

Sustainability Report 2019

Management Performance

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1.0 About Management Performance

FUJIFILM Holdings Sustainability Report 2019—Management Performance introduces our basic approach, promotion systems and an overview & results for each of the activities that corporations are expected to engage with by society. To make it simple and easy to understand, it shows the series of basic results from the ESG point of view, including Governance, Environmental Aspects and Social Aspects.

Please see the full report on the management performance in Sustainability Report 2019 at:

[URL: https://www.fujifilmholdings.com/en/sustainability/data/index.html](https://www.fujifilmholdings.com/en/sustainability/data/index.html)

In 2017, we established the Fujifilm Group's CSR Plan, "Sustainable Value Plan 2030 (SVP2030)" to resolve CSR issues that were given high priority by both the Fujifilm Group and its stakeholders. Now we are implementing the activities along with the Plan. We will prepare a separate report, FUJIFILM Holdings Sustainability Report 2019—SVP Stories, to introduce the progress of our activities in fiscal 2018. Please refer to SVP Stories together with this Management Performance.

• Period covered by the report

FY2018 (April 1, 2018—March 31, 2019) is covered in the performance data.

With regards to the contents of activities, wherever possible, we have conveyed the most recent trends, including activities in FY2019.

• Organizations covered by the report

The Fujifilm Group (FUJIFILM Holdings, and all the consolidated companies)

Major consolidated companies are shown on our website. [URL: https://www.fujifilmholdings.com/en/business/group/index.html](https://www.fujifilmholdings.com/en/business/group/index.html)

• Date of publication (Management Performance)

June 2019 (next report: June 2020, previous report: September 2018)

• Referenced guidelines

- Japan's Ministry of the Environment: Environmental Reporting Guidelines (2018 Version)
- GRI: The GRI Sustainability Reporting Standards
- Japan's Ministry of the Environment: Environmental Accounting Guidelines (2005 Version)
- ISO 26000: Social Responsibility

• Supplemental information regarding reported matters

- The term "employees" refers to all employees, including managers, general employees, and part-time staff. The term "company employees" indicates employees (full-time staff). To further ensure the accuracy of the report, the terms "regular employees" and "non-regular employees" (temporary staff, part-time staff, others) have been used separately as required.

1.1 Fujifilm Group Organization Overview

The Fujifilm Group, runs wide ranging businesses utilizing the technologies based on advanced silver halide photography. We are improving our fundamental technologies that are the base of our business and exclusive core technologies that differentiate us in terms of sustainable superiority. Combining those technologies, we are able to offer a diverse range of products and services.

To celebrate the 80th anniversary in 2014, we established our new corporate slogan, “Value from Innovation,” which seeks to continue creating new technologies, products and services that inspire and excite people everywhere, and empower the potential and expand the horizons of tomorrow’s business and lifestyle.

We continue to deliver new value through our business operations and technologies aiming to resolve social issues under the spirit of our corporate slogan: “Value from Innovation.”

Holding Company: FUJIFILM Holdings Corporation

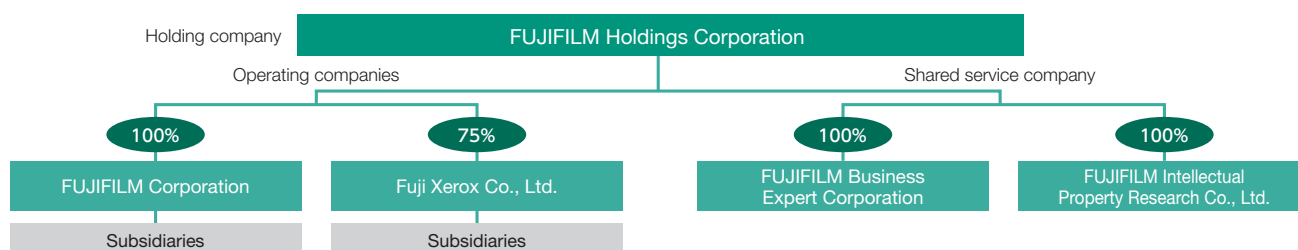
Company name:	FUJIFILM Holdings Corporation
Representative:	Shigetaka Komori
Head office:	Tokyo Midtown, 9-7-3 Akasaka, Minato-ku, Tokyo 107-0052, Japan
Established:	January 20, 1934
Capital:	¥40,363 million (as of March 31, 2019)
Employees:	234 (as of March 31, 2019)
Consolidated employees:	72,332 (as of March 31, 2019)
Consolidated subsidiaries:	279 (as of March 31, 2019)

Proportion of Consolidated Employees by Region (FY2018)

(as of March 31, 2019)

Japan	The Americas	Europe	Asia and others
51%	9%	6%	34%

Fujifilm Group Organization Overview



For information about the consolidated subsidiaries of FUJIFILM Holdings Corporation, please visit:

<https://www.fujifilmholdings.com/en/business/group/index.html>

Consolidated Revenue/Consolidate Operating Income

Unit: billions of yen

	FY2014	FY2015	FY2016	FY2017	FY2018
Consolidated revenue	24,926	24,604	23,222	24,334	24,315
Consolidate operating income	1,724	1,806	1,723	1,233	2,098

Proportion of Consolidated Revenue by Region (FY2018)

Japan	The Americas	Europe	Asia and others
41.4%	19.1%	13.0%	26.5%

Proportion of Consolidated Revenue by Operating Segments (FY2018)

Imaging Solutions	Healthcare & Materials Solution	Document Solutions
16%	43%	41%

Imaging Solutions

	Photo Imaging	Optical Devices and Electric Imaging
Proportion of revenue by business (FY2018)	67%	33%

Unit: billions of yen

	FY2016	FY2017	FY2018
Consolidated revenue*	3,418	3,830	3,869
Consolidate operating income	368	558	511

Healthcare & Materials Solution

	Healthcare	Graphic Systems/ Ink Jet	Industrial Products/ Electronic Materials, etc.	Display Materials	Recording Media	Others
Proportion of revenue by business (FY2018)	47%	23%	17%	9%	3%	1%

Unit: billions of yen

	FY2016	FY2017	FY2018
Consolidated revenue*	8,995	10,026	10,390
Consolidate operating income	830	914	976

Document Solutions

	Office Products/ Office Printers	Production Services	Solution Services	Others
Proportion of revenue by business (FY2018)	57%	12%	26%	5%

Unit: billions of yen

	FY2016	FY2017	FY2018
Consolidated revenue*	10,809	10,478	10,056
Consolidate operating income	827	84	964

* The figures in the financial results for FY2018 have been revised according to changes in the presentation of the net periodic pension cost and net periodic postretirement benefit cost following the change of US GAAP.

1.2 CSR Management

1.2.1 Basic Approach

The Fujifilm Group’s business originated with photographic film, a product for which lots of clean water and fresh air are essential to the manufacturing process. It is also a product which requires customers to “buy on trust,” since they cannot try it out beforehand. Thus, for the Fujifilm Group, an approach which emphasizes environmental conservation and maintaining the trust of stakeholders has been a major premise at the very foundations of our business activities. This approach is the starting point for our corporate social responsibility (CSR) activities and continues to be passed down within our Group, as the Fujifilm Group’s “DNA.”

1.2.2 Philosophical Concepts and Related Policies of the Fujifilm Group

Fujifilm Group established the Fujifilm Group Corporate Philosophy and Vision following the shift to a holding company structure in 2006. Founded on the spirit of contribution to advancement of society, improved health, environment protection and enhancement of the quality of life of people, by providing top-quality products and services with open, fair and clear workplace culture and leading-edge, proprietary technologies, we have established the Fujifilm Group Charter for Corporate Behavior and the Fujifilm Group Code of Conduct and implement them thoroughly throughout the Group. To ensure awareness and implementation by all employees, we established the Fujifilm Group’s Approach to CSR in 2006 and updated it in 2014 in step with social changes. Seven additional policies (environmental, social contribution, biodiversity, procurement, quality, occupational health and safety and global security trade and control) have been established to promote activities.

The Fujifilm Group’s Approach to CSR

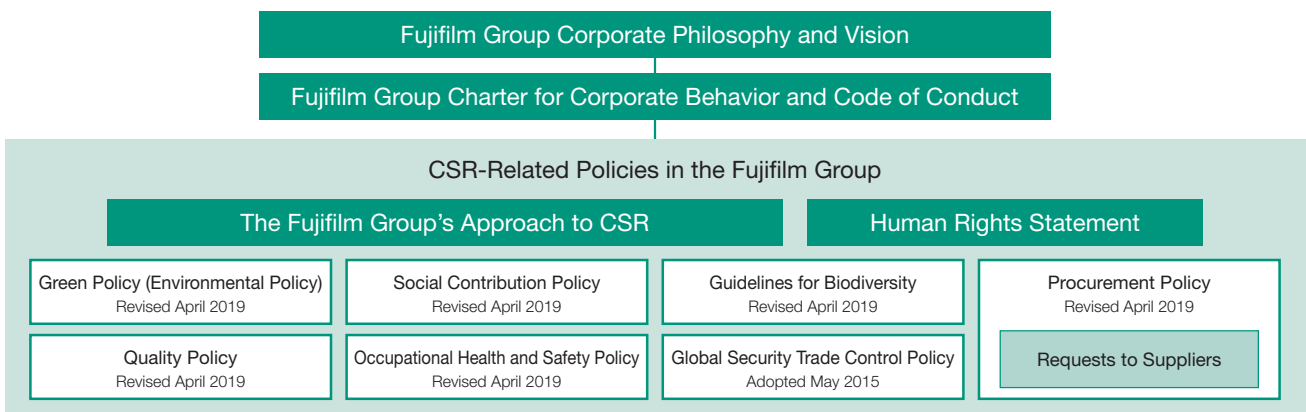
The Fujifilm Group’s approach to corporate social responsibility is to contribute to the sustainable development of society by putting our Corporate Philosophy into practice through sincere and fair business activities.

We will not only fulfill our economic and legal responsibilities, but also:

1. endeavor to understand global as well as local environmental and social issues and create value to address these issues through our business activities.
2. continue to evaluate the environmental and social impact of our business activities and strive to improve the performance while increasing our positive impact on society.
3. constantly reassess whether our activities are responding adequately to the demands and expectations of society through proactive stakeholder engagement with our stakeholders.
4. enhance corporate transparency by actively disclosing information.

Revised in February 2014

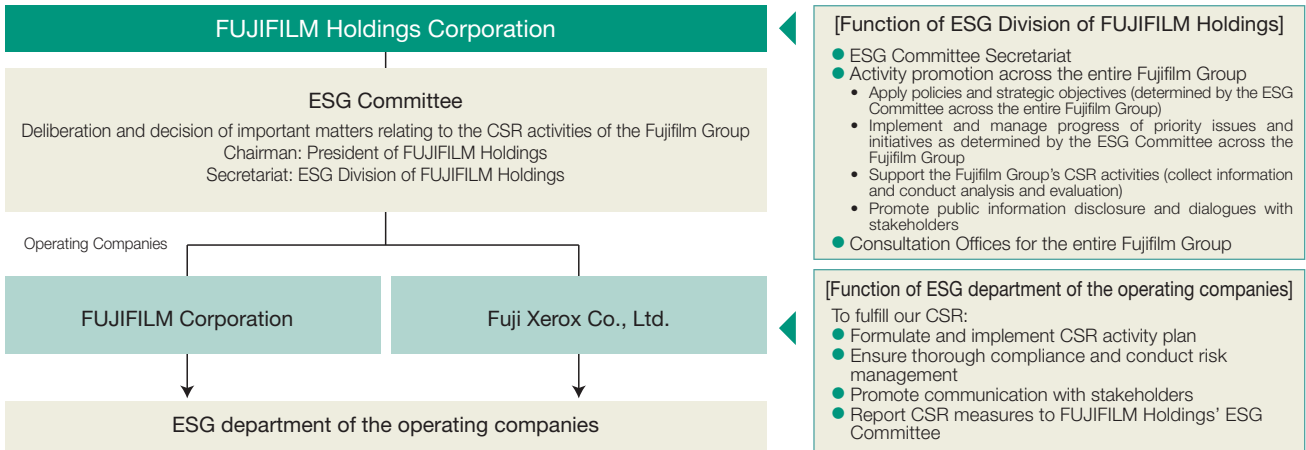
- Fujifilm Group Corporate Philosophy/Vision (full text) [URL: https://www.fujifilmholdings.com/en/about/philosophy/index.html](https://www.fujifilmholdings.com/en/about/philosophy/index.html)
- Fujifilm Group Charter for Corporate Behavior (full text) [URL: https://www.fujifilmholdings.com/en/about/philosophy/conduct/index.html](https://www.fujifilmholdings.com/en/about/philosophy/conduct/index.html)
- Fujifilm Group Code of Conduct (full text) [URL: https://www.fujifilmholdings.com/en/about/philosophy/law/index.html](https://www.fujifilmholdings.com/en/about/philosophy/law/index.html)



1.2.3 CSR Management System

The Fujifilm Group's CSR Promotion System

The Fujifilm Group established the ESG Committee (reorganized from CSR committee in June 2019) chaired by the President of FUJIFILM Holdings. The Committee takes decisions on the important matters relating to the CSR activities of the entire Group. The ESG Division of FUJIFILM Holdings, which is the Secretariat of the ESG Committee, is responsible ensuring rigorous CSR management by the Fujifilm Group. The Division considers the priority issues for the entire Group, discloses information outside, communicates with stakeholders, supports the CSR activities of Group companies, audits the CSR activities of the entire Group, and operation of the whistle-blowing offices.



Effective Management System

We implement IMS* across our seven business organizations to promote activities aimed at improving customer satisfaction. (For our environmental management system, please refer to “3.1. Environmental Policy and Management System.”)

* Integrated management system (IMS): Management system integrating an environmental management system (EMS), quality management system (QMS), occupational health and safety assessment system (OHSAS) and information security management system (ISMS).

URL: <https://www.fujifilmholdings.com/ja/sustainability/vision/activity.html>

* Acquisition of ISO & OHSAS

Fujifilm URL: <https://www.fujifilm.co.jp/corporate/environment/governance/isoohsas.html>

Fuji Xerox URL: <https://www.fujixerox.co.jp/company/eco/internal/iso14001/all.html>
<https://www.fujixerox.co.jp/company/news/release/2016/001260>

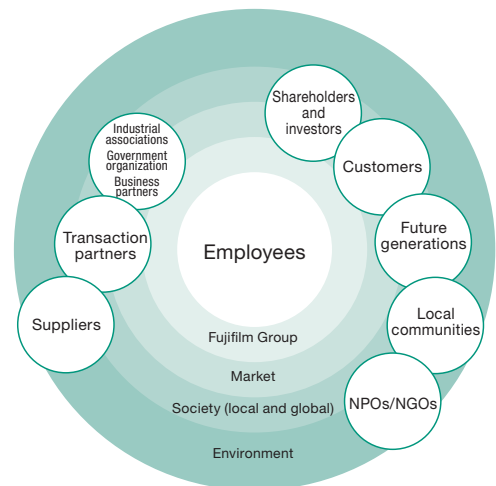
1.2.4 Relationship between CSR Planning and Management Planning

Under our corporate slogan “Value from Innovation,” our targets for contributing to building a sustainable society that complies with SDG's were announced in our Long-Term CSR Plan SVP2030 toward fiscal 2030 in July 2017. Our Medium-Term Management Plan VISION 2019 sets out the concrete business strategies to achieve these targets.

1.2.5 Communication with Stakeholders

Companies conduct their activities while interacting and maintaining relations with a wide variety of stakeholders, and it is important to listen carefully to their various views and expectations. At the Fujifilm Group, we ensure that we make appropriate information disclosures as well as verifying, at various opportunities, whether or not our business activities are responding to the demands and expectations of all our stakeholders, and reflecting our findings in our business activities. To ensure that our stakeholders' views are reflected in our CSR activities, we also review them in our Sustainability Report.

