerox finally eliminated production line suspensions caused by suppliers' problems in fiscal 2015.

However, the number of conflicts caused by problems related to the environment, human rights and labor has been

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



increasing also in East China and in ASEAN countries where we are trying to find more suppliers. In response we need to enhance ethical procurement in these regions. Furthermore, our customers are increasingly requesting us to improve CSR measures at our production bases.

We have therefore decided to introduce the know-how on CSR activities and ethical procurement accumulated by Fuji Xerox of Shenzhen to our bases in East China and Vietnam. As the first step, CSR facilitators from Fuji Xerox's production and procurement bases, production and procurement headquarters and the head office gathered at Fuji Xerox of Shenzhen to hold a "CSR session for key persons of CSR." In this session participants reconfirmed Fuji Xerox's CSR philosophy and learned how to check and point out CSR-related problems in a practical manner at their bases and at suppliers' sites through a case study of the production line of Fuji Xerox of Shenzhen. In addition, they agreed that they would enhance mutual cooperation beyond their organizational boundaries.

Agenda for the Session

- First day: Understanding of CSR [Lecture and team discussion]
- Second day: Understanding of CSR required to be fulfilled at overseas production bases [Lecture, audit simulation, and team discussion]
- Third day: Importance of ethical procurement and activities targeting suppliers [Lecture, onsite inspection simulation, and team discussion]
- Fourth day: Formulation of improvement plans by CSR facilitators at overseas production and procurement bases [Team discussion and presentation]

Fiscal 2016 Initiatives

Fuji Xerox will strengthen CSR-oriented management and ethical procurement measures in both South China and Vietnam.

- (1) We will rebuild a CSR management system for production facilities at Fuji Xerox Hai Phong (in Vietnam) and Fuji Xerox of Shanghai.
- (2) We will work to build a system for onsite inspections by a team of experts in the environment, personnel affairs and other areas for our suppliers in Vietnam and East China, in order to understand their situations and enhance our support step by step to help them make improvements.

Case Study 1

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

Among the ethical procurement measures Fuji Xerox launched in 2007, the onsite inspections carried out by a team of experts in the environment, personnel affairs and other areas at the suppliers of Fuji Xerox of Shenzhen were particularly effective. Many of the suppliers made improvements by receiving advice on the points to be improved from the inspectors.

The suppliers requested the expert team to continue giving them advice for improvement in a timely manner. However, it was difficult for the team to give them more advice only by revisiting each of them again.

Accordingly, Fuji Xerox of Shenzhen began to hold environment, safety and health and practical labor management seminars for suppliers in fiscal 2014, in addition to carrying out onsite inspections. Executives and managers at the suppliers' production bases are invited to the seminars to



learn from the staff of the company about the know-how to implement measures for the environment, human rights and labor, and corporate ethics and to comply with new laws and regulations. In the first year, we held three seminars on safety and health and invited managers of the suppliers to it. The seminars were highly appreciated by the suppliers as being useful to make improvements.

In fiscal 2015 we held 11 seminars (for a total of 13 times) on labor management, environmental conservation, and the support program held for employees by the company. Over 1,000 managers from the supplier companies participated in the seminars to learn the relevant know-how. Many suppliers voluntarily participated in the seminars and all the seminars were rated by them as "satisfactory" at a very high rate (98% or higher).

In fiscal 2016 we will add new seminars on management systems and others to the existing ones for the continuous enhancement of the seminars.

	Date	Program
1	May, 2015	Safety management
2	Jun, 2015	Labor management—Establishment and management of the corporate rules
3	Aug, 2015	Occupational health and safety management
4	Sep, 2015	Basics of environmental conservation
5	Oct, 2015	Labor management—Non-adult workers, pregnancy and childbirth Management of female employees raising children and of dispatched workers
6	Nov, 2015	Occupational health and safety management
7	Dec, 2015	Outline of environmental laws
8	Dec, 2015	Management of wages and working hours
9	Jan, 2016	How to calculate and report greenhouse gas emissions
10	Jan, 2016	Management for fire prevention
11	Feb, 2016	Treatment and management of waste air, water and solids

Case Study 2

Engaging with the Conflict Minerals Issue

Fuji Xerox recognizes conflict minerals as a major human rights issue, and its 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^{*1}, we join other companies in studying rational and effective measures to ensure that we are not involved in human rights violations.

Since 2014, the U.S. Securities and Exchange Commission (SEC) has required SEC-registered companies to track and report the source and chain of custody of conflict minerals in accordance with Section 1502 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act. Fuji Xerox is not

required to do this because it is not a SEC-registered company. However, we have been tracking the source and chain of custody of conflict minerals since 2013 to determine whether there is any involvement of armed groups in our own supply chain and also to cooperate with the inquiries of our customers who are SEC-registered companies. The response rate from first-tier suppliers in the 2015 investigation was 97.3 percent (up from 92.4 percent in 2014), and no information indicating involvement of armed groups in the supply chain was received from the respondents. We were also able to provide customers with our know-how to deal with the issue of conflict minerals.

In our investigations from 2016 onward, we will aim for more precision as well as a higher response rate.