In addition to opinions relating to our CSR activities as a whole, regarding priority issues such as “Environment,” “Work Style,” etc., we conduct individual briefings on the content of the activities to external parties, to receive their advice and evaluation.* Looking back over our activities and obtaining the views of external parties in this way provides a good opportunity to reexamine our activities.



The Fujifilm Group's Communications with Stakeholders

Main stakeholders		Main issues and areas of responsibility	Methods of communication	Frequency
Customers	We have a diverse range of customers, from individuals, businesses, corporations to government offices, etc., since we have business deployed all over the world, and we offer such a wide lineup of products, ranging from digital cameras and cosmetics to office printers, medical systems, medicine, highly functional materials and equipment and materials for graphic arts.	<ul style="list-style-type: none"> • Securing the safety and quality of products • Design for Environment • Provision of appropriate information on services & products • Improvement of customer satisfaction levels • Customer response & support 	• Customer Center (liaison office for responding to inquiries)	• Day-to-day
			• Usability evaluation meetings and monitor surveys	• As needed
			• Customer satisfaction surveys	• As needed
			• Questionnaires at product purchase	• Day-to-day
			• Showrooms, exhibitions	• As needed
			• Holding seminars	• As needed
			• Websites and social media	• As needed
Employees	Employees working for the Fujifilm Group total approx. 80,000 people in 279 companies. They are active all over the world and their composition by country is Japan 51%, the U.S. 9%, Europe 6% and Asia 34% (as of end-March 2019).	<ul style="list-style-type: none"> • Ensuring occupational health and safety • Respect for human rights • Utilization and training of human resources • Respect for diversity 	• Providing opportunities for dialogue with top management	• As needed
			• Personnel management division liaison & interviews	• Day-to-day/As needed
			• Compliance & Sexual Harassment Helpline	• Day-to-day
			• Regular meetings between the company and labor unions/Health & Safety Committee	• As needed
			• Intranet; in-house magazines	• Day-to-day
Shareholders & investors	FUJIFILM Holdings has 97,838 shareholders, characterized by a high proportion of overseas and institutional investors. Japanese financial institutions account for 33.0% of our shareholders, while foreign companies constitute 29.5% (as of end-March 2019).	<ul style="list-style-type: none"> • Maintenance and expansion of corporate value • Appropriate redistribution of profits • Timely & appropriate information disclosure • Measures for Socially Responsible Investment (SRI) 	• General shareholders meetings/Business report briefings/Briefings for investors	• Once a year/4 times a year/As needed
			• IR conferences/Individual meetings	• As needed
			• Integrated reports/Shareholder communications	• As needed
			• IR information website	• Day-to-day
			• Liaison office for responding to inquiries	• Day-to-day
Transaction partners	The Fujifilm Group conducts transactions worldwide with suppliers of raw materials and components and retailers of our products, etc.	<ul style="list-style-type: none"> • Thorough implementation of fairness & transparency in transactions • Promotion of CSR issues in the supply chain, such as human rights and the environment 	• Briefings to suppliers (on CSR procurement including green supply, management of chemical substances contained, etc.)	• As needed
			• CSR Self-Check (self-audited) and Onsite "Visit and Check" by expert team	• As needed
			• Website for exclusive use of transaction partners	• Day-to-day
			• Regular discussions with partners	• As needed
			• Liaison office for responding to inquiries (in each procurement and sales division)	• Day-to-day
Future generations & local societies	The Fujifilm Group has bases in approx. 40 countries across the world and conducts its activities by treating the local culture and customs with respect, as well as putting efforts into educational support for future generations.	<ul style="list-style-type: none"> • Contribution activities which make use of our main business strengths • Respecting local culture & customs and environmental conservation • Prevention of fires and accidents in the workplace • Educational support for future generations 	• Environmental communication meetings/Factory tours	• As needed
			• Community volunteer activities	• As needed
			• Regular discussions with local governments (city hall, mayor, community association presidents, etc.)	• As needed
			• Liaison offices (at each factory & office)	• Day-to-day
			• Dispatch of lecturers to the academic organization & endowed chairs	• As needed
Government organizations & industrial associations	The Fujifilm Group has businesses in countries all over the world. Each of these businesses belongs to several industrial associations and has active relations with the respective government organizations, including participating in collaborations and information exchanges, etc.	<ul style="list-style-type: none"> • Legal compliance • Joint research & development and cooperation in public policy aimed at the resolution of social issues 	• Participation in various industrial committees	• As needed
			• Participation in the development of industry guidelines	• As needed
			• Announcement of public comments through industry associations	• As needed
			• Joint research & development of government or industry association	• As needed
			• Proposals aimed at the resolution of social issues	• As needed
NGOs & NPOs	We are conducting dialogues with NGOs & NPOs who are actively aiming for a sustainable society, for the resolution of social issues and environmental conservation.	<ul style="list-style-type: none"> • Dialogue, collaboration and support aimed at the resolution of social and environmental issues 	• Obtain views on the Sustainability Report	• As needed
			• Participate in stakeholder dialogue	• As needed
			• Administration committee of Public Trust Fujifilm Green Fund	• As needed
			• Review meetings on various CSR issues	• As needed
			• Afflicted area support activities with NPO	• As needed

1.2.6 Background of CSR Planning and Process for Identifying Priority Issues (Materiality)

Social Background and Basic Approach

In recent days, international long-term targets such as Sustainable Development Goals (SDGs*¹) and the Paris Agreement*² have been announced in the drive to resolve social issues. In particular, expectations are growing for the role of companies as players in resolving social issues and building a sustainable society. In view of these developments, the SVP 2030 has set as its long-term goal for FY2030 to contribute to achieving the goals for resolving global social issues set by SDGs, the Paris Agreement, etc.

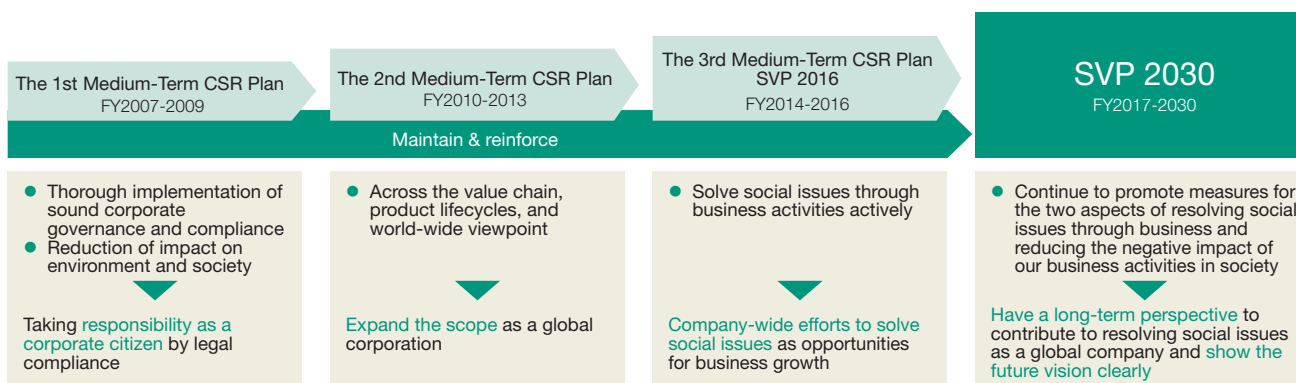
*1 SDGs (Sustainable Development Goals): Goals in sustainable development adopted by the United Nations General Assembly in 2015, to be addressed as social issues by the international community until 2030. There are 17 goals and 169 targets established to address the issues of poverty, inequality and injustice, health, education, fulfillment in work, climate change and the environment, etc.

*2 Paris Agreement: International, multilateral agreement on arresting climatic changes that was adopted by The 21st Session of the United Nations Framework Convention on Climate Change Conference of the Parties (COP 21) held in Paris in 2015. The Agreement calls for holding the global temperature rise to less than 2°C over the level before the Industrial Revolution.

Process for Identifying Materiality (Priority Issues)

[STEP 1] Clarifying the Basic Policies

In addition to the review of CSR activities under SVP 2016, issues that should take priority in SVP 2030 were identified with attention given to global developments in response to climate change, etc. As a result of the review, the perspective adopted in SVP 2016 to make company-wide efforts to solve social issues as opportunities for business growth was upgraded to clearly specify a future vision from the long-term perspective on contributions to resolving social issues as a global company and was adopted as the basic policy.



[STEP 2] Extracting Social Issues Based on Business Strategy

In identifying social issues, roughly 130 items listed from various indexes such as ISO 26000 and GRI Guidelines/Standards were combined from the standpoint of social issues to be addressed from a long-term perspective, including the goals of the Paris Agreement and the 169 targets under the SDGs. Also, the possibility of contributing to resolving social issues was discussed with all business divisions to identify relevant products, technologies, and services in these divisions.

* Study of priority issues based on the SDG Compass from viewpoints of both the negative impacts from business processes and the positive impacts from social contribution through business

Main CSR Issues (PDF) [URL: https://www.fujifilmholdings.com/en/sustainability/svp2017/process/pack/pdf/main_CSR_Issue_en.pdf](https://www.fujifilmholdings.com/en/sustainability/svp2017/process/pack/pdf/main_CSR_Issue_en.pdf)

[STEP 3] Evaluation of Materiality

Evaluation adopted the approaches both of resolving social issues through business and reducing the social impact of business activities in society.

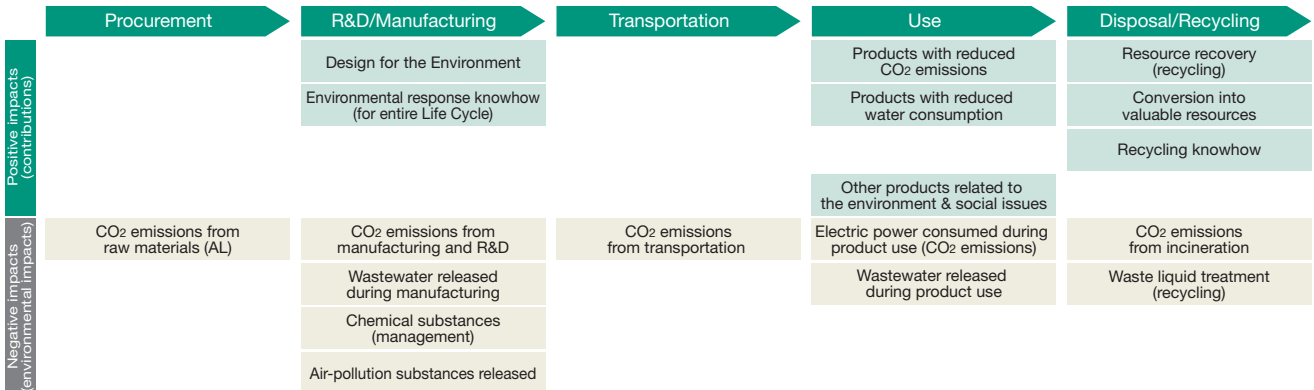
1. Resolving social issues through business

Fujifilm's products, technologies and services that show the potential of resolving social issues and the social issues were organized in a matrix diagram. Based on the diagram, the possibility of contributing to solving social issues and the scale of the impact on society were evaluated, and the social issues that must be prioritized by our company were identified.

2. Reduction of the impact of our business activities

With the participation of the CSR specialist E Square, the social issues identified were evaluated from a social perspective (how important society perceives the issue and what it demands of the Fujifilm Group) and our company perspective (impact on business strategy, brand and reputation) and were mapped on five levels. Issues that were rated four or higher on both sides were organized and reexamined in expressions suitable for the Group's measures on the issues and were defined as priority issues.

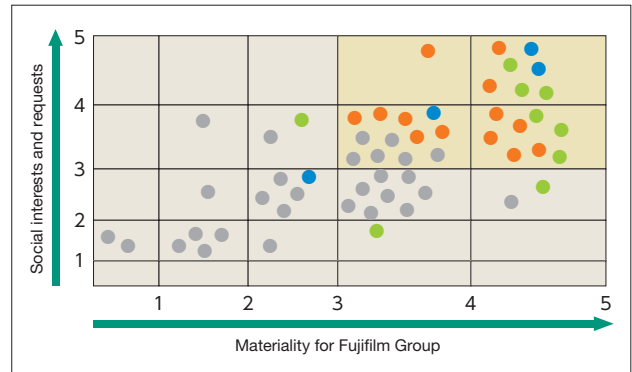
Impact on Business Processes across the Value Chain (Ex. Environment)



* Study of priority issues based on the SDG Compass from viewpoints of both the negative impacts from business processes and the positive impacts from social contribution through business

Matrix on Social Issues and Fujifilm Group's Products, Services, and Technologies/Materiality Mapping for Extracting Priority Issues

Business fields	Social issues	Medical	Pharmaceuticals	Highly functional materials	Document solutions
Environment	Reduce CO2 emissions	●●		●●●●●	●●●●●	
	Energy issues	●		●●●	●●●	
			●●	●	
	Exhaustion of resources			●	●●	
Health	Improve accessibility to medical services	●●●●●			●●	
	Identify diseases at an early stage	●●●●●				
		●●●			
	Reduce doctor's burden	●●	●		●	
Daily Life	Enrich humanity and relationships				●●	●●●●
	Create a safe and secure society			●●●	●	●
			●		●
					●
Work Style	Promote communications				●●●	
	Promote diversity				●●	●
				●	



[STEP 4] Planning and Review

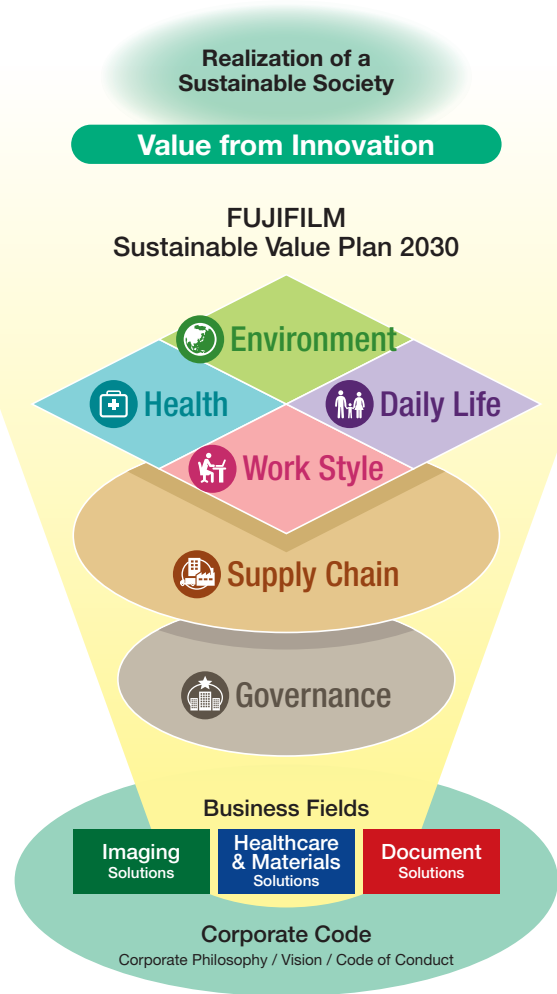
For each priority issue defined, relevant business divisions at operating companies that had introduced measures on the issue took the initiative in studying the indicators for promoting progress toward the long-term goal, and for environmental issues on a global scale, definitions of the numerical targets for the year 2030. Priority issues of SVP 2030 were finalized in the deliberations by the CSR Committee (present ESG Committee), headed by the President of FUJIFILM Holdings. For achievement of SVP 2030, we will re-examine our group-wide activities through PDCA every three years by planning for medium-term management reform.

1.2.7 The CSR Plan of the Fujifilm Group Sustainable Value Plan 2030 (SVP 2030)

The Fujifilm Group announced its Sustainable Value Plan 2030 (SVP 2030) in August 2017. The new plan sets itself apart from previous medium-term CSR plans in characteristically targeting FY2030 as its longterm goal, which is expected to lay the foundations of the Group's business management strategies for sustainable growth.

Under SVP 2030, the Fujifilm Group will introduce further measures to resolve social issues through our business activities, including the launch of innovative products, technologies and services, in our aim to develop into a company that can make a greater contribution to creating a sustainable society.

The CSR Plan of the Fujifilm Group Sustainable Value Plan 2030 (SVP 2030)



SVP 2030 Priority Area/Priority Issues (Materiality)

	Solving social issues through business activities Contribution (Opportunities)	Conscious on environmental and social impact within business processes Impact (Risks)	Fujifilm Group's Contribution to SDGs
<p>Health</p> <ul style="list-style-type: none"> 1. Fulfill unmet medical needs. 2. Improve accessibilities to medical services. 3. Contribute to identifying diseases at an early stage. 4. Contribute to health promotion and beauty. 5. Promote management of a healthy workplace. 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> ● (Employees) 	
<p>Daily Life</p> <ul style="list-style-type: none"> 1. Contribute to creating a safe and secure society. 2. Contribute to enriching humanity and relationships between people. 	<ul style="list-style-type: none"> ● ● 		
<p>Work Style</p> <ul style="list-style-type: none"> 1. Create environments that lead to motivated workplace (provide solution services). 2. Develop and utilize diverse human resources. 	<ul style="list-style-type: none"> ● ● 	<ul style="list-style-type: none"> ● (Employees) ● (Employees) 	
Base for business activities			
<p>Supply Chain</p>	Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.		
<p>Governance</p>	Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture.		

Targets and Results of SVP2030

Environment: Reduce our own environmental impacts and contribute to the resolution of environmental issues.

[Priority Issue 1] Address climate change.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
Impact on the company's operation	Risks, costs	(1) Reduce the Fujifilm Group's CO ₂ emissions by 30% by FY2030 (compared to the FY2013 level).
<ul style="list-style-type: none"> Recording Media Graphic Systems Document Solutions 	Opportunities, revenues	(2) Contribute to a reduction in the CO ₂ emissions generated by society by 50 million tons by FY2030.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		
(1) CO ₂ emissions in FY2017: 15% reduction (2) CO ₂ Emission Size of Contribution in FY2017: 4.63 million tons (The achievement rate: 9%)		
Future Activities and Targets		
<ul style="list-style-type: none"> Seek the further opportunities to use and actual utilization of renewable energy (introduction of energy purchase based on renewable resources and renewable energy facilities). Promote creation of environment-conscious products through our Certification System. 		

[Priority Issue 2] Promote recycling of resources

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
Impact on the company's operation	Risks, costs	(1) Reduce the amount of water the Fujifilm Group uses for production by 30% by FY2030 (compared to the FY2013 level).
<ul style="list-style-type: none"> Graphics Inkjet Printers Industrial Products 	Opportunities, revenues	(2) Contribute to the treatment of 35 million tons of water per year in society by FY2030.
	Risks, costs	(3) Reduce the amount of waste generated by the Fujifilm Group by 30% by FY2030 (compared to the FY2013 level).
	Risks, costs	(4) Improve the efficiency of the Fujifilm Group's resource use per unit of production by 30% by FY2030 (compared to the FY2013 level).
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		
(1) Water usage in FY2017: 12% reduction (2) Water treatment contribution in society in FY2017: 34 million tons/year (3) Waste generation in FY2017: 2% increase (4) Resource usage per unit in FY2017: 22% improvement		
Future Activities and Targets		
<ul style="list-style-type: none"> Promote steady reduction activities according to the situation in each region and site. 		

[Priority Issue 3] Address energy issues toward a non-carbon society.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
Impact on the company's operation	Risks	Contribute to the creation and widespread use of renewable energies through highly functional materials.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		
<ul style="list-style-type: none"> R&D for solar cell materials, next-generation batteries (lithium-ion batteries, fuel cells and all solid-state batteries), and other developments are in progress. 		
Future Activities and Targets		
<ul style="list-style-type: none"> Continue and strengthen R&D activities into the future. 		

[Priority Issue 4] Ensure product and chemical safety.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
<ul style="list-style-type: none"> Fine Chemicals 	Revenues, costs, risks, opportunities	Minimize adverse effect on chemical substances on human health and the environment.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		
<ul style="list-style-type: none"> Completed the review of chemical substances in use, based on our voluntary management policy for specific chemical substances preceding regulation. Demonstrated the accuracy of evaluation system of alternative test method as a skin sensitization test, "ADRA." Started full-scale operation of chemSHERPA, a new system for sharing information on chemical substances in products, in Japan. 		
Future Activities and Targets		
<ul style="list-style-type: none"> Make and execute a management plan for each managed chemical substance. Adopts "ADRA" test method in OECD (Organization for Economic Co-operation and Development) test guideline. Expand use of "chemSHERPA" to our production sites in Asia region. 		

Health: Create a healthy society through the process of prevention, diagnosis and treatment in healthcare.

[Priority Issue 1] Fulfill unmet medical needs.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
<ul style="list-style-type: none"> Pharmaceuticals Biopharmaceuticals CDMO Regenerative Medicine 	Revenues, opportunities	Develop and disseminate new treatments based on regenerative medicine and cell therapy.

Progress (FY2017) * Progress for FY2018 will publicly disclosed in August

[Target] Develop new treatment solutions (① Regenerative medicine, ② Anti-cancer measures, ③ Infectious disease treatment)
 ① Submitted application to the Ministry of Health, Labour and Welfare for approval on a partial usage change of Autologous Cultured Epidermis JACE® to expand applications for epidermolysis bullosa treatment.
 ② Started U.S. Phase I clinical trials of the anti-cancer agent FF-10832 for advanced solid tumors. (Development of a liposome drug that will be selectively delivered to the tumor, enhancing the pharmacological efficacy.)
 ② Started Phase II clinical trials in Japan on therapeutic radiopharmaceutical F-1614, targeted at refractory melanocytoma.
 ② Started U.S. Phase I clinical trials of anti-cancer agent FF-10101 targeted at recurrent and/or refractory acute myeloid leukemia.
 ② Launched a PET radiopharmaceutical Fludeoxyglucose (18F) intravenous injection.
 ③ Received the Prize for Science and Technology under a Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology FY2018 for development of an influenza antiviral drug with a new mode of antiviral action for pandemic prevention.
 ③ Started Phase III clinical trials of Favipiravir, a broad-spectrum antiviral agent targeted at severe fever with thrombocytopenia syndrome (SFTS).

[Target] Improve accessibility to new treatment solutions (④ Contribution through contract development and manufacturing, ⑤ Contribution through development and dissemination of products that support advanced medicine)
 ④ Further enhanced contract development and manufacturing business of biopharmaceuticals* and started operations at a new manufacturing building in the US Texas site.
 ④ Built a new factory aiming at stable supplies of our high quality and reliability liposome drug utilizing our exclusive technologies.
 ⑤ Acquired Irvine Scientific Sales Company and IS Japan, leading companies in the area of cell culture media.
 * Biopharmaceuticals: Pharmaceutical products utilizing biological particles, such as proteins, that provide effects unachievable by conventional chemically synthesized small-molecule drugs. Such biopharmaceuticals include insulin, vaccines, and antibody drugs. Antibody drugs utilize antibodies, proteins used by the immune system to protect our bodies from infectious or abnormal organisms, such as viruses and cancer cells, by recognizing them selectively.

Future Activities and Targets

- Introduce our regenerative medicine products to the market, expand their application to treatment, and improve contract manufacturing for these products.
- Accelerate development of our new drug pipeline.
- Expand contract manufacturing for biopharmaceuticals.
- Develop and disseminate cell culture or other production technologies that support advanced biomedical treatment (gene therapy, etc.).

[Priority Issue 2] Improve accessibilities to medical services.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
<ul style="list-style-type: none"> Medical Systems 	Revenues, opportunities	(1) Reducing burden on doctors and medical staff by utilizing IT (2) Development and dissemination of infectious disease diagnostic system to contribute to global health (3) Offering technical diagnosis training and spreading effective health practices to emerging countries

Progress (FY2017) * Progress for FY2018 will publicly disclosed in August

[Target] Expand and spread services using AI & IoT technology to reduce burden on medical staff
 • Announced our medical AI technology brand, REIL, in April 2018. Also, started joint research with AI technology vendors and medical organizations, including LPixel Inc., a bioventure company established by researchers from the University of Tokyo.

[Target] Spread rapid tuberculosis diagnostic kits in developing countries
 • Completed Phase 1 development of a highly sensitive rapid tuberculosis diagnostic kits TB-LAM. This kits are being developed by Fujifilm and FIND* with the Global Health Innovative Technology Fund (GHIT Fund), which aims at creating innovative therapeutic drugs, vaccines, and diagnostic drugs originating in Japan.
 * FIND (Foundation for Innovative New Diagnostics): Swiss non-profit organization that helps development and spread of new diagnostic techniques for infectious disease suitable for developing countries.

[Target] Spread health check system and help improve the medical environment in emerging countries
 • Fujifilm and the Saudi Arabian General Sports Authority signed a memorandum to establish the country's first women's health check center, aiming to contribute to women's health in a country where health check systems do not exist.
 • Held the first FUJIFILM Mammography World Conference. Staff from Group companies in Japan, Europe, the US, the Middle East, Asia, and Oceania gathered to share technical information and knowhow.
 • Participated in overseas business expansion and ODA projects, supporting medical environment improvement in five Mekong countries (Thailand, Laos, Myanmar, Cambodia, and Vietnam), Indonesia, Brazil, and Zambia.

Future Activities and Targets

- Start full-scale R&D of medical AI technology. Plan to start each service in FY2019 to FY2020.
- TB-LAM was chosen for the Phase 2 GHIT Fund (FY2018 to FY2022). We will conduct further clinical trials toward WHO certification and commercialization, aiming to "terminate tuberculosis epidemics by 2030."
- Spread our diagnosis systems in emerging countries and continue to provide education for medical environment improvement.

[Priority Issue 3] Contribute to identifying diseases at an early stage.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
<ul style="list-style-type: none"> Medical Systems 	Revenues, opportunities	Reduce the physical burden through widespread and expanded use of medical diagnostic systems.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		

- Promoting the blood test service, CureSign, mainly for health insurance association members' family members who are not legally obligated to take regular health checks. (Fujifilm)
- * CureSign: A service in which a user collects a small sample of their own blood using a blood collection kit and sends the sample to the test center by post. Within a week or two, the blood test results will be sent back by post. Currently, available check items are stomach cancer, stomach ulcer, duodenal ulcer, and 14 items related to lifestyle diseases, including metabolic syndrome. The average number of annual users of the service as of FY2017 was 12,000.

Future Activities and Targets

- Accelerate CureSign test service adoption by health insurance association, and as a part of the health check scheme prior to life insurance subscription. Assess market expansion overseas.
- Continue business preparations in Thailand, as a part of the JETRO Project.

[Priority Issue 4] Contribute to health promotion and beauty.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
<ul style="list-style-type: none"> Life Science 	Revenues, opportunities	(1) Promote measures to prolong healthy lives. (2) Promote to support for women empowerment.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		

- [Target] Prolong healthy lives and support a positive state in everyday life
- Launched foods with function claims, such as those that help to reduce body fat, reduce triglycerides, and lower blood pressure to support improvement of lifestyle related diseases.
 - Supported the "Happy at one hundred." project that promotes extension of healthy life expectancy through media advertisements, a dedicated website, and various events. The advertisements won the Excellence Prize in the Newspaper Advertising category under the 70th Dentsu Advertising Awards, and the Excellence Prize in the Signboard category under the Transit Advertisement Grand Prize 2017.

- [Target] Support women in staying healthy, beautiful, and attractive
- Launched a new lineup of ASTALIFT, our anti-aging skincare cosmetic range.
 - Launched a new lineup of ASTALIFT Inner Care series and supplements that make us beautiful from inside our body.
 - Held the ASTALIFT skincare trial events.

Future Activities and Targets

- Increase number of trial sessions of highly-functional and scientifically-proven anti-aging care products. (Aim at a total of 10 million people who have experienced our products by 2030.)
- Increase the number of people's SNS postings on our healthcare products, such as experience reports. (Aim at a total of 100,000 postings by 2030.)

[Priority Issue 5] Promote management of a healthy workplace.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
Impact on the company's operation	Risks	Promote management of health and productivity to maintain employees' vitality.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		

- [Target] Raise cancer screening rates to 90% or more (for men/women: stomach, lungs, large intestine)**
- Steady increase in the number of endoscopic examinations and women undergoing checks for gynecological cancer
 - Opening of a medical clinic specializing in endoscopic examinations, organization of seminars promoting colorectal cancer examinations and other continuing efforts were promoted for employees.
 - Advancement of medical examinations with e-mails, promotional guides and other literature that caters to age group and gender

- [Target] Reduction in number of workdays lost**
- Group-wide health/mental health committee set up to analyze the causes of absences, used to assess signs of mental illness and to implement measures at an early stage.
 - Research to assess the situation with incidents at work in overseas Group companies started in FY2017.
 - Establishment of common indicators related to occupational safety and management and introduction of a self audit system

- [Other major activities]**
- Affiliates and subsidiaries of Fujifilm and Fuji Xerox established goals, KPIs, etc., for their respective health improvement plans
 - Announcement rankings for number of smokers at each business site and approach targeted for key sites
 - Introduction of web tools that will allow employees to check their own stress levels at any time.
 - Health management system that matches the quality of the system in Japan to be introduced for resident employees working abroad.

Future Activities and Targets

- Reinforce health management and promotion organization and health management across the entire Fujifilm Group by various continuing measures.
- Introduce measures that focus on breast cancer and colorectal cancer, which have a high incidence ratio, and on growth rates for cancer medical care expenses.
- Introduce measures to promote better health by further utilizing the Health Data Bank.
- Continue measures in the face of the 2019 revision to the regulations on maximum working hours.

Daily Life: Support the tangible and intangible aspects of infrastructure in people's lives through various products, services and technologies.

[Priority Issue 1] Contribute to creating a safe and secure society.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
<ul style="list-style-type: none"> • Recording Media • Electronic Materials • Display Materials • Industrial Products 	Opportunities, revenues	(1) Develop technologies for products and services and promote their greater use to contribute to the development of an ICT.
<ul style="list-style-type: none"> • Industrial Products 	Opportunities, revenues	(2) Contribute to enhancing the safety of infrastructure through more efficient inspections for the deterioration and malfunctioning of buildings and structures.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		

- [Target] Aim at 100% preservation of records archived on tapes**
- Received the Prime Minister's Awards under the 7th Monodzukuri Nippon Grand Award (hosted by METI, MLIT, MHLW, and MEXT) in recognition as the "large-capacity data tape with outstanding performance in total user costs, an achievement bolstering the era of big data and IoT." (Fujifilm)

- [Target] Shorten the inspection periods of deterioration and malfunctioning through providing a non-destructive inspection system**
- Started providing a new Infrastructure Photo Analysis Cloud Service, Hibimikke (Crack Finder, April 2018).

- [Other major activities]**
- Development of technology for the recognition of unique objects, Yoctrace, which contributes to security reinforcement and counterfeit prevention.
 - Launched a camera monitor system (CMS) chart set FC-UNR46SET, in March 2018, which complies with the United Nation regulations for a CMS for a vehicle (UN-R46*) to be used in the analysis and verification process of vehicle CMSs. This contributes to safety improvement during driving.
- * UN-R46 Uniform provisions concerning the approval of devices for indirect vision and of motor vehicles with regard to the installation of these devices: Regulations concerning an agreement on indirect vision systems in cars. The Ministry of Land, Infrastructure, Transport and Tourism enforced the revised regulations in June 2016, to permit replacement of rearview mirrors on vehicles equipped with a CMS. This enabled the production of a completely mirrorless car. Vehicles in Japan can now be equipped with CMSs as defined in UN-R46, in place of conventional rearview mirrors.

Future Activities and Targets

- Promote long-term data storage in a safe and reasonable manner by pursuing higher data storage density on magnetic tapes in the world.
- Further utilization of the technology for the recognition of unique objects, Yoctrace, into security services and quality safety management.