^{*1} JEITA = Japan Electronics and Information Technology Industries Association

High-Priority Management Themes at Fuji Xerox

Respect for human rights

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 strive 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.

Web Info

- The Basic Procurement Policy for Fuji Xerox and its Affiliates <http://www.fujixerox.com/eng/company/policy/purchase.html>
- Articles in Previous Sustainability Reports <http://www.fujixerox.com/eng/company/sr/2016/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)

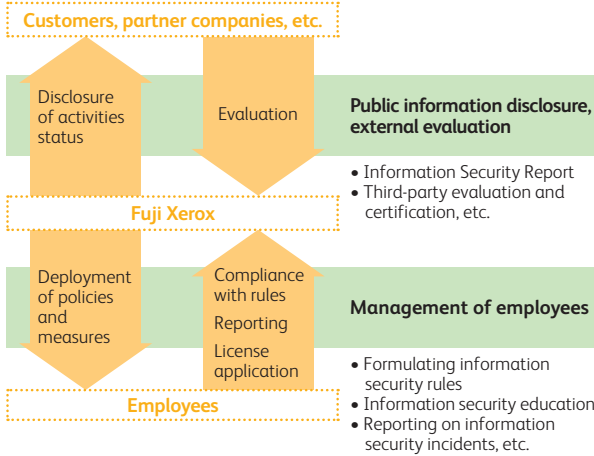
High-Priority Management Themes at Fuji Xerox

Information security

Securely protecting Fuji Xerox's own and customers' important information from data security risks

Features of Fuji Xerox Activities

With progress in the service and solutions domain, the opportunities in which Fuji Xerox deals with the customers' personal/confidential information are increasing. Under these circumstances Fuji Xerox includes ensuring information security in its management priorities. In addition to product- and service-related information security measures, we are implementing a range of other measures, including those to enhance corporate governance so that our customers can entrust their information assets to us with peace of mind. For details, please refer to our information security report, which is available at the following website.



Fiscal 2015 Performance

We improved our manuals to deal with vulnerabilities and incidents by forming a cross-departmental Computer Security Incidence Response Team (CSIRT) against cyberattacks. We also carried out inspections and evaluations to ensure the information security of our services, while fostering the central management of security-related information regarding the companies to which we give access to important information.

Fiscal 2016 Initiatives

We will establish and start operating an information security center within the General Affairs Department for the consolidation of our information security functions and promotion of company-wide collaboration. Through this center we will deal with both internal and external threats, prevent internal frauds, quality problems and cyberattacks, identify problems in preparation for emergencies, and foster countermeasures.

Case Study

Risk Management Council

In addition to the aforementioned activities, we worked to enhance the information security of our sales companies in the Asia-Pacific region including China in fiscal 2015. In July of the year we held a conference of risk managers in Yokohama, in which we asked participants to carefully report any information security incidents. We are also raising the awareness of more than 15,000 employees about the categories of information and measures to be taken in the event of an incident through online education in English, Chinese, Thai and Korean.

As a result in fiscal 2015, we received detailed reports about information security from our bases, including those related to the cases that nearly caused information security incidents. We will continue to implement measures to decrease information security incidents and deal with new

threats in Japan and abroad by fostering regular information exchange through online conferences.



Web Info

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

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 the stakeholders while continuously improving its business processes to boost the company’s competitiveness.

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

Communication and Monitoring

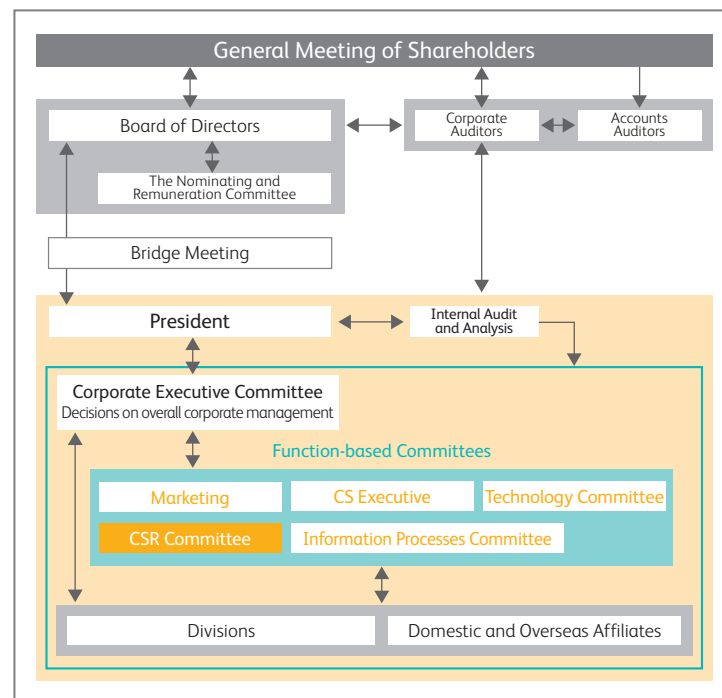
Fuji Xerox places high priority on communication and monitoring to help management incorporate stakeholder evaluations and feedback into the management process.



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

Communication methods

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



CSR Policies,
Targets

Performance
Reports

Business Unit

- Sales & Marketing
- Research, Development, Manufacturing
- Domestic and Overseas Affiliates

Communication

Fuji Xerox Business Activities throughout the Value Chain

Monitoring

Stakeholders



CSR Governance

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

In fiscal 2015, we established the Bridge Meeting as an organization to discuss and set medium- to long-term management policies, framework and targets. 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 related to each of the stakeholder groups and draws up corporate commitments for improvement (CSR indicators).

In fiscal 2015, we simultaneously obtained certifications for quality, environmental and information security management systems by integrating certification acquisition processes, which had been operated separately by base and function across a total of 40 companies and 30,000 employees, for the efficient management of the systems.

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

Monitoring methods

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

Stakeholder Dialogues

Every year Fuji Xerox holds a Stakeholder Dialogue on key management themes with the aim to gather input from customers, business partners, local communities and various other stakeholders in order to meet their expectations and continuously enhance the company’s corporate value.

In fiscal 2015, we held a dialogue meeting on the theme of cultural inheritance between four of the stakeholders and our directors. We invited the four participants to the meeting from facilities in Kyoto to which we had donated replicas of historical documents as part of our community engagement activity. The invitees explained the importance of using replicas for cultural inheritance,

as they can be touched directly by hand, and how the donated replicas were used at their facilities. They also made requests to us, including a request to develop a technology to read characters written in semi-cursive “running” script, and these requests gave us a tip for our future activity.



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

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

Creating and Utilizing Knowledge

Customers

Number of serious product incidents

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox and affiliates (including OEM sales)	1	0	0	0

Notes on fiscal 2015 performance As in fiscal 2014, there were no reports of major product incidents in fiscal 2015. In its continuous effort to deliver safe products to customers and prevent major product incidents, we have enhanced risk assessments and measures to ensure compliance with product-safety laws and regulations. Furthermore, as part of our product safety enhancement activity, we began providing customers with information to promote safe use of the products.

Goals/challenges We will further improve our safety and evaluation technologies to prevent product safety incidents, while ensuring compliance with product safety-related laws and regulations. In addition, we will raise public awareness of product safety by holding quality and safety forums, aiming to root out the potential for product incidents.

Customer loyalty index based on Fuji Xerox CS program surveys

Definition Index calculated as a rate of positive responses to the question about the customers’ intention “to continue business relationship” in Fuji Xerox’s customer satisfaction surveys, using 2012 as base year with assigned value of 100.^{*1}

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox and sales companies in Japan	100.2	99.9	101.0	—

Notes on fiscal 2015 performance In fiscal 2015, our customer loyalty index improved from the previous year due to concerted efforts to meet customer expectations by maintaining close communication under our CSR programs.

Goals/challenges 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.

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

Diversity and Inclusion

Employees

“Core Morale” score as employee satisfaction indicator

Definition Average score (using a five-point scale) on the five key “Core Morale” components^{*2} of the ES Survey of employees conducted at Fuji Xerox and its affiliates and sales companies in Japan.

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox (unconsolidated)	3.36	3.35	3.36	—
Affiliates in Japan (excluding sales companies)	3.23	3.25	3.23	—
Sales companies in Japan	3.47	3.49	3.43	—

Notes on fiscal 2015 performance The “Core Morale” average score remained at the same level (nearly 3.4, which is the benchmark for the soundness of the ES score) and no major changes were observed for Fuji Xerox (unconsolidated) as well as for its affiliates and sales companies in Japan. The percentage of employees who gave positive responses to the five Core Morale questions (management strategies and priority measures) decreased by about one percentage point to about 51.0%.

Goals/challenges We will identify specific problems by organization and workplace based on the ES survey results, make improvements and execute a PDCA cycle. In fiscal 2016 all Fuji Xerox companies will strive to nurture a corporate culture that encourages employees to take on challenges based on communication with their managers.

^{*2} The five components of Core Morale are work satisfaction, workplace satisfaction, satisfaction with superiors, satisfaction with personnel management, and satisfaction with organizational management.

Percentage of women in executive and managerial positions

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox (unconsolidated)	5.1 %	5.8 %	6.2 %	7 %
Affiliates in Japan	2.8 %	2.8 %	3.4 %	—
Overseas affiliates	26.4 %	24.8 %	26.9 %	—

Notes on fiscal 2015 performance Fuji Xerox has been appointing more female employees to managerial positions across the company. At Fuji Xerox (unconsolidated), the target of 6.3 % was not achieved, however there was an increase of 0.4 percentage points in the proportion of female managers. Fuji Xerox’s affiliates also demonstrate proactive promotion of promising female employees. As a result, the percentage of female managers began to show an upward trend at the Fuji Xerox companies, while strong performance was continuously maintained at its overseas affiliates.

Goals/challenges We will continue to encourage the promotion of female employees at Fuji Xerox and all its affiliates. Fuji Xerox (unconsolidated) will intensify its efforts 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. All affiliates and sales companies in Japan will pursue the same policies.