[Priority Issue 2] Contribute to enriching humanity and relationships between people.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
<ul style="list-style-type: none"> • Photo Imaging • Electric Imaging • Optical Devices 	Opportunities, revenues	Contribute to enriching and making people's lives peaceful through records of photos and videos, and photographic products that give form to memories.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		

[Target] Offering opportunities to enjoy photos that give forms to memories

- Held a series of FUJIFILM SQUARE 10th Opening Anniversary Photo Exhibitions under the themes of History, Now, and Tomorrow that feature photography based upon each respective theme.
- An exhibition that displays all the participants' photographs was held with 50,000 participants, the largest number in its history. The exhibition was also held overseas.
- WONDER PHOTO SHOPS that offer a new way to enjoy photographs expanded overseas to a total of 61 stores in 25 countries (as of the end of FY2017).
- A hybrid instant camera, the square format instax SQUARE SQ10, which includes various image editing functions, was chosen as one of the GOOD DESIGN BEST 100 under the Good Design Award 2017.

Future Activities and Targets

- Aim to further expand The Heart to Heart Communication—"PHOTO IS" 50,000—Person Photo Exhibition inside and outside Japan toward 100,000 participants by 2020.
- Offer products, services, and opportunities that disseminate the various ways to enjoy photography, across the world, including shooting, preserving, and displaying, and gifting photographs.

Work Style: Promote social change where every person is motivated in the workplace through extending our in-house work-style reforms.

[Priority Issue 1] Create environments that lead to motivated workplace

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
<ul style="list-style-type: none"> • Document Solution • Business Infrastructure 	Revenues, costs, risks, opportunities	Contribute to generate the innovation for organizations and society by offering solutions and services that support increasing worker's productivity and exerting their creativity.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		

[Target] Efforts in work style reform in our own company

- Overtime working hours per employee has been reduced by 20% compared to 2013. (Fujifilm)
- Annual average total working hours per employee has been reduced by 143 hours since 2012. (Fuji Xerox)
- Business process visualization by IT; process reform through Robotic Process Automation (RPA). (Fujifilm)
- Enhance remote working system and satellite offices. (Fuji Xerox)

[Target] Actions for work style reform for customers

- Announced on a new value proposition strategy Smart Work Innovation and its services (March 2018).

Future Activities and Targets

- Promote further work style reform in our own companies.
- Enhance more practical solutions and services for customers' work style reforms.

[Priority Issue 2] Develop and utilize diverse human resources.

Relation to business		Target for 2030
Relation to business (Medium-Term Management Plan VISION 2019)	Influence on sales, costs, risk and opportunities	
Impact on the company's operation	Risks, costs	Create frameworks and workplaces so that the Fujifilm Group's diverse may exert their capabilities and creativity to the fullest extent.
Progress (FY2017) * Progress for FY2018 will publicly disclosed in August		

[Target] Increase the rate of international employees (i.e., non-Japanese) in major positions.
 • Enhanced collaboration and discussion with HR officers in the US, Europe, China and the Asia Pacific region to achieve optimum HR allocation and appointments globally. (Fujifilm)
 • Five overseas subsidiary employees were accepted on the On the Job Training program in Japan. (Fuji Xerox)

[Target] Improve the rate of women in managerial positions.
 • Percentage of women in executive and managerial positions increased from 3.4% in 2011 to 7.5% in FY2017. (Fuji Xerox)

[Target] Keep exceeding the legally stipulated rate of employment of people with disabilities.
 • The rate of employment of people with disabilities in June 2018 was 2.3% (by the groupwide calculation method under FUJIFILM Holdings).

[Target] Achieve zero retirement of employees caused by nursing care, childbirth, and childcare.
 • Number of employees permitted to work-at-home for childcare and nursing care increased by 2.7 times compared to FY2014. (Fuji Xerox)
 • Introduced the Paid Leave by the Hour system in Fuji Xerox in addition to Fujifilm in April 2018.
 • Held seminars for employees returning from childcare leave and their managers to raise awareness on how to make their return to work smooth. (Fujifilm)
 • Held specialist seminars to prevent employees quitting their job for nursing care; increased support offices for nursing care. (Fujifilm)

[Other major activities]
 • Held Global Highly Specialized Engineer Meeting for the first time to invite engineers from across the world. (Fujifilm)
 • Started the Future Leaders Challenge Program for young employees in Jan 2018. (Fuji Xerox)
 • Fuji Xerox Tokyo received the Excellence Prize under the Minister of Health, Labour and Welfare's awards for enterprises that promote telework (Shiny Telework Prize) in FY2017.

Future Activities and Targets

- Enhancement of human resources training on compliance awareness, management skills, customer-oriented problem solving skills, and globally applicable skills.
- Further dissemination and acceleration of Work Style Innovation to realize diverse work styles with high productivity. (Fujifilm)
- Work style reform focusing on thorough business streamlining, work environment to exert employees' capabilities, and thorough labor compliance. (Fuji Xerox)

Supply Chain: Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.

[Priority Issue] Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.

Relation to business	Target for 2030
Business infrastructure	(1) Realize sustainable procurement considering the environment, ethics and human rights.
	(2) Ensure compliance with legislation on biodiversity.

Progress (FY2017) * Progress for FY2018 will publicly disclosed in August

[Target] Realize sustainable procurement
 • Installed comprehensive supply chain management system in North America and commenced supplier surveys. (Fujifilm)
 • Achieved elimination of production line stops caused by suppliers' CSR risks in subsequent years. ⇒ FX Shenzhen for three years & FX Haiphong for two years (Fuji Xerox)
 • Obtained 100% response rate from suppliers for the conflict minerals survey (in the document business where customer interest is high). (Fuji Xerox)

[Target] Ensure compliance with legislation on biodiversity
 • Continued risk assessment of biological resource procurement from the product design stage, based on internal rules (starting in February 2010).
 • Participated in the Taskforce Committee for the Nagoya Protocol under the Ministry of Economy, Trade and Industry Japan (METI) (continuous participation since FY2014).
 • Continued risk management for procurement of copier paper, one of our important products, based on internal rules and guidelines (since 2012).

[Other major activities]
 • Response to Conflict Minerals • Respect for Human Rights • Biodiversity Conservation

Future Activities and Targets

- Strengthen activities in the suppliers with high risks. (Fujifilm)
- Maintain 95% or more response rate from suppliers for the conflict minerals survey, and refine data accuracy (in the document business where customer interest is high). (Fuji Xerox)
- Conduct a more comprehensive impact assessment of potential human rights risks and reinforce preventative or mitigating measures.
- Implement ongoing efforts to comprehensively manage biological diversity risks resulting from procurement, continuing our FY2017 activities.
- Study activities in compliance with the Natural Capital Protocol*.

* The Natural Capital Protocol: A standardized framework developed by the Natural Capital Coalition (NCC) for businesses to identify, measure and value their impacts and dependencies on natural capital to improve their decision making and strategies. First published in July 2016.

Governance: Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture.

[Priority Issue] Improve and maintain governance structures.

Relation to business	Target for 2030
Business infrastructure	Aim for zero cases of misconduct and major legal violations by disseminating an open, fair and clear corporate culture.

Progress (FY2017) * Progress for FY2018 will publicly disclosed in August

- [Target] Develop a governance organization for the entire Fujifilm Group and reinforcement of the business management process.**
- Reviewed the structure of the Board of Directors; established a governance strengthening committee to implement projects for each specific issue.
 - Consolidated the FX business management divisions including accounting and auditing with FH and strengthened the business management process.

- [Target] Improve compliance awareness across the entire global Group and reinforce risk management.**
- Introduced education and training programs aimed at improving compliance awareness among employees across the entire Group, especially in overseas subsidiaries.
 - Opened the FUJIFILM Holdings Hotline for all employees to report directly to FH.

- [Target] Maintain a fair and independent audit and improve the audit quality level.**
- Established a system for implementing global audits and reinforced and increased the efficiency of audit capabilities with IT applications.
 - Appointed a new female outside director to ensure diversity on the Board of Directors and to enhance corporate governance; established the voluntary Designated Reward Committee chaired by an independent outside director.

Future Activities and Targets

- Strengthen consolidated management of compliance activities by operating companies Fujifilm & Fuji Xerox under an FH initiative and by execution of measures aimed at further improving compliance awareness among all employees.
- Enhance deliberations by the Board of Directors and improve transparency of management decision-making by using an independent outside director.

Themes That Are Significantly Related with our Business in the Priority Issues of SVP2030

Item	CSR Priority Issue 1	CSR Priority Issue 2	CSR Priority Issue 3
Material Issues	Contribute to resolving social issues related to health, daily life, environment and work style through products and services (Issues related to social impact in the four areas "Environment", "Health", "Daily Life", and "Work Style" of SVP2030)	Business processes that respond to environmental issues. (Issue related to the company's operation in the "Environment" of SVP2030)	Develop and make use of diverse human resources. (Priority Issue 2 in the "Work Style" of SVP2030)
Business Case	In the above four areas "Environment", "Health", "Daily Life", and "Work Style" of SVP2030, contributing to resolving social issues including improving access to medical services, identifying disease at an early stage, fulfilling unmet medical needs and promoting health are priority areas in our Medium-Term Management Plan VISION 2019 and lead to business growth.	Business operations that respond to environmental issues (energy conservation) not only contribute to reduced costs and improved earnings for a company in the chemical, electrical and machinery industries but are also essential in ensuring stability and continuity of business, as well as in maintaining our social reputation.	The people working at the various worksites form the foundation of our global business operations in diverse fields. Improving working conditions and assuring employee diversity in the company and in the supply chain at large is the key to reducing job turnover, increasing motivation and ultimately leading to business growth. In addition, the expertise gained in the course of these activities has led to us offering work style reform services to other companies.
Business Impact	Revenue & profit	Costs & risks	Risks, sales & revenue
Business strategies	<ul style="list-style-type: none"> Grow sales in the growth areas of medical IT, endoscopes and ultrasonic diagnosis systems in markets including emerging countries and expand our lineup of products with functional claims using our exclusive technologies. 	<ul style="list-style-type: none"> Launch of innovative new products founded on value co-creation and incorporating our high levels of fundamental and core technologies that contribute to solving environmental issues in partnership with external parties. Maximizing profits through energy conservation and implementing a cost-cutting business structure. 	<ul style="list-style-type: none"> Creating a corporate environment in which diverse employees are able to demonstrate their individual strengths through the introduction of Work Style Innovation. Promoting CSR procurement (survey) and reinforcing CSR systems at suppliers, including better working conditions for employees aimed at building a stable and sustainable procurement system.
Long-Term Target/Metric	<p>[Health] Increase healthcare business sales by 30% in FY2016 in line with the Medium-Term Management Plan VISION 2019.</p> <p>[Environment] Medium-Term CSR Plan</p> <ul style="list-style-type: none"> Reduce CO₂ emissions by 20 million tons by FY2020. Long-Term CSR plan Reduce CO₂ emissions by 50 million tons by FY2030. 	<p>Increase sales of highly functional materials by 20% in FY2016 in line with the Medium-Term Management Plan VISION 2019.</p> <p>Medium-Term CSR Plan</p> <ul style="list-style-type: none"> 30% reduction in CO₂ emissions over FY2005 levels over the product lifecycle by FY2020 10% reduction in basic resource input units over FY2012 levels by the year FY2020 Long-Term CSR Plan 30% reduction in CO₂ emissions over the product lifecycle over FY2013 levels by the year FY2030 30% reduction in water consumption of the entire Group over FY2013 levels by FY2030 	<ul style="list-style-type: none"> Increase number of female managers by 6% (Fujifilm) and by 14% or more (Fuji Xerox) by FY2020.
Target Year	FY2030	FY2030	FY2020
Executive Compensation	Applied when determining compensation of the company president serving as COO and executive officers supervising relevant divisions	Applied when determining compensation of the company president serving as COO and executive officers supervising relevant divisions, as well as executive officers in charge of CSR	Applied to personnel administration and when determining compensation of executive officers in charge of CSR

2.1 Corporate Governance

2.1.1 Basic Approach

The Fujifilm Group aims to contribute to the sustainable growth of society while improving its corporate value through sincere and fair business activities. As the foundation to achieve this, we regard corporate governance as a primary issue in our business management. We also position the Board of Directors as the organization that determines basic Group management policies and strategies and other important matters relating to business execution, as well as supervising the implementation of business affairs.

This idea is clarified in the Corporate Governance Guidelines, which are approved by the Board of Directors.

Corporate Governance Guidelines

[URL: https://www.fujifilmholdings.com/en/about/governance/pdf/ff_governance_guideline_en.pdf](https://www.fujifilmholdings.com/en/about/governance/pdf/ff_governance_guideline_en.pdf)

Report on Corporate Governance (Tokyo Stock Exchange)

[URL: https://www.fujifilmholdings.com/ja/about/governance/pdf/ff_ab_2018_001.pdf](https://www.fujifilmholdings.com/ja/about/governance/pdf/ff_ab_2018_001.pdf) (in Japanese only)

Basic approach to the internal control system and its outline

[URL: https://www.fujifilmholdings.com/en/about/governance/internal_control/index.html](https://www.fujifilmholdings.com/en/about/governance/internal_control/index.html)

Articles of Incorporation

[URL: https://www.fujifilmholdings.com/ja/investors/pdf/other/ff_irnews_20150626_001j.pdf](https://www.fujifilmholdings.com/ja/investors/pdf/other/ff_irnews_20150626_001j.pdf) (in Japanese only)

Fujifilm Tax Policy

[URL: https://www.fujifilmholdings.com/en/sustainability/steps/governance/index.html](https://www.fujifilmholdings.com/en/sustainability/steps/governance/index.html)

Yuka Shoken Houkokusho (Securities report)

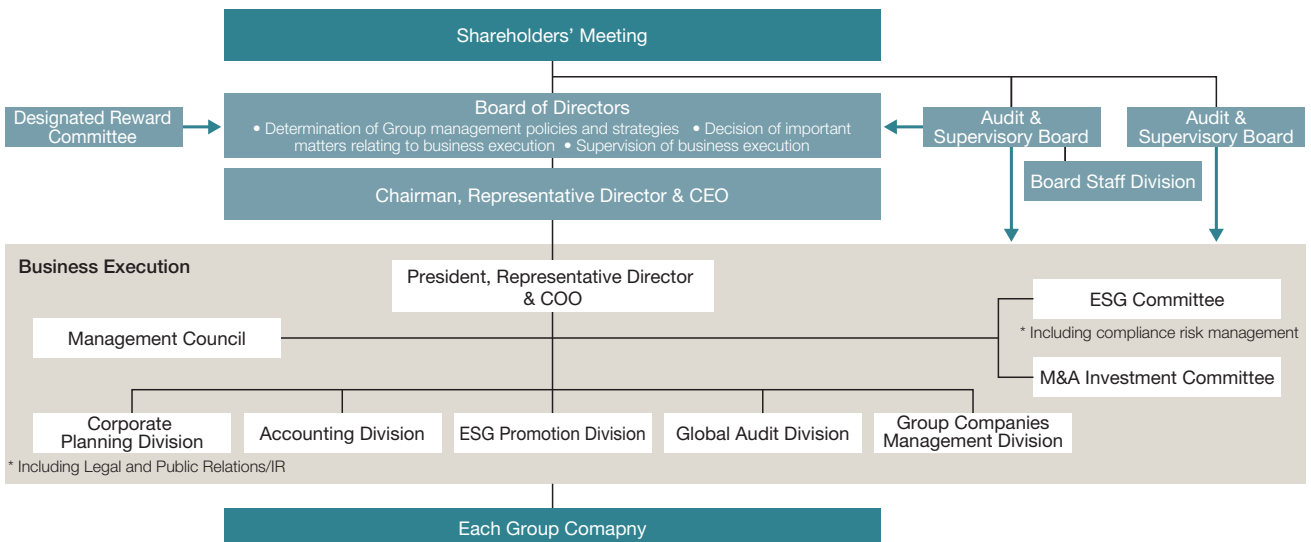
[URL: https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf](https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf) (English available in Sept.)

Integrated Report 2018

[URL: https://www.fujifilmholdings.com/en/investors/ir_library/integrated_reports/index.html](https://www.fujifilmholdings.com/en/investors/ir_library/integrated_reports/index.html)

2.1.2 Corporate Governance and Governing Structure

Corporate Governance and Governing Structure



Auditing Structure

FUJIFILM Holdings has adopted the system of appointing an Audit & Supervisory Board, which consists of four members, including two outside auditors (50% of the entire auditors) as of the end of June 2019. The current outside auditors are both qualified accountants and possess a wide range of experience and knowledge through their practice in other corporations, in addition to their accounting expertise. Each auditor attends the Board of Directors and the full-time auditors always attend the management meeting and exchange opinions with COO regularly to maintain the transparency of the entire management.

Our Global Audit Division comprises 55 members (as of the end of June 1, 2019) to support internal auditing and evaluate the internal control in our global operations with speed and transparency.

2.1.3 Independence of Outside Directors

There are 11 directors as of the end of June 2019, four of which are independent outside directors (36% of the board). Outside Directors observe the Board of Directors' decision making and its processes objectively to judge and discuss their rationality from a perspective of increasing corporate value considering the benefit of stakeholders including minority shareholders. They are playing role of contribution to ensure validity and appropriateness of Board decision making.

Outside directors and outside Audit & Supervisory Board members of FUJIFILM Holdings Corporation are deemed to be independent when none of the following conditions apply:

Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

URL: <https://www.fujifilmholdings.com/en/about/governance/officers/index.html>

2.1.4 Diversity among Directors

Directors candidates are selected giving overall consideration including diversity of the Board of Directors to their personality and acumen, wealth of professional experience, international business experience, depth of insight into the Group's business and management environment, ability to analyze and judge matters objectively and such.

Outside Director candidates are selected giving overall consideration to their having sufficient acumen and wealth of professional experience for supervising management from an independent perspective, high level of expertise in fields such as corporate management, finance and accounting, and law, knowledge and experience regarding the Company's fields of business, and such.

To diversify the Board of Directors, we appointed our first female outside director in June 2018. In selecting director candidates, we make comprehensive consideration covering the extent of the individual's work experience, international business career, insight into business environment surrounding the Fujifilm Group businesses, objective analytic skills, and sense of judgment.

2.1.5 Effectiveness of Directors

Attendance Status for the Board and Audit Committee Meeting (between April 1, 2018 and March 31, 2019)

Outside directors and auditors are indicated with *. The chair person is indicated with ◎

	Name	Board meeting (No. held: 10)	Auditing committee meeting (No. held: 12)
Directors	Shigetaka Komori	◎ (Attendance rate: 10/10, 100%)	—
Directors	Kenji Sukeno	○ (Attendance rate: 10/10, 100%)	—
Directors	Kouichi Tamai	○ (Attendance rate: 10/10, 100%)	—
Directors	Junji Okada	○ (Attendance rate: 7/7, 100%)	—
Directors	Takashi Iwasaki	○ (Attendance rate: 7/7, 100%)	—
Directors	Teiichi Goto	○ (Attendance rate: 7/7, 100%)	—
Directors*	Tatsuo Kawada	○ (Attendance rate: 8/10, 80%)	—
Directors*	Makoto Kaiami	○ (Attendance rate: 10/10, 100%)	—
Directors*	Kunitaro Kitamura	○ (Attendance rate: 9/10, 90%)	—
Directors*	Makiko Eda	○ (Attendance rate: 7/7, 100%)	—
Auditors	Kazuya Mishima	○ (Attendance rate: 10/10, 100%)	◎ (Attendance rate: 12/12, 100%)
Auditors	Naohiko Sugita	○ (Attendance rate: 7/7, 100%)	○ (Attendance rate: 9/9, 100%)
Auditors*	Hisayoshi Kobayakawa	○ (Attendance rate: 10/10, 100%)	○ (Attendance rate: 12/12, 100%)
Auditors*	Shiro Uchida	○ (Attendance rate: 8/10, 80%)	○ (Attendance rate: 9/12, 75%)

* The attendance rate is since the appointment.

* Director's duty period: One year

* Auditor duty period: Maximum four years

* Kazuya Mishima started a chair of auditing committee meeting on 28 June, 2019.

2.1.6 Assessment Results of Directors' Effectiveness

We sought the opinions of directors and auditors concerning the effectiveness of the 2018 Board of Directors through a questionnaire and individual interviews, and assessed the results.

1. Overview of questionnaire and interviews

Scope of assessment:	Thirteen Board of Directors held from January to December 2018
Assessors:	All directors and auditors (total 14 individuals)
Assessment method:	Self-assessment through questionnaire and interview
Survey period:	January to March 2019
Survey contents and method:	After the questionnaire asked about the board member configuration, improvement of deliberation quality, deliberation environment, and monitoring by the Board, the respondents completed their answers in free format replies, Individual interview conducted based on the questionnaire results.

2. Results of analysis and assessment

Analysis and assessment results of the above survey concerning effectiveness of the Board of Directors in Fujifilm Holdings are as follows.

- By appointing one more outside director added diversity in terms of knowledge and experience to the Board of Directors. The Board of Directors maintains its appropriate size, conducts efficient discussions, and appropriately fulfills its duties and responsibilities in monitoring important business operations.
- The outside directors fully contribute to maintaining the effectiveness of the Board of Directors.
- The company holds preliminarily explanation sessions for the outside directors concerning meeting agendas and business details. These sessions effectively function to provide outside directors with company information and contribute to improvement of deliberation quality in the board meetings. The future prospects for the Board of Directors is to further deepen the business understanding by the outside directors and gain even greater contributions from them concerning HR and IT strategies, as well as environmental efforts, which are critical to nurture the sustainable development of the Fujifilm Group.

3. Efforts for effectiveness improvement

Based on the above assessment results, we will conduct an additional session to explain our efforts concerning HR, IT, and the environment, targeting all board members, in addition to business explanations for the outside directors. We aim to promote the better understanding of the outside directors on our business management strategies and obstacles to achieve sustainable development of the Group through this extra session, and thereby improve the deliberation quality and effectiveness of the Board of Directors.

2.1.7 Executive Compensation

1. Executive compensation

- The total (upper limit) of the compensation for either a director or an auditor is determined at the shareholders' meeting.
- The compensation of each director (including performance-based compensation) is determined by the resolution in the board meeting after deliberations of the Nomination and Compensation Committee.
- The compensation of each auditor is determined through discussions by the auditors.
- Compensation of the directors comprises fixed compensation and performance-based compensation: the latter varies depending on business performance.

Performance-based compensation comprises a short-term performance-based compensation that is associated with a single business year performance and a goal achievement level, and stock option that is a middle- to long-term performance-based compensation. The percentage of the fixed compensation and the performance-based compensation, and the actual figure of the compensation are determined depending on the director's position and scope of responsibility. The compensation of an outside director is always fixed, due to the nature of their role and to maintain their independency.

We set the consolidated sales and consolidated operating profit, which are our short-term numerical goals in management control, as the performance-based index of a single fiscal year. Then we determine the figure for the short-term performance-based compensation by assessing the goal achievement level for these indices and comparing the business results of the most recent fiscal year and the previous year.

We also grant stock options to directors (excluding outside directors) as the middle- to long-term performance-based compensation. This aims to improve morale among the inside directors and motivate them to contribute to improving corporate value by sharing in the common interest with shareholders concerning stock prices. The stock option plan is an incentive for management to improve the corporate value, and the amount of stock allocated to each director is determined by the Board of Directors according to their respective position and scope of responsibility and authority within the framework of predetermined corporate rules.

2. Nomination and Compensation Committee

The Nomination and Compensation Committee was established in June 2019 as a voluntary advisory organization to the Board of Directors. The committee creates the CEO succession plan and discusses the basic policy and the procedure for the director compensation system. This membership structure reinforces the transparency of discussion details and further ensures sound corporate governance. As of June 2019, the committee comprises two outside directors (including the chair person) and an inside director who were assigned by the resolution of the Board of Directors meeting. This membership structure reinforces the transparency of discussion details and further ensures sound corporate governance.

Compensation for Each Director (FY2018)

Name	Category	Company	Basic compensation (million yen)	Short-term based compensation (Bonus) (million yen)	Stock option (million yen)	Total (million yen)
Shigetaka Komori	Directors	FUJIFILM Holdings Corporation	103	43	166	313
	Directors	FUJIFILM Corporation	25	10	33	70
	Directors	Fuji Xerox Co., Ltd.	52	16	—	69
	Total					453
Kenji Sukeno	Directors	FUJIFILM Holdings Corporation	88	30	83	202
	Directors	FUJIFILM Corporation	20	7	16	45
	Directors	Fuji Xerox Co., Ltd.	9	2	—	11
	Directors	FUJIFILM Toyama Chemical Co., Ltd.	7	1	—	8
Total					266	
Kouichi Tamai	Directors	FUJIFILM Holdings Corporation	28	3	11	43
	Directors	FUJIFILM Corporation	12	1	28	41
	Directors	Fuji Xerox Co., Ltd.	74	22	—	97
	Total					183
Junji Okada	Directors	FUJIFILM Holdings Corporation	12	4	8	25
	Directors	FUJIFILM Corporation	10	3	2	15
	Directors	Fuji Xerox Co., Ltd.	11	7	—	18
	Total					59
Takashi Iwasaki	Directors	FUJIFILM Holdings Corporation	8	4	—	13
	Directors	FUJIFILM Corporation	13	7	8	29
	Directors	FUJIFILM Electronic Materials Co., Ltd.	18	—	—	18
	Total					61
Teiichi Goto	Directors	FUJIFILM Holdings Corporation	6	1	—	8
	Directors	FUJIFILM Corporation	33	10	8	52
	Total					61

Note: For further details, please refer to the Security Report 2018.

[URL: https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf](https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf) (In Japanese Only)

The Number and Amount of Compensation Paid to Executive Officers (FY2018)

Category	Number	Basic compensation (million yen)	Short-term based compensation (Bonus) (million yen)	Stock option (million yen)	Total amount (million yen)
Directors (excluding outside directors)	9	250	82	297	630
Auditors (excluding outside auditors)	3	43	—	—	43
Outside Executive Officer	6	60	—	—	60
Total	18	353	82	297	734

Note: For further details, please refer to the Security Report 2018.

URL: https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf (In Japanese Only)

2.1.8 Owning Company Stocks by the Directors

We offer the inside directors stock options in order to enable inside directors to share mutual interests on the effect of stock price fluctuations with shareholders, aiming to increase morale and motivate them to further contribute to improving corporate value.

2.1.9 Tax Policy

Fujifilm Group Tax Policy

- In line with its Code of Conduct, which advocates an “Open, Fair and Clear” corporate culture, the Fujifilm Group shall comply with taxation laws of countries around the world, international taxation regulations and the spirit of such laws and regulations. The Group shall make payment of all required taxes by all specified dates in all countries in which it operates
- The Fujifilm Group shall thoroughly examine the contents of all business transactions in advance from the perspective of tax, receive advice from competent tax advisors if and when required, and implement reporting and preliminary approval processes for important tax matters in accordance with internal regulations in order to maintain and improve governance on tax affairs
- The Fujifilm Group shall maintain trusting relations with tax authorities, and give full consideration to, and if deemed necessary, shall proceed with its application for the Advance Pricing Agreement, so as to avert any lack of transparency in tax affairs
- The Fujifilm Group shall actively utilize beneficial tax treatment in countries in which it operates while complying with their legislative intent in order to maximize consolidated cash flow. The Group shall not engage in tax planning or use tax havens for the sole purpose of obtaining tax benefits.

Control of Tax Matters

The Fujifilm Group closely monitors our tax-related activities and management.

We do not recognize any serious issue concerning tax-related risks at this moment.

- The director responsible for managing the accounting departments takes responsibility for execution of tax processing and instructions, and the creation of financial statements. Note that the financial statements are audited by an independent audit corporation.
- With the recognition that each auditor is an independent authority to form an overall corporate governance system, the auditors closely examine the directors’ business fully adhering to the auditing standards specified by the Audit & Supervisory Board, as well as the company’s auditing policies and plans.

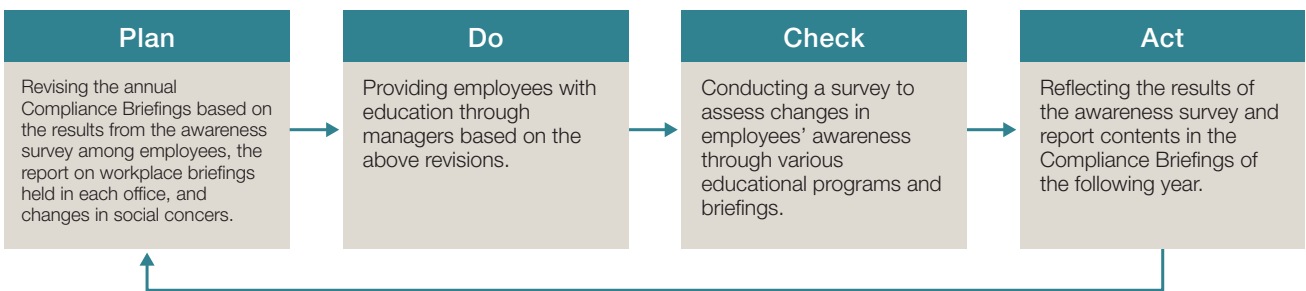
Yuka Shoken Houkokusho (Security Report)

URL: https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf (English available in Sept.)

2.2 Compliance and Risk Management

2.2.1 Basic Approach

The Fujifilm Group defines “compliance” as “not only to pursue the law but to behave correctly within the framework of common sense and ethics”. Moreover, we think the compliance and the risk are two sides of the coin, as the lack of compliance awareness among employees would lead to grow the possible corporate risk. For this reason, the following four steps have been implemented in the PDCA (plan-do-check-act) cycle in the drive to increase awareness of compliance.