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

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox (unconsolidated)	100 % (employment rate: 2.07 %)	100 % (employment rate: 2.06 %)	100 % (employment rate: 2.09 %)	100 %
Affiliates in Japan (excluding sales companies)	88 % (7 of 8 companies)	78 % (7 of 9 companies)	89 % (8 of 9 companies)	100 %
Sales companies in Japan	81 % (25 of 31 companies)	81 % (25 of 31 companies)	77 % (24 of 31 companies)	100 %

Notes on fiscal 2015 performance Fuji Xerox and all its 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. Through workshops designed to help executives create comfortable workplaces, we fostered an understanding about employees with disabilities and designed measures to support them. As a result, Fuji Xerox (unconsolidated) has achieved the legally stipulated rate, and strives to achieve the same goal for eight of its affiliates and sales companies in Japan, who are yet below the stipulated level.

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

Annual work hours per employee

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox (unconsolidated)	1,947 hours	1,878 hours	1,878 hours	1,850 hours
Affiliates in Japan (sales personnel, office staff, etc.)	1,986 hours	1,971 hours	1,948 hours	—
Affiliates in Japan (manufacturing staff)	2,025 hours	2,094 hours	2,037 hours	—
Overseas affiliates (sales personnel, office staff, etc.) ^{*3}	2,011 hours	2,085 hours	2,067 hours	—
Overseas affiliates (manufacturing staff)	2,274 hours	2,177 hours	2,143 hours	—

Notes on fiscal 2015 performance At Fuji Xerox (unconsolidated), overtime work hours increased as a result of business expansion, but total work hours did not increase due to the work style reforms implemented based on the new flexible working system introduced in fiscal 2014 and also due to an increase in the percentage of employees who took paid holidays. In affiliates in Japan, total work hours decreased from the previous year’s level thanks to the introduction of the new working system, closer communication between managers and subordinates, and improvement of operational processes for higher productivity.

Goals/challenges In Japan, we will foster the effective use of the new work system for better business management as well as for the continuous improvement of operational processes, while implementing measures to increase the percentage of employees who take paid holidays. We will thereby foster a better work-life balance and promote diversity. Outside Japan we will work to achieve business management that can bring the best results with limited work hours and resources.

^{*3} Excludes companies that have adopted the discretionary working system.

Environmental Protection / Secure and Vital Society

Global Environment

Contribution to CO2 reductions at the 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 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox and affiliates	2,695kt-CO2*4	3,206kt-CO2	3,462kt-CO2	3,788kt-CO2

Notes on fiscal 2015 performance We help customers reduce CO2 emissions at their offices. The amount of contribution increased by about 256kt-CO2 to 3,462kt-CO2 as a result of increased sales of solutions and services that are highly effective for CO2 emissions reductions.

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

*4 In fiscal 2013, the performance indicators jumped as the result of introducing new methods of accurately calculating the contribution of Fuji Xerox' solutions to our customers' CO2 emissions reductions.

CO2 emissions at Fuji Xerox business facilities

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Development and production Sites in Japan and overseas	122kt-CO2	126kt-CO2	142kt-CO2	139kt-CO2
Offices in Japan and overseas	68kt-CO2	64kt-CO2	69kt-CO2	68kt-CO2

Notes on fiscal 2015 performance We changed the environmental performance data tabulation system in fiscal 2015 and have since been calculating annual CO2 emissions at our sites by using the emission coefficient for the relevant year, while CO2 emissions were calculated by using the emission coefficient for fiscal 2005 for fiscal 2014 and older data.

Goals/challenges We will continue to reduce our CO2 emissions through production process improvement and measures to suppress the use of electricity, while formulating a new plan to reduce our CO2 emissions from manufacturing on a medium- to long-term basis. At our offices we will foster work style reforms and increase work productivity for CO2 emissions reductions.

Whole-life-cycle CO2 emissions of Fuji Xerox products

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 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox and affiliates	1,342kt-CO2	1,423kt-CO2	1,368kt-CO2	1,367kt-CO2

Notes on fiscal 2015 performance We changed the environmental performance data tabulation system in fiscal 2015 and have since been calculating annual CO2 emissions at our sites by using the emission coefficient for the relevant year, while CO2 emissions were calculated by using the emission coefficient for fiscal 2005 for fiscal 2014 and older data.

Goals/challenges We expect our CO2 emissions to increase due to business expansion. To curb this, we will continue to foster work style reforms and increase our business efficiency.

Reduction of new resource inputs in manufacturing process by reusing parts

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox and affiliates	2,875t	2,916t	3,273t	3,464t

Notes on fiscal 2015 performance In fiscal 2015, we surpassed the previous year's performance by 357 tons and achieved our quantitative target. This was due to an increase in the production of products and consumables incorporating reused parts.

Goals/challenges Based on the idea that end-of-life products are not waste but important resources, we will work to reduce the use of new resources also in fiscal 2016.