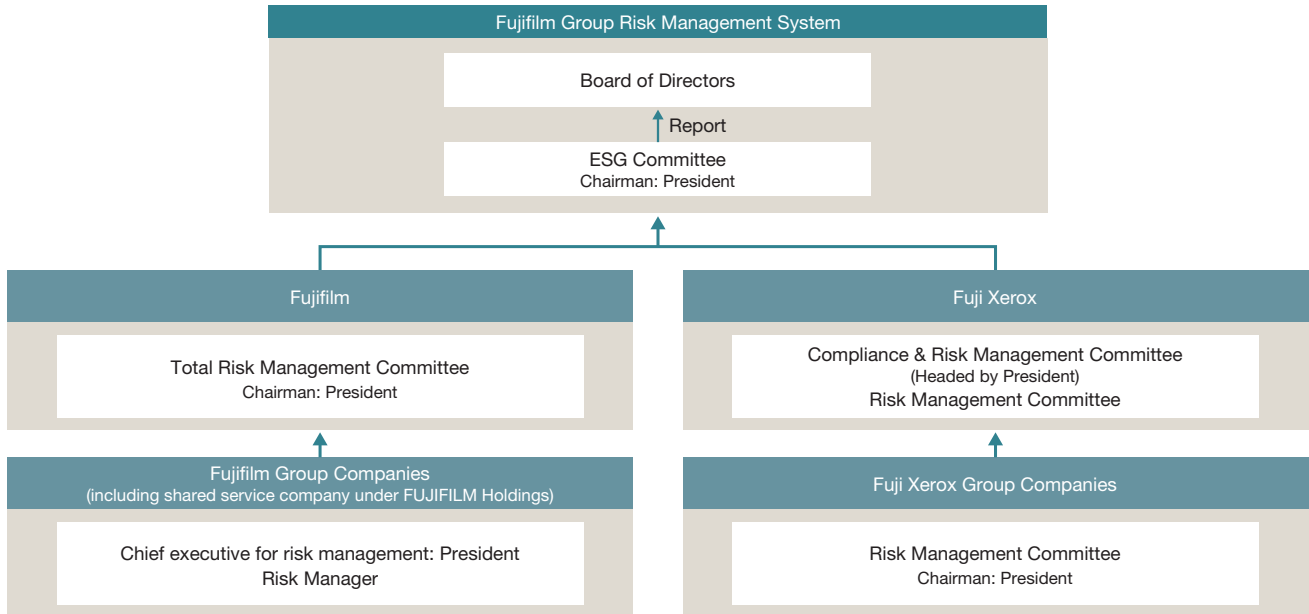


2.2.2 History of the measures implemented for Compliance and Risk Management

1995-2005	Establishment and reinforcement of foundation at each company <ul style="list-style-type: none"> • Formulation of a Code of Conduct for employees • Establishment of responsible organization (committee) • Opening of a helpline and whistle-blowing office • Start raising employees' Awareness, education, and monitoring through awareness surveys and briefings sessions
2006-2008	Establishment and reinforcement of foundation for the entire Fujifilm Group <ul style="list-style-type: none"> • Establishment of Fujifilm Holdings CSR Committee • Revision of Group's Corporate Philosophy and Charter for Corporate Behavior , and formulation of Vision and code of Conduct and raising awareness • Expansion of initiative to Group companies outside of Japan
2009-2013	Addressing new priority issues <ul style="list-style-type: none"> • Introduction of anti-corruption regulations • Review of Group-wide risk issues related to natural disasters, such as large earthquake or possible eruption of Mt. Fuji • Establishment of a system to ensure no relations with anti-social forces • Introduction of information security regulations and guidelines etc.
2014-2016	Further activity promotion toward Sustainable Value Plan 2016 targets <ul style="list-style-type: none"> • Review and clarification of major risks for the Fujifilm Group • Strengthening measures to raise awareness on existing rules and regulations etc.
2017-2019	Strengthening Corporate Governance as the Fujifilm Group <ul style="list-style-type: none"> • Compliance education for all Employees and distribution of CEO message concerning the inappropriate accounting issue • Establishment of whistle-blowing system to report directly to Fujifilm Holdings • Revision of the Charter for Corporate Behavior and the Code of Conduct • Establishment of Fujifilm Holdings ESG Committee reorganized from CSR committee

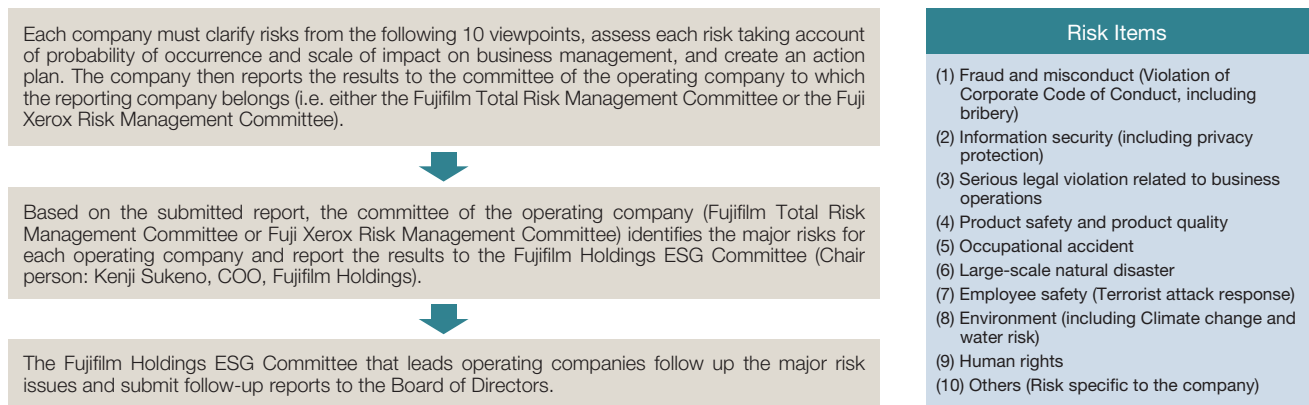
2.2.3 Compliance and Risk Management Promotion Structure

Fujifilm Group Risk and Compliance Management System

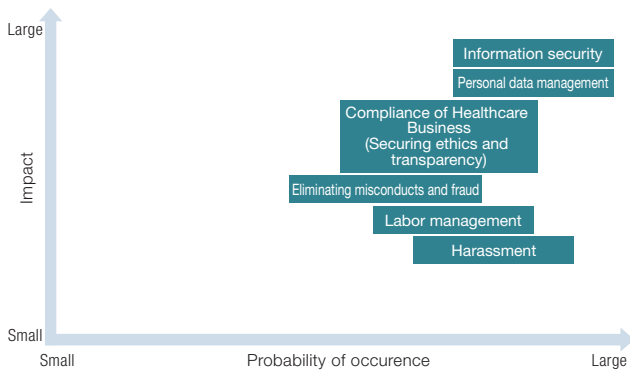


Following the inappropriate accounting experienced by Fuji Xerox overseas subsidiaries in FY2017, we also revised our risk management in terms of the control structure and operation in order to thoroughly implement measures for crisis control and recurrence prevention. We also strengthened our risk minimization activities for normal circumstances. The Fujifilm Group annually reviews risks identified by companies across the world under Fujifilm Holdings and creates action plans to control these risks following established procedures. In the event of an incident, each operating company controls the risk following the predetermined procedure. If the case is serious, the company reports it to the Secretariat of the Fujifilm Holdings ESG Committee in order to supervise risk management across the entire Group and ensure its effectiveness.

Risk Extraction and Process for Establishing Action Plan



FY2019 Priority Risk Map for the Fujifilm Group



Risk item	Reason for selection	Countermeasures
Information security	In response to the expansion of ICT in products, services and manufacturing, the effective range of information security is expanding. Therefore, a review of conventional countermeasures is necessary.	<ul style="list-style-type: none"> • Improvements to internal rules and risk management systems • Comprehensive implementation of a range of compliance, information security and risk training programs
Personal data management	In the face of the growing reinforcement of local regulations in each country, the effects of violations and information leaks are growing. Therefore, more comprehensive management is necessary.	
Compliance of Healthcare Business (Securing ethics and transparency)	In the Healthcare Business, ethical conduct and transparency are requested by the regulation authorities in each country. We recognize this is one of our priority issues.	
Eliminating misconducts and fraud	Incidents are declining; however, more comprehensive management and education are necessary overseas.	
Labor management	In line with the Work Style Reform Law that was enacted in April 2019, we manage working hours to suitable lengths to prevent long working hours.	
Harassment	With society's increasing interest in harassment issues, harassing behavior must be prevented.	

2.2.4 Outline of the Activities

In response to the inappropriate accounting experienced by Fuji Xerox overseas subsidiaries found in FY2017, we reviewed our corporate governance across the entire group. We also conducted a compliance education program concerning the incident to disseminate the open, fair, and clear corporate culture that we set as the foundation of Fujifilm Group conduct. This program aimed to ensure that we could listen to all stakeholders, exchange opinions in both directions, and adhere to the rules in a fair and just manner, and that we all take responsibility for the decisions and actions that we make and thereby maintaining business transparency with utter honesty.

We have revised the Charter for Corporate Behavior and the Code of Conduct in April 2019 to reflect the changes in social trends and in our approach to corporate social responsibility. These texts have been translated into 24 languages and distributed to different countries to enable our employees across the world to clearly understand the Charter and Code. We also provide all Group employees—both inside and outside—Japan with an e-learning program since May to cultivate their understanding of these important documents.

In FY2018, we did not experience any critical compliance issues that we needed to make public.

Fujifilm Group Charter for Corporate Behavior and the code of conduct

URL: https://www.fujifilmholdings.com/en/about/philosophy/pack/pdf/02_FF_CoC_2019_English.pdf

2.2.5 Compliance Education

Contents of Compliance Education

Intended audience	Details	Participants (FY2018 results, Unit: person)								
		Fujifilm Group			Fuji Xerox Group			Fujifilm Holdings Total		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
All employees (Executive officers, managers of divisions, general employees)	Overall compliance	-	12,660	12,660	-	-	0	-	12,660	12,660
	Compliance declaration for code of conduct	-	-	0	24,273	21,654	45,927	24,273	21,654	45,927
	Information security, e-learning	21,934	-	21,934	26,412	-	26,412	48,346	-	48,346
New employees (New executive officers, new managerial personnel, new general employees)	Overall compliance and risk management	473	-	473	752	-	752	1,225	-	1,225
Group companies (domestic priority companies) Employees (Executive officers, general employees (including contract/temporary employees))	Harassment prevention	3,780	-	3,780	-	-	0	3,780	-	3,780
Risk managers	General risk management	-	84	84	-	-	0	-	84	84
	Enhancement for harassment cases	67	-	67	-	-	0	67	-	67
Sales companies (Presidents and managerial personnel)	Training of compliance case study	-	-	0	-	62	62	-	62	62
Total		26,254	12,744	38,998	51,437	21,716	73,153	77,691	34,460	112,151

2.2.6 Compliance Awareness Survey

Conducting a follow-up survey to the FY2017 Compliance Awareness Survey

We conducted a Compliance Awareness Survey of all our Group employees (93,000 employees across 320 organizations) in December 2017. In September 2018, we undertook a follow-up survey targeting the organizations where a large number of respondents answered that they know about a compliance violation (27,000 employees across 23 organizations) to identify the concrete facts in these cases. As a result, actual compliance violations identified were as low as 4% of reported case and there were no serious problems that could affect our business. The concrete issues we discovered in the survey were further investigated within each organization to prevent any recurrence.

Conducting Harassment Awareness Survey in “critical” workplaces in the Fujifilm Group

The Harassment Awareness Survey undertaken in December 2016 of all Fujifilm Group employees in Japan (21,000 employees in 36 companies) found out that seven companies had higher percentages of employees answering that they had experienced harassment than the Group mean figure. We conducted the same awareness survey in June 2018 on those seven companies and two additional companies that newly joined the Group. The additional survey identified an improvement in only one company but the remaining eight companies were still below the mean figure. Since September 2018, we have been providing a harassment prevention program and workplace discussions in each company to prevent any further cases of harassment.

2.2.7 Corruption (Bribery) Prevention Efforts

To nurture a corporate culture based on the open, fair, and clear spirit, as stated in the Group Vision, Chapter 2 (Fair Corporate Activities) of the Fujifilm Group Charter for Corporate Behavior and Code of Conduct clearly declares the requirement for Fair Sales Activities, Fair Procurement, Prevention of Corruption, and Prohibition of Bribery and restriction on gift-exchange and Entertainment. The chapter states that we must avoid any actions that could cause suspicion of a collusive relationship with a third party or could jeopardize the fair relationship with suppliers; we should avoid being involved in any corrupt activities; and we also should avoid any dubious action that could cause suspicion of fraud with retailers, business partners, public officials and government representatives. In response to the increasing reinforcement of corruption prevention laws across the world, each Group company implements anti-bribery rules. We also conduct regular onsite audits in areas where the risk is deemed to be high.

The Fujifilm Group never had a corruption or bribery, and we have never been investigated by administrative authorities concerning any anti-corruption matters.

Anti-corruption effort  URL: <https://www.fujifilm.co.jp/corporate/environment/compliance/anti-corruption/index.html>

2.2.8 Anti-competitive Practice Prevention Efforts

The Fujifilm Group is working hard to observe anti-trust laws, maintains a regular education system, and holds annual self audits. Since 2003, we have never been subject to a penalty concerning antitrust/anticompetitive practice nor are there any ongoing antitrust lawsuits.

2.2.9 Export and Import Control

The Fujifilm has created the Global Security Trade Control Policy, one of the basic policies commonly shared across the Fujifilm Group, and control our exports based on this policy. This is our means of preventing products and goods that could be converted into arms or be adapted for military use from being obtained by terrorists or nations that could threaten international security. We can therefore state that we contribute to maintaining international safety not only by observing the related laws.

The Fujifilm Group never had a case pointed out by administrative authorities concerning export and import control.

Global Security Trade Control Policy  URL: <https://www.fujifilmholdings.com/en/sustainability/vision/control.html>

2.2.10 Whistle-Blowing Office and Consultation Office

The Fujifilm Group has a separate whistle-blowing system. One is in Fujifilm Holdings that can be accessed directly by all Fujifilm Group employees across the world (consultation available in Japanese, English and other 23 languages), and the other enables employees to report to each regional headquarter. Both can be accessed anonymously, and protection of the whistle-blower is stipulated to protect them from detrimental treatment caused by reporting.

- Number of whistle blowing reports in the Fujifilm Group in FY2018: 298 (199 in Japan and 99 in overseas)
Seventy percent of the report contents were harassment, human relationship issues, and HR or labor matters; however, no serious issues were identified.

2.2.11 Information Security

The Fujifilm Group regards information security as one of the major risks and implements the following measures:

1. Continuous security reinforcement to address cyber security threats that have been increasing recently.
 2. Establishment of the Global Security Regulations and provision of regular education programs as information leakage with an internal cause and external attacks must be addressed by common measures across the Group.
 3. Establishment of an information security incident responses team in FUJIFILM and Fuji Xerox to minimize the damage from an information security incident, should one occur. Implementing simulation trainings for incidents (At least once a year).
 4. Establishment of the Personal Information Protection Policy and the Personal Information Protection Regulations and conducting regular audits and employee training.
 5. Providing vulnerability tests (once in six months) for the web servers that have possibilities of attacks from outside.
- In fiscal 2018, there were no serious cases related to information security were pointed out by administrative authorities and assessed to require public disclosure.

* Implementation of measures in collaboration with the Group's regional headquarters in Europe in advance of the introduction of the EU General Data Protection Regulations (GDPR) in May 2018.

2.2.12 Protection of Privacy

In the Fujifilm Group, the Code of Conduct that sets out how all Fujifilm employees are to conduct themselves, protection of privacy has been defined as an item affecting respect for human rights.

The policy is being applied to external suppliers as requests to suppliers and is being applied to all Fujifilm Group operations.

The importance of privacy protection growing every year, and we recognize the issue in the course of risk identification and action planning for the entire Group each year, to assure the effectiveness of Group risk management.

In fiscal 2018, there were no serious cases related to customer privacy were pointed out by any third parties or administrative authorities and assessed to require public disclosure.

Code of Conduct: Respect for Human Rights Protection of Privacy [URL:https://www.fujifilmholdings.com/en/about/philosophy/law/humanrights.html](https://www.fujifilmholdings.com/en/about/philosophy/law/humanrights.html)
Fujifilm Group Procurement Policy: Request to Suppliers [URL: https://www.fujifilmholdings.com/en/sustainability/vision/procure.html](https://www.fujifilmholdings.com/en/sustainability/vision/procure.html)

Acquisition of P-Mark and ISMS

As of July, 2018

Certification	Certified affiliates		
P-Mark*1	FUJIFILM Medical Co., Ltd. FUJIFILM Imaging Systems Co., Ltd.	FUJIFILM Techno Service Co., Ltd. Fuji Xerox System Service Co., Ltd.	FUJIFILM Imaging Protec Co., Ltd. FUJIFILM Media Crest Co., Ltd.
ISMS*2	FUJIFILM Global Graphic Systems Co., Ltd. FUJIFILM Software Co., Ltd. FUJIFILM Imaging Systems Co., Ltd. FUJIFILM Imaging Protec Co., Ltd. FUJIFILM Business Expert Corporation FUJIFILM Recording Media Products Division FUJIFILM Medical Co., Ltd.	Fuji Xerox Co., Ltd. Fuji Xerox domestic sales companies (37 companies) Fuji Xerox Information Systems Co., Ltd. Fuji Xerox System Service Co., Ltd. Fuji Xerox Learning Institute Inc. Fuji Xerox Printing Systems Co., Ltd. Fuji Xerox InterField Co., Ltd.	Fuji Xerox Advanced Technology Co., Ltd. Fuji Xerox Manufacturing Co., Ltd. Fuji Xerox Service Creative Co., Ltd. Fuji Xerox Service Link Co., Ltd. Fuji Xerox overseas manufacturing companies (4 companies) Fuji Xerox Asia Pacific Pte Ltd Fuji Xerox overseas sales companies (16 companies)

*1 Privacy Mark (P-Mark): A mark granted by the Japan Information Processing Development Corporation (JIPDEC) to companies in which personal information is handled appropriately.

*2 ISMS: Certification regarding the overall management framework for information including personal information (Information Security Management System).

*3 For the certified companies of Fuji Xerox Group, please visit: <http://www.fujifilmholdings.com/en/sustainability/data/compliance/index.html>

2.2.13 Preparations for Large Scale Natural Disasters

As the global environment changes, such as rising sea level by climate change and abnormal weather occurrence, risks concerning natural disasters are increasing.

Based on the damage estimations, We are enhancing and reinforcing the anti-disaster measures as a part of the Business Continuity Plans (BCPs) to further improve the Group response to a wide-area natural disasters in Japan, including preparations for a Tokai-Tonankai-Nankai multiplate earthquake (Nankai megathrust earthquake), Tokyo Metropolitan earthquake, eruption of Mt. Fuji., torrential rain, river floods and rising sea level.

We also implement BCPs and reinforce employee safety measures for natural disasters specific to America, Europe, and Southeast Asia, such as earthquakes, tornados, and wildfires.

2.3 Innovation Management

Under the Group's corporate slogan, "Value from Innovation," aimed at being continuously innovating—creating new technologies, products and services that inspire and excite people everywhere, the Fujifilm Group will continue to create a wide range of products and businesses, supported by the diverse technologies we have accumulated in manufacturing photographic / motion picture film and other fields with the aim of resolving social issues in a broad range of areas.

In the drive to generate innovation, activities are underway to create innovative new products and services, as well as new businesses and new values, chiefly in our priority areas of healthcare and highly functional materials.

We believe in the fundamental importance of engaging in face-to-face communication with parties outside the company, in addition to building co-creation ties with equal relationship and sharing the same ambitions and goals with our partners, to achieve real innovation that will have a significant impact on society. For this purpose, we created an "Open Innovation Hub" in Japan in 2014 as a center for these activities. As of June 2019, 3 of these centers have been created in regions including the United States and Europe to accelerate collaborative efforts for open innovation. Moreover, in 2018 we set up a center specializing in the development of the next-generation AI technology named "Brains" to advance these co-creation activities.

2.4 Supply Chain Management

2.4.1 Basic Approach

The Fujifilm Group lists “Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights” as one of the priority issues of our CSR plan towards 2030, Sustainable Value Plan 2030 (SVP2030).

The majority of the suppliers of our production materials are Japan-based companies, with other from advanced and emerging countries. Regulations related to human rights, labor safety, and the environment vary in different countries; however, we declare that we will not be complicit in any infringement of the human rights of our suppliers’ workers or in environmental destruction through our production process.

2.4.2 Procurement Policy and Structure (Overview)

Fujifilm Group upholds the Fujifilm Group’s Procurement Policy as a group-wide policy. We believe it is important that the business partners and suppliers, especially production materials suppliers, understand the importance of CSR (environment, human rights, occupational health and safety, corporate ethics, etc.) and work together with us in resolving issues. Therefore, we revised the Policy in 2015 and 2019, and added the aspects of CSR for our supplier evaluation standard.

Fujifilm Group Procurement Policy

The Fujifilm Group will conduct its procurement based on Fujifilm “Open, Fair, Clear” policy and the basic concepts listed below. At the same time, we will build mutual trust and respect with suppliers.

1. The Fujifilm Group is committed to engage in procurement activities in compliance with laws, regulations and social norms, paying full considerations to perspectives including human rights, environment, occupational health and safety.
2. We will treat suppliers irrespective of nationalities with fairness and ensure that they are given equal business opportunities. We are also committed to consider procurement from new suppliers.
3. The Fujifilm Group procure from trustworthy suppliers selected through comprehensive criteria that includes quality, price, delivery time, technological capabilities, CSR activities and business continuity.

Note that ‘procurement’ under this policy covers not only the procurement of parts and materials for products, but also procurement such as indirect materials, facility and maintenance services.

Established in October 2009, Revised in April 2019

Each of the Fujifilm Group business companies requests their suppliers to implement the Fujifilm Holdings Environmental Policy and Procurement Policy in their CSR activities, including environment and labor.

● Requests to suppliers on environment

Fujifilm Green Procurement Standards

[URL: https://www.fujifilm.co.jp/corporate/environment/pdf/greening/ff_greenbasic_ver3_2e.pdf](https://www.fujifilm.co.jp/corporate/environment/pdf/greening/ff_greenbasic_ver3_2e.pdf)

Fuji Xerox Green Procurement Standards

[URL: https://www.fujixerox.co.jp/company/eco/green/pdf/green_procurement_standards_ver60_english.pdf](https://www.fujixerox.co.jp/company/eco/green/pdf/green_procurement_standards_ver60_english.pdf)

● Requests to suppliers on overall CSR such as labor, human rights

Fujifilm Group Request to Suppliers (on the same page of Fujifilm Group Procurement Policy)

[URL: https://www.fujifilmholdings.com/en/sustainability/vision/procure.html](https://www.fujifilmholdings.com/en/sustainability/vision/procure.html)

Fujifilm CSR Procurement Guideline for Suppliers

[URL: https://www.fujifilm.co.jp/corporate/environment/procurement/concept/pack/pdf/index_pdf_02_en.pdf](https://www.fujifilm.co.jp/corporate/environment/procurement/concept/pack/pdf/index_pdf_02_en.pdf)

Fuji Xerox CSR Management Guidelines

[URL: https://www.fujixerox.com/eng/company/csr/sr2018/suppliers/theme.html#anc01](https://www.fujixerox.com/eng/company/csr/sr2018/suppliers/theme.html#anc01)

2.4.3 Fujifilm Group Production and Procurement Characteristics

The Fujifilm Group stipulates the priority areas of its procurement strategy as follows: (1) Cost (price) improvement; (2) Constant realization of stable procurement and supply (quality and delivery); and (3) Business Continuity Plan (BCP) for procurement. We set annual targets for these areas for continuous improvement. As a part of this procurement strategy, we request ethical procurement to suppliers as specified in a mandatory measure, “Minimizing CSR risks (environment, human right & labor management, corporate ethics) in suppliers.”

Our business companies, FUJIFILM and Fuji Xerox, manufacture significantly different products. Therefore, CSR risks in their respective suppliers, production, and procurement conditions are diverse. The Fujifilm Group is reinforcing ethical procurement across the group taking into account such diverse characteristics and risks.

Characteristics of FUJIFILM Manufacturing

As well as medical, high precision, and optical devices, FUJIFILM manufactures a wide range of products, such as chemical products and highly functional materials. The percentage of chemical products and highly functional materials among our entire product range is around 80%, with medical, high precision, and optical devices accounting for around 20%.

(1) Chemical products and highly functional materials

Almost all of these products are manufactured in Japan, as well as in the US and Europe. One characteristic of manufacturing such products is that many of the procured items for these products are chemical substances. One of the major risks concerning chemical substances is that lack of appropriate management could cause adverse effects on human beings and the environment (pollution, explosion, or other accidents), and contamination of products by hazardous substances. It is also essential to adhere to the legal requirements of permitted chemical substances in products, such as the RoHS directive and the REACH regulations in Europe. This is why we request our suppliers to follow the FUJIFILM Green Procurement Standards in the two aspects of “management of the handling of chemical substances” and “management of information on chemical substances in our products,” in addition to implementing these standards in our own factories. Further, to ascertain the chemical substances used by our suppliers, since FY2010 we have been utilizing a system to gather, manage, and communicate information about the chemical substances contained in parts and members across the supply chain.

(2) Medical, high precision, and optical devices

We manufacture these products in Japan, the US, and Asia (mainly China). Many of the primary suppliers are Japanese corporations with others based overseas. It is generally said that suppliers in Asian countries face a higher risk of business stoppage due to labor disputes and tightening environmental regulations enforcement. Such suppliers face risks of delivery delays to our factories and insufficient quality due to problems in suppliers’ factories. For this reason, we have been reinforcing ethical procurement in China since FY2018, in a similar manner taken in Fuji Xerox, as described below.

Characteristics of Fuji Xerox Manufacturing

Some 70% of Fuji Xerox’s major products—multifunction devices and printers—are assembled in factories in China and Vietnam. Fuji Xerox introduced ethical procurement in 2007 to ensure stable production in Asia. Thanks to the company’s continuous efforts to understand the risk of operational stoppages in suppliers’ sites, and requests for improvement, delivery delays from suppliers due to their environmental or labor problems have been reduced.

2.4.4 Supplier Code of Conduct

As a code of conduct for suppliers, FUJIFILM provides the CSR Procurement Guidelines and Fuji Xerox provides their CSR Management Guidelines to suppliers. These guidelines cover items listed in the Fujifilm Group Code of Conduct that the Group companies request their suppliers to follow, as well as all the items covered in the Code of Conduct required by the US Responsible Business Alliance (RBA).

Reference: Fuji Xerox CSR Management Guidelines Contents List

* Fujifilm CSR Procurement Guidelines includes almost the same contents as below.

1. Human Rights and Labor (Social)

Prevention of Forced and Child Labor; Prevention of Unfair Discrimination and Privacy Infringement; Prevention of Violence, Sexual Abuse, Sexual Harassment, and Excessive Punishment in Workplaces; Provision of Appropriate Wages and Proper Management of Working Hours and Mandatory Days Off; Guarantee of Right of the Directly Employed for Organization and Collective Bargaining; Prevention of Work-Related Accidents at Workplaces and on Duties; Establishment of Measures on Treatment of Illnesses and Injuries and Maintenance of Health; Sufficient Healthcare Facilities and Welfare Measures; Promotion of Human Resource Development (Capacity Building); Promotion of Third-Party Certification

2. Environment

Prevention of Global Warming; Promotion of Resource Conservation in Products (Reduced Use of Natural Resources); Recycling and Proper Waste Disposal; Proper Management of Chemical Substances; Promotion of the Natural Environment Preservation (Biological Diversity and the Ecosystem); Adherence to Administrative Procedures; Promotion of Third-Party Certification of an Environmental Management System (EMS)

3. Corporate Ethics (Governance)

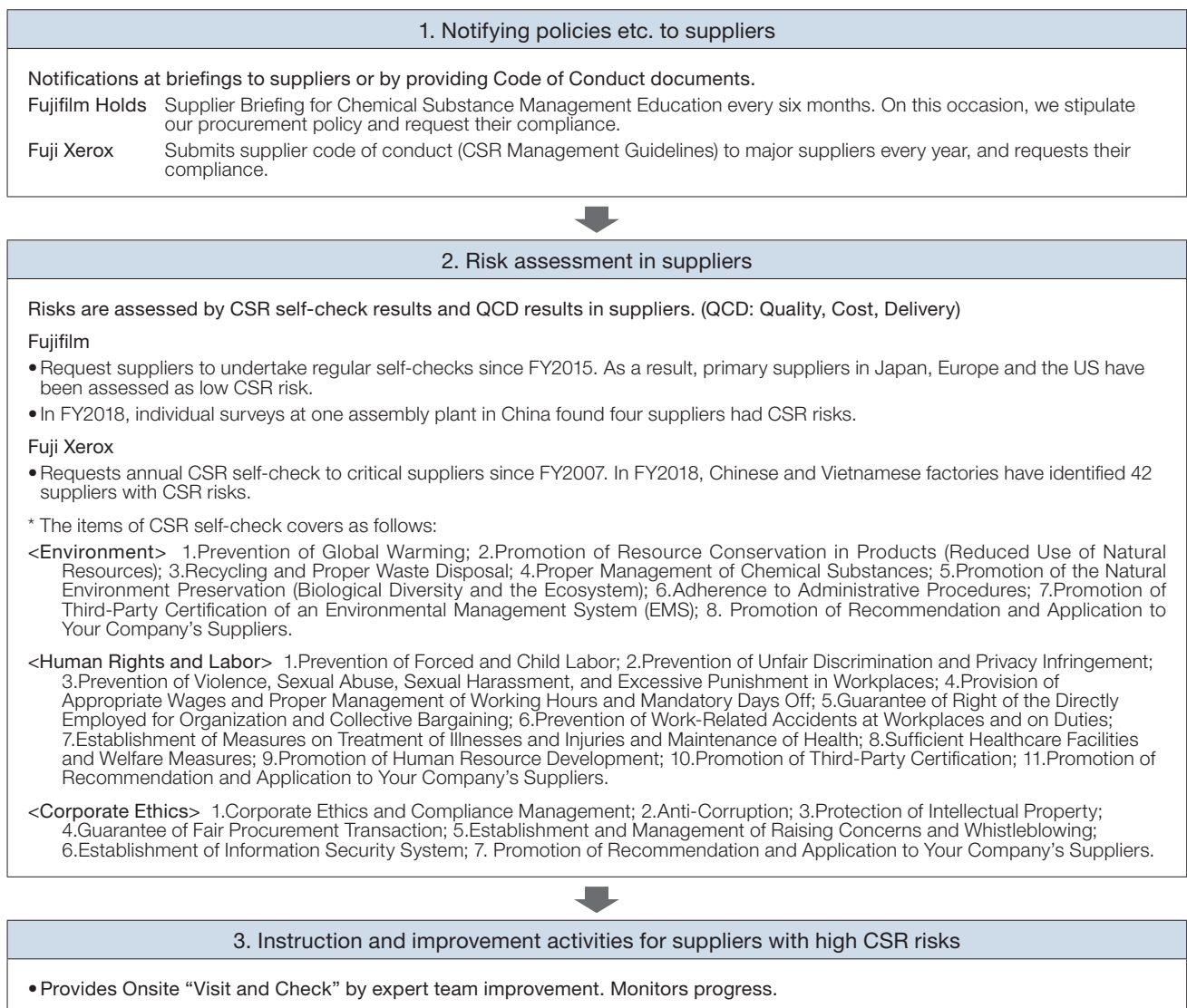
Corporate Ethics and Compliance Management; Anti-Corruption; Protection of Intellectual Property; Guarantee of Fair Procurement Transaction; Establishment and Management of Raising Concerns and Whistleblowing; Establishment of Information Security System

4. Extended application of the provisions by suppliers to their suppliers (secondary suppliers for Fuji Xerox)

Fuji Xerox requests its suppliers to promote of recommendation and application of each of the three aforementioned provisions to their suppliers.

2.4.5 Efforts for Improving Sustainability in the Supply Chain

The Fujifilm Group adopts ethical procurement promotion programs and implements the program policy (including the supplier code of conduct), assesses supplier risks, and requests improvement and provides support for suppliers that face CSR risks (environment, human rights, labor management, and corporate ethics), as shown in the following process.



- Provides various seminars for suppliers.

Fujifilm

- Provided Onsite “Visit and Check” in the four suppliers of the company’s Chinese manufacturing site as a trial and requested correction of risk factors. Progress will be inspected in FY2019.
- Provides semiannual educational sessions to suppliers for chemical products and highly functional materials, which account for about 80% of the company’s products. Requests them to adhere to FUJIFILM Green Procurement Standards.
- In FY2018, provided usage training program for chemSHERPA system, which enables 322 suppliers to share information about chemical substances in their products. All suppliers have started using this system.

Fuji Xerox

- Expert teams from Fuji Xerox Shenzhen, Fuji Xerox Shanghai, and Fuji Xerox Hai Phong provided Onsite “Visit and Check” to 42 suppliers (factories) in China and Vietnam. Requested correction and now monitoring progress.
- Fuji Xerox production line down time (due to suppliers’ CSR problems): Zero hours in Fuji Xerox Shenzhen and Fuji Xerox Hai Phong.
- Since 2014, Fuji Xerox Shenzhen has conducted seminars to suppliers in labor, safety, environment practical management. This is to provide information to suppliers on rapidly changing labor and environmental regulations. To date, 25 seminars have been held and 2,099 people from about 400 companies have attended.