Resource recycling rate for recovered end-of-life products

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Japan	99.9 %	99.9 %	99.9%	99.5 % or higher
Asia-Pacific region	99.6 %	99.6 %	99.7%	99.5 % or higher
China	99.7 %	99.9 %	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 %	99.8 %	99.6%	99.5 % or higher
New Zealand	99.7 %	99.7 %	99.7%	99.5 % or higher

Notes on fiscal 2015 performance Fuji Xerox achieved a recycling rate of 99.5 % or higher for end-of-life products—the standard for “zero landfill”—at all its business sites in Japan and overseas. The recycling rate was up 0.1 percentage points in the Asia Pacific region but dropped by 0.2 percentage points in Australia, while remaining at the same level as in the previous fiscal year in other regions. We will conduct analysis to check whether the decrease in Australia is only temporary or whether some measures should be implemented to reverse the trend, so that we can continue to achieve “zero landfill.”

Goals/challenges In and after fiscal 2016, we will continue to make use of environment-friendly resources through reuse, material recycling and thermal recycling to maintain “zero landfill.”

Water usage in manufacturing process

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox and affiliates	2.15 million t Japan: 1.71 million t Overseas: 0.44 million t	2.06 million t Japan: 1.63 million t Overseas: 0.43 million t	2.11 million t Japan: 1.67 million t Overseas: 0.44 million t	30 % reduction from fiscal 2005 level (2.59 million t)

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

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

Local Communities

Community engagement spending

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox (unconsolidated)	372 million yen	320 million yen	372 million yen	Continue community engagement at a set level
Affiliates in Japan	96 million yen	72 million yen	72 million yen	
Overseas affiliates	193 million yen	176 million yen	174 million yen	
Total	661 million yen	550 million yen	617 million yen*5	

Notes on fiscal 2015 performance Total community engagement spending came to approximately 617 million yen as a result of expanding support in the cultural and sports fields.

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

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

Employee participation in volunteer programs

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox (unconsolidated)	808	903	656	Increase number of participants
Affiliates in Japan	2,162	4,756	4,023	
Overseas affiliates	7,863	11,018	10,429	

Notes on fiscal 2015 performance The number of employees who participated in volunteering activities decreased due to a decreased demand for volunteers for the recovery of the Great East Japan Earthquake and other volunteer programs.

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

Ratio of companies supporting volunteer activities

GRI EC7 SDGs Goal 17

DefinitionPercentage of companies among Fuji Xerox and its affiliates that have instituted systems to encourage and support employee volunteerism, including HASU Clubs^{*6} and volunteer leave.

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox (unconsolidated)	100 %	100 %	100 %	Boost percentage among overseas affiliates
Affiliates in Japan	100 %	100 %	100 %	
Overseas affiliates	78 %	87 %	87 %	

Notes on fiscal 2015 performanceThe ratio of companies supporting volunteer activities remained at the same level as in the previous fiscal year.

Goals/challengesIn fiscal 2016, we will continue to enhance community engagement activities at our affiliates in Japan and abroad.

^{*6} Volunteer organizations run by Fuji Xerox employees. These clubs raise funds from members, who voluntarily contribute the fractional remainders from their monthly salaries and scheduled bonuses via automatic withdrawal, and use the contributions to support their own community engagement activities or other NPOs/NGOs.

Enrollment in Fuji Xerox HASU Clubs

GRI EC7 SDGs Goal 17

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox (unconsolidated), Fuji Xerox Advanced Technology Co., Ltd., Fuji Xerox Manufacturing Co., Ltd., and Fuji Xerox Service Creative Co., Ltd.	3,837	3,807	3,721	Increase membership

Notes on fiscal 2015 performanceAt Fuji Xerox (unconsolidated), approximately 40 % of employees were enrolled in fiscal 2014. Meanwhile, our company-wide volunteer network is expanding, with employees at our affiliates participating in earthquake relief and other volunteer programs.

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

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

GRI EC7 SDGs Goal 17

DefinitionNumber 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 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Recipients of grants for foreign researches in Japan ^{*7} (Total recipients to date ^{*8})	32 (1,076)	33 (1,109)	32 (1,141)	Continue grant-giving activity at a set level
Recipients of Kobayashi Fellowship ^{*9} (Total recipients to date)	8 (173)	8 (181)	8 (189)	Continue fellowship-giving activity at a set level

Notes on fiscal 2015 performanceResearch grants were awarded to 32 foreign scholars 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 Fellowship Program. In addition, research papers submitted by recipients were published in book form and distributed to educational institutions and previous recipients. Furthermore, some measures were taken to facilitate networking among the program's more than 1,000 alumni.

Goals/challengesWhile 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.

^{*7} 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.

^{*8} Includes those who withdrew from the program after receiving the grant.

^{*9} Fellowships to support young Japanese researchers enrolled in doctoral programs in the humanities or social sciences and pursuing research about other Asia-Pacific countries and regions.

Robust Management Foundation
Customers

Results of ethical procurement self-assessment by production sites

GRI PR1 SDGs Goal 17

DefinitionPercentage of production sites achieving a compliance rate of 90 % or higher on “important” and “very important” items on the Fuji Xerox Ethical Procurement Self-checklist.

Companies	Items	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Production sites of Fuji Xerox affiliates (In fiscal 2014, production sites of new-machines, components, and chemical products. In fiscal 2015, expanded the target to include the bases for products made of recycled components.)	Very important items	—	100 % (8 facilities)	100 % (10 facilities)	100 % (10 facilities)
	important items	—	87.5 % (7 of 8 facilities)	100 % (10 facilities)	100 % (10 facilities)

Notes on fiscal 2015 performanceIn fiscal 2015, we expanded the target to include the bases for products made of recycled components in addition to the production bases for new machines, components and chemical products, and made assessments with the goal of achieving 90 % or higher compliance rate at all the bases for both “very important” and “important” items. We focused on improvement activities to enhance the CSR management basis at Fuji Xerox Hai Phong, where the predefined targets were not achieved in the self-check completed in fiscal 2014. As a result, all the targeted bases achieved the goal.

Goals/challengesWe will continue to achieve a compliance rate of 90 % or higher for “very important” and “important” items at all our production bases for new machines, components, chemical products and at the bases which produce recycled goods.

DefinitionPercentage of production sites achieving a “green” rating on the EICC^{*10} self-assessment carried according to customer requests.

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Production sites of Fuji Xerox affiliates (plants of new-machines, components, and chemical products)	100 % (7 facilities)	100 % (8 facilities)	100 % (8 facilities)	100 % (8 facilities)

Notes on fiscal 2015 performanceAll the production sites for new machines, components and chemical products continued to execute a PDCA cycle to make improvements in cooperation with Fuji Xerox's production headquarters. In fiscal 2015 all the bases increased their scores and continued to achieve a “green” rating as planned.

Goals/challengesWe aim to continue achieving a “green” rating at all our production sites for new machines, components and chemical products in Japan and abroad.

^{*10} 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.

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 SDGs Goal 17

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

Companies	Items	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Suppliers in Japan and overseas	Very important items	90.4 %	82.7 %	83.1 %	100 %
	important items	72.8 %	38.8 %	54.1 %	90 %

Notes on fiscal 2015 performanceIn fiscal 2015, the ratio of suppliers achieving a compliance rate of 90 % or higher slightly increased year on year for “very important” items and by 15.3 percentage points for “important” items. However, we failed to achieve our predefined target for two straight years, which might have been caused by the failure to ask suppliers to submit improvement plans after the self-check and to examine the submitted plans and resulting improvements.

Goals/challengesIn fiscal 2016, we will request suppliers to make and submit improvement plans for noncompliance items without fail.

^{*11} Existing suppliers include companies that achieved a compliance rate of 90 % or higher by devising and implementing improvement plans for the items of noncompliance in the previous year (i.e., not for all “important” or “very important” items).

Ratio of product logistics^{*12} partners with compliance rate of 90% or higher on “very important” items (among those completing Ethical Procurement Self-checklist^{*13})

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

DefinitionPercentage 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 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
First-tier logistics partners and sites in Japan	100 %	100 %	100 %	100 %
First-tier logistics partners and sites overseas	64 %	93.8 %	98.4 %	100 %

Notes on fiscal 2015 performanceBoth within and outside Japan we achieved the targets for the ratio of logistic partners with a compliance rate of 90 % or higher (100 % in Japan and 90 % abroad). We made improvements by giving advice to partners in countries and regions with low compliance rates through our five sales companies.

Goals/challengesIn fiscal 2016 we will continue to achieve the targets regarding the delivery of our products to customers while also enhancing ethical procurement qualitatively for other logistics activities. In addition to industrial waste collection and transportation service providers in Japan, which have been emphasized since fiscal 2015, we will accelerate improvements for ethical procurement in particular for the transportation of products from our overseas production bases to loading ports and for the product delivery by shipping companies to Europe and the United States.

^{*12} Delivery from warehouses / branches to customer sites in each country and region of operation.

^{*13} The Ethical Procurement Self-checklist for product logistics partners consists of relevant questions from the checklist for production materials suppliers supplemented with items specifically tailored to the logistics field.

Ratio of indirect-materials suppliers with compliance rate of 90% or higher on “very important” items on the Ethical Procurement Self-checklist^{*14}

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

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Suppliers in Japan and overseas	—	71.4 % ^{*15}	81.6 % ^{*16}	90 %

Notes on fiscal 2015 performanceFor indirect materials suppliers, we conduct ethical procurement activities with a focus on suppliers who are critical for our business continuity. In fiscal 2015 we added China (Shanghai and Shenzhen) to Japan and Vietnam (targets for fiscal 2014) and held a briefing session for important Chinese suppliers, who then conducted self-checks and improvement activities. The ratio of suppliers with a compliance rate of 90 % or higher increased by 10.2 percentage points to 81.6 %.

Goals/challengesWe will continue to respond to different challenges for suppliers in different industries, while helping them to make further improvements and expedite the achievement of the predefined targets.

^{*14} The Ethical Procurement Self-checklist for indirect-materials suppliers is compiled from relevant questions from the checklist for production materials suppliers.