CSR Self-Checks by Suppliers to Identify CSR Risks [Results for last three years and targets]

		FY2016	FY2017	FY2018	FY2019 Target
Request for self-check	Number of self-checks conducted in critical suppliers	Fujifilm 427 (Japan, China)	Fujifilm 262 (Japan, North America)	Fujifilm 66 (Japan, Europe)	Self-checks conducted by all critical suppliers in the high risk area: 100% (Both FUJIFILM & Fuji Xerox)
		Fuji Xerox 305 (Japan, China, Asia, others)	Fuji Xerox 296 (Japan, China, Asia, others)	Fuji Xerox 284 (Japan, China, Asia, others)	
Results	Response rate or conformance rate (FUJIFILM)	92%	77%	53%	Response rate: 50% or more for FUJIFILM 90% or more for FX
	Most critical items and the percentage of suppliers whose conformance rate is 90% or higher	94.1% for most critical items 56.9% for critical items	95.6% for most critical items 68.2% for critical items	93.7% for most critical items 74.6% for critical items	

2.4.6 Response to Conflict Minerals

The Fujifilm Group is aware of conflict minerals*1 issues, the mining of which causes human rights violations and disputes, and clearly declares that it will not be complicit, directly or indirectly, in supporting activities related to such disputes and human rights violations. The Fujifilm Group manages minerals by following the five steps of the Due Diligence Guidance specified by the Organisation for Economic Co-operation and Development (OECD) to identify actual and potential adverse effects from our business activities and prevent or alleviate such effects.

Fujifilm Group's stance toward the issue of responsible minerals procurement

[URL: https://www.fujifilmholdings.com/en/sustainability/vision/procure.html](https://www.fujifilmholdings.com/en/sustainability/vision/procure.html)

OECD 5 steps	Fujifilm Group efforts
(1) Establish strong company management systems	Procurement, sales, and HQ departments of Fuji Xerox that has strong requests from customers, have formed an intra-company structure to accurately track the origin of minerals by monitoring the relevant conditions. We are expanding this scheme throughout Group.
(2) Identify and assess risks in the supply chain	The Fujifilm Group is not subject to reporting obligations based on Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as the Group is not registered with the U.S. Securities and Exchange Commission (SEC). However, we have more than one SEC-registered client corporation in some of our businesses and these corporations have requested our cooperation. Thus, we track mineral origins through monitoring our supply chain, verifying results, and identifying the country of origin following the procedures specified by the Responsible Minerals Initiative (RMI)*2. Fuji Xerox reports the investigation results to OEM product clients. Both FUJIFILM and Fuji Xerox address issues for other clients individually.

(3) Design and implement a strategy to respond to identified risks	Although it was possible that minerals from conflict areas had been used, there was no proof that any terrorist group was involved. Because there are recognized humane mining companies and organizations in the area, we did not withdraw the mineral usage uniformly.
(4) Carry out independent third-party audit of smelter/refiner's due diligence practices	The Fujifilm Group participates in the Responsible Minerals Trade Working Group of JEITA*3 and discusses RMAP*4 jointly with other companies. We encourage suppliers to use conflict-free smelters that are verified by RMI after a third-party audit.
(5) Report annually on supply chain due diligence	The Fujifilm Group's conflict mineral policies, measures, and results are disclosed on the official website.

*1 Minerals (tantalum, tungsten, tin, and gold) regarded to be problematic because profits may be used for inhumane purposes or its mining may infringe human rights.

*2 RMI = Responsible Minerals Initiative

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

*4 RMAP: Responsible Minerals Assurance Process.

Results for Last Three Years and Target

	FY2016	FY2017	FY2018	FY2019 Target
Supplier response rate for conflict minerals survey (FX)	96.5%	100%	99.2%	95% or higher
Percentage of conflict-free smelters in conflict minerals survey (FX)	40.0%	46.2%	54.8%	Continuous improvement of conflict-free smelter percentage

2.4.7 Efforts in Paper Procurement

As Fuji Xerox sells paper for printers and copiers, the company declares that it procures pulp from forests that are managed with consideration for the environment and human rights, avoiding any involvement in forest destruction and human rights infringements.

To realize this, we established the Environmental, Health, and Safety Requirements regarding Paper Procurement. These rules specify paper quality standards for procurement, as well as selection criteria for material suppliers. Through these rules, we request material suppliers to pay attention to biodiversity and respect the rights of local residents in their business operations.

We also hold an annual meeting of the CSR Paper Procurement Committee, chaired by the director responsible for procurement, in order to confirm the compliance status of existing suppliers and to select new suppliers.

Paper Procurement Efforts KPI

	FY2016	FY2017	FY2018	FY2019 Target
Percentage of suppliers inside and outside Japan fulfilling our paper procurement requirements (Fuji Xerox)	100%	100%	100%	100%

2.4.8 Ethical Procurement Efforts in Logistics

The number of items delivered by courier services has significantly increased since 2017 due to continued popularization of internet commerce. This has caused social problems in logistic companies' employees, such as long working hours by courier drivers, death from overworking, and environmental and safety issues caused by poorly maintained vehicles.

Fujifilm Logistics Co., Ltd., which delivers Fujifilm Group products, has been requesting its logistics partners (primary suppliers) to cooperate in our ethical procurement for logistics since FY2009. Through such requests, logistics partners conduct CSR self-checks and if they identify that their conformance rate is less than 90%, Fujifilm Logistics visits the partner company to offer advice for correction.

Ethical Procurement Effort KPI in Domestic Logistics

	FY2016	FY2017	FY2018	FY2019 Target
Percentage of companies with 90% or more CSR self-check conformance rate (Fujifilm Logistics)	100%	97.4%	100%	100%

2.4.9 Collaboration with International Initiatives in the Supply Chain Area

The Fujifilm Group participates in international initiatives to meet the evolving global-level of production and procurement standards and deliver our products with confidence, valuing the importance of global CSR trends. Below are the initiatives in which we participate in the supply chain area.

- Joint Article Management Promotion-consortium (JAMP)**
 JAMP aims to disseminate a system to manage chemical substance information and smoothly communicate such information across supply chains. FUJIFILM is a member of JAMP and our CSR-related director takes the role of the deputy chairman.
- United Nations Global Compact (UNGC), and its Action Platform on Decent Work in Global Supply Chains**
 Fuji Xerox signed Global Compact. The company is the only Japanese corporate member of this action platform and our Corporate Vice President responsible for corporate wide procurement signed the commitments recommended by the platform.
- Responsible Minerals Trade Working Group of JEITA**
 Both FUJIFILM and Fuji Xerox participate in the Responsible Minerals Trade Working Group led by the Japan Electronics and Information Technology Industries Association (JEITA), the industrial organization of the Japanese IT and electronics industry.

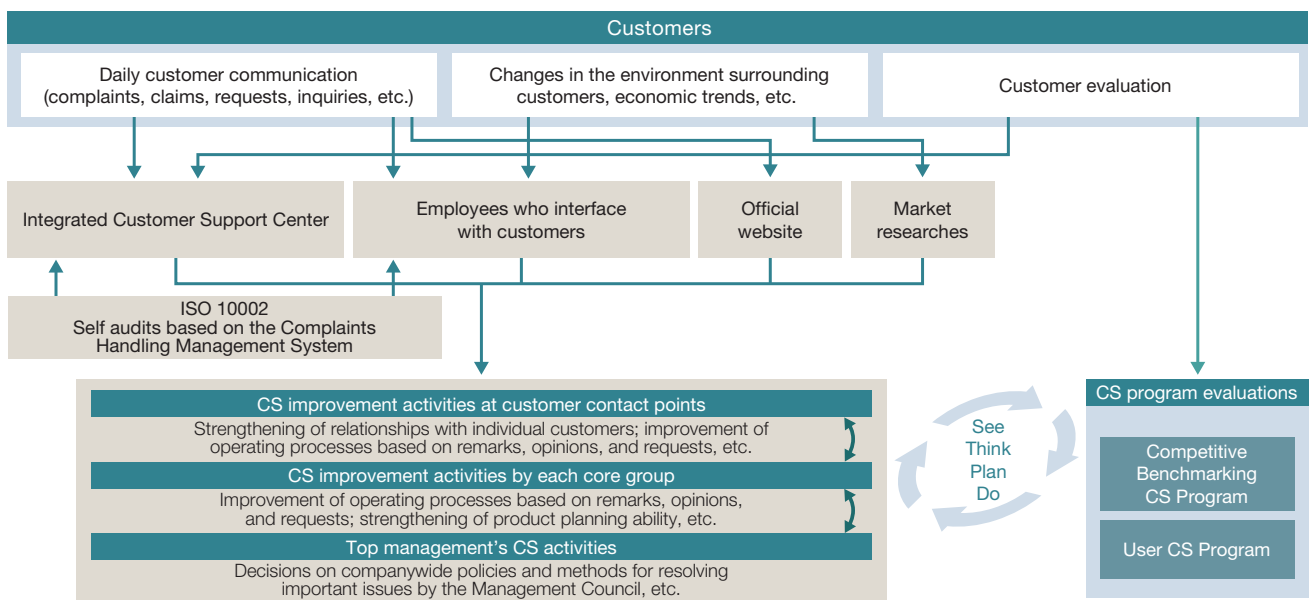
2.5 Customer Relationship Management

2.5.1 Basic Approach for Customer Relationship

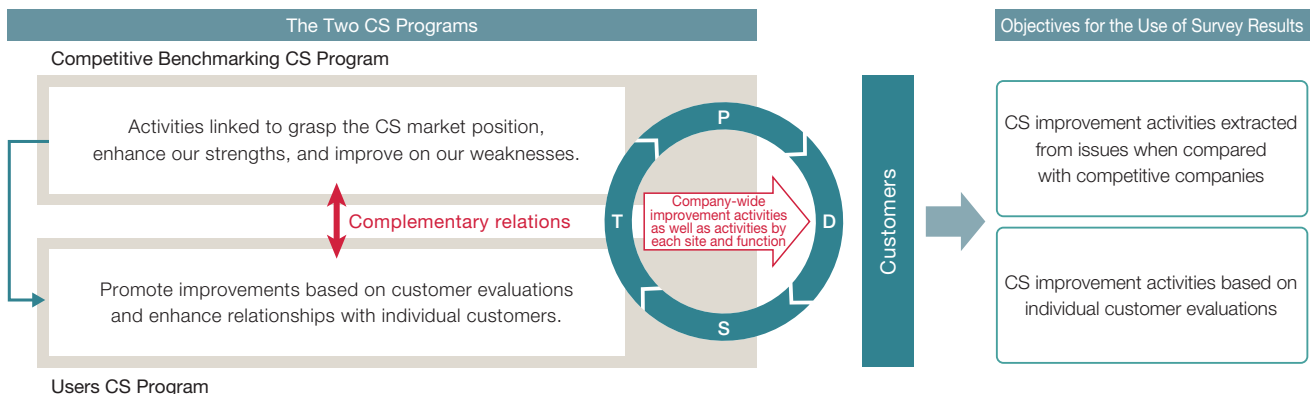
As we declare in our corporate philosophy, the Fujifilm Group aims to provide the best quality products and services which are safe, appealing to customers and provide them with peace of mind, by basing our management on Customer Satisfaction (CS).” In order to achieve customer satisfaction, it is important to obtain the views of a wide range of customers and to have a mechanism in place for effectively reflecting these in our products and services. For this purpose, we pay special attention to communicating with our customers at customer centers which are our point of contact with them. We aim to correctly grasp their views, as well as seek to respond in a speedy, kind, accurate and fair manner, and we are constructing a system to link these views to improvements in product development and our work processes.

2.5.2 Structure for Customer Relationship

Mechanisms for Communicating with Customers



CS Program (Improvement activities based on the CS surveys)



2.5.3 Efforts in Customer Relationship Management

1. Customer satisfaction survey results

(1) Customer satisfaction survey

Customer satisfaction percentage was calculated in the area of FUJIFILM Holdings to take track of customer satisfaction where after-sales services are critical, i.e., in photograph-related products, digital cameras, medical systems and the document business.

Until FY2016 the figure was limited to the document business. In FY2017, the areas of digital cameras and medical products were also added for better customer satisfaction coverage.

① Change in Customer satisfaction survey

Unit: %

	FY2015	FY2016	FY2017	FY2018	Target in FY2018
Percentage of satisfied customers among all customers (%)	93.2	93.2	83.5	85.1	84
Data coverage (e.g. within sales, customers, etc.)	47	46	73	77	73

② Customer satisfaction for business fields in the above data

Unit: %

	Business field	FY2017	FY2018
Fujifilm	Imaging (digital cameras and photograph-related products)	85.2	89
	Healthcare and Materials (medical systems)	80.0	78
Fuji Xerox	Document	93.2	91

(2) Customer satisfaction survey results (Fujifilm)

We conducted a survey on the following questions for customers registering with us after purchasing our products, as well as for those using the support desk for queries regarding various products.

Unit: %

	Assessment items	FY2017	FY2018
Evaluation of the company (products) including the quality of response from support centers, not only products and services	Willingness to recommend to friends and acquaintances	70	69
	Willingness to use Fujifilm products in the future	80	77
Evaluation of the quality of response from support centers	Ease in understanding the response	85	80
	Ease in hearing or reading	82	82
	Response speed	85	82

(3) Customer satisfaction survey results (Fuji Xerox)

Unit: %

	FY2017	FY2018
Customers willing to continue business with Fuji Xerox	95.7	94.9

Received awards for customer satisfaction survey in 2018

- J.D. Power 2018 Japan Color Copier Customer Satisfaction Study <Large/Mid-size Business>: Highest for nine years in a row.
[Study based on a total of 6,868 companies with 30 and more employees. URL: <http://jdpower-japan.com> (in Japanese only)]
- J.D. Power 2010-2018 Technical Support Call Center Satisfaction Study: Highest in J.D. Power 2018 Technical Support Call Center Satisfaction Study <Copiers/Printers>.
[Study based on a total of 5,109 companies with 5 and more employees. URL: <http://jdpower-japan.com> (in Japanese only)]
- Ranked top in the Consulting/Upstream Design Services Category of Nikkei Computer's Customer Satisfaction Survey, in the September 13, 2018 issue of Nikkei Computer.

2. Online service usage status

Unit: %

	FY2015	FY2016	FY2017	FY2018	Target in FY2018
Online customers*1 (Percentage of customers who use online services or sales platforms among all customers)	93.2	93.2	83.5	85.1	84
Online sales*2 (Percentage of online sales (direct sales and advertising))	47	46	73	77	73

*1: Online customers refers to customers using Fuji Xerox's domestic multifunction machine online remote maintenance contract.

*2: Online sales were calculated from the business fields of imaging, life science, and document solution, where online business has been reinforced.

3. Efforts in the Healthcare Field

The Fujifilm Group, which began as a manufacturer of photographic and motion picture film, now includes 15 different businesses. Among them, the healthcare field forms one of our major businesses. As it affects people's lives directly, we implement special efforts, as described below.

① Efforts to improve access to healthcare services

The Fujifilm Group appoints Health as one of our priority areas and pours a range of efforts into this area. Setting Improve Accessibility to Medical Services as the priority issue in the area, we are working to introduce a health check service within different regions, and are developing an early tuberculosis diagnosis system for use in developing countries.

 URL: <https://www.fujifilmholdings.com/ja/sustainability/svp2030/health/02.html>

② Efforts to ensure fairness and transparency in the healthcare business

Just as in our other business fields, the Fujifilm Group aims to improve the quality of life for people through our healthcare products, services, and technologies.

As the healthcare field is one of the most critical business that directly influences on people's life, we promote the following activities to ensure the transparency of our relationships with medical institutions and trust in general.

1) Sales activities through fair competition

All activities conducted by the Fujifilm Group follow industrial regulations, such as the Code of Ethics, the Charter of Business Behavior, the Promotion Code of the Medical Devices Industry, and the Fair Competition Code of the Medical Devices Industry in Japan, as specified by the Japan Federation of Medical Devices Associations, the Japan Fair Trade Council of the Medical Devices Industry, and the Japan Pharmaceutical Manufacturers Association. Further, we have set up the Fujifilm Group Charter for Corporate Behavior and the Fujifilm Group Code