^{*15} Suppliers in Japan and Vietnam ^{*16} Suppliers in Japan, Vietnam, and China (Shanghai, Shenzhen)

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

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

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
All companies supplying paper to Fuji Xerox and affiliates in Japan and overseas	100 %	100 %	100 %	100 %

Notes on fiscal 2015 performance Fuji Xerox requires all its paper suppliers to conduct their business operations in accordance with the standards for social responsibility outlined in its Environmental, Health and Safety Requirements for Paper Procurement (revised in 2012). Since 2012, the managers in charge of paper purchasing and sales in Japan and overseas have been meeting regularly as a committee to review and confirm compliance with these standards. In fiscal 2015, the committee again confirmed full compliance by 100 % of our paper suppliers.

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

Ratio of suppliers submitting conflict minerals report

GRI HR11 GC Principle 1-6 SDGs Goal 17

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Suppliers of components of key Fuji Xerox products	87.5 %	92.4 %	97.3 %	95 %

Notes on fiscal 2015 performance As for the fiscal 2015 survey, the response rate improved by 4.9 percentage points to 97.3 %, and we thus achieved the target of 95 %. In order to increase the accuracy of information about mineral smelters, some of the respondents were asked to submit detailed reports. Internally, Fuji Xerox engages in solving the related problems at the liaison meeting of the staff related to conflict minerals issue.

Goals/challenges In fiscal 2016 we will work to keep the response rate at least at the same level and foster the collection of information from JEITA both inside and outside the industry to increase the survey accuracy. We will also enhance cooperation with our customers in the research on conflict minerals.

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

GRI EC9 SDGs Goal 17

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox of Shenzhen, Fuji Xerox of Shanghai	65.7 %	67.7 %	67.9 %	Maintain a consistent level of local procurement

Notes on fiscal 2015 performance In China, the local content ratio remained steady at last year's level, 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)

GRI EC9 SDGs Goal 17

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox Hai Phong	—	23.6 %	34.5 %	Maintain a consistent level of local procurement

Notes on fiscal 2015 performance Fuji Xerox has been applying the same policies for the selection of suppliers in Vietnam as elsewhere, including standards for ethical and green procurement as well as such criteria as price, value, and timely delivery. As a result, the local content ratio increased by 10.9 percentage points year on year. We will continue making efforts to increase the local content ratio in the future.

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

Shareholders and Investors

Number of serious corporate governance and/or compliance issues

GRI SO8 GC Principle 10 SDGs Goal 16

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

Companies	Fiscal 2013 performance	Fiscal 2014 performance	Fiscal 2015 performance	Fiscal 2016 goal
Fuji Xerox and affiliates	0	0	0	0

Notes on fiscal 2015 performance There were no serious corporate governance or compliance issues warranting disclosure.

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

Third Party Opinion



Eiichiro Adachi

Head of ESG Research Center
The Japan Research Institute, Limited

As in fiscal 2015, I have once again been invited in fiscal 2016 to review the Sustainability Report of Fuji Xerox and its affiliates. In my comments last year, I pointed out that there remains a slight sense of disconnect when the social issues the company wishes to address and the values it provides are presented under the headings of the existing business segments and stakeholders.

This comment has been addressed in the fiscal 2016 report in the following manner. Although disclosures by separate stakeholder categories are provided on the website, Chapter 3 of this Sustainability Report now comprises four categories of social issues. This approach I believe has resulted in a more consistent and compelling presentation.

Referring to the Sustainable Development Goals (SDGs) contained in the 2030 Agenda for Sustainable Development adopted by the United Nations in September 2015, the fiscal 2016 report does an excellent job of explaining the relationship between SDGs and the values Fuji Xerox provides. Furthermore, in the Top Commitment it is stated that Fuji Xerox's most important mission is "to make a valuable contribution to promoting decent—that is, fulfilling and humane—work and realizing sustained economic growth." I find this foresight highly commendable.

Fuji Xerox and its affiliates have adopted a series of very specific and unique commitments in their Mission Statement. These are "Build an environment for the creation and effective utilization of knowledge," "Contribute to the advancement of the global community by continuously fostering mutual trust and enriching diverse cultures," and "Achieve growth and fulfillment in both our professional and personal lives." At the same time, society around us is being overtaken by numerous problems. These include the digital divide, the chain reaction of mutual distrust, social alienation, and growing despair. In my estimation, these pervasive difficulties make it all the more important that Fuji Xerox and its affiliates rise up and prove their true worth to society.

An interesting illustration of how the company is responding to these expectations appears in a highlighted article entitled "For the Community, With the Community" appearing in Chapter 2. A GPS-linked Audio Guide Service for tourists foreshadows a future world in which people everywhere in the world are able to communicate unhampered by the language barrier. Services like this may well develop to become new examples of "Society-In," a concept that focuses not only on the value for the market but also the value for society. This is in line with the contribution that Xerox copy machines made to "the democratization of information," which was also built on the "Society-In" concept. I was particularly impressed to learn that this initiative was pursued not only as a social activity contributing to local communities but also as a business initiative. Pledging that

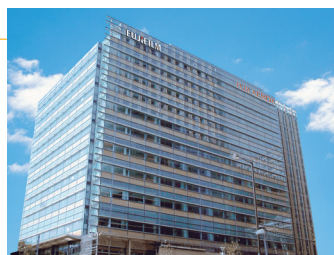
"no one will be left behind," the UN 2030 Agenda focuses on individuals and calls for action by countries at all levels of development—poor countries, rich countries, and middle-income countries. It draws special attention to the role of private businesses and civil society and emphasizes the importance of cooperation and partnership among all actors. The highlighted initiatives are not merely aimed at supporting regional revitalization. Rather, they can be interpreted to constitute the act of building bridges between the company's Mission Statement and the 2030 Agenda.

This brings me to a few specific recommendations. The first concerns the analysis of opportunities and risks on page13. I believe it would be more productive to break down the analysis into two separate parts: "Risk that environmental and social deterioration may constrain business activities," and "Risk that business activities may add to environmental and social deterioration." My second recommendation pertains to the section on Diversity and Inclusion that appears under Social Issues. Chapter 3 should not stop with engagement with employees. In fact, I would have been very interested to read about concrete solutions made possible by the company's products and services. The same comment applies to Robust Management Foundation. I would be curious to learn more about how solutions provided to customers can enhance governance in companies and other types of organizations. The report presents information on how initiatives are being moved forward based on KPIs. Although I have no reason to doubt the comprehensiveness of the KPIs, disclosure of the units of measurement for the principal environmental indicators would have been helpful in terms of gaining a better understanding.

Finally, page 6 of the report carries a column titled "The Foresight of Yotaro Kobayashi." In 2003, I had the opportunity to assist in preparing the 15th Corporate White Paper on "Market Evolution" and CSR Management issued by the Japan Association of Corporate Executives led by Mr. Kobayashi, who was chairman at the time. I am reminded that during the many meetings I had with him, Mr. Kobayashi repeatedly emphasized this seminal point. "It is vital for businesses to meet their responsibilities to society in the course of their core business activities." I am reassured to find that this spirit lives on at Fuji Xerox and its affiliates, and I eagerly look forward to the next stage of "Society-In" that will arise from the company's business activities.

The comments above make no statements regarding whether the data appearing in the Sustainability Report for fiscal 2016 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

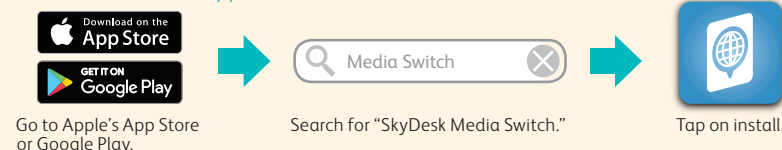
Name	Fuji Xerox Co., Ltd.
Headquarters	Tokyo Midtown, 9-7-3 Akasaka, Minato-ku, Tokyo JAPAN 107-0052
Telephone	+81-3-6271-5111
Chairman of the Board and Representative Director	Tadahito Yamamoto
President and Representative Director	Hiroshi Kurihara
Date of establishment	February 20, 1962 Established 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	45,397 employees (consolidated, March 2016); 8,282 employees (unconsolidated, March 2016)

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

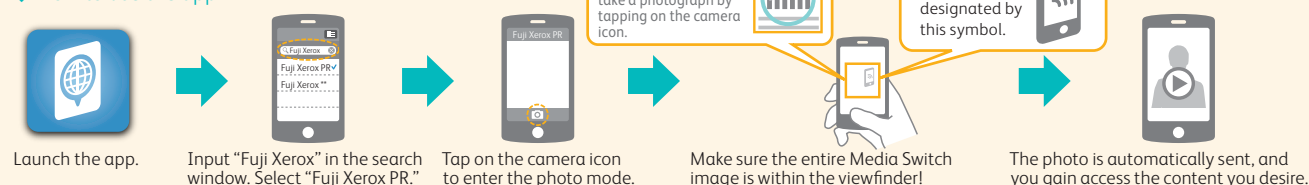
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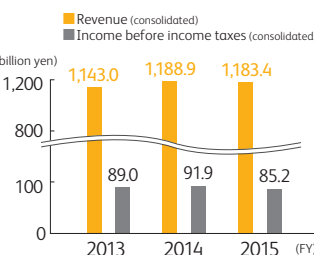
Sales and Service Areas

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

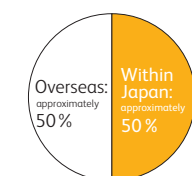


Key Management Indexes

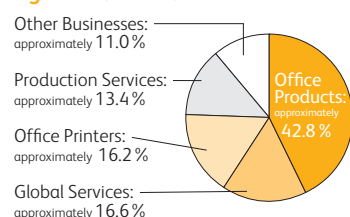
Financial Data (US GAAP)



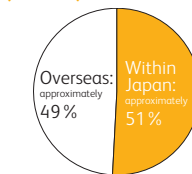
Consolidated Revenue by Geography (FY2015)



Consolidated Revenue by Business Segment (FY2015)



Consolidated Employee Number by Geography (FY2015)



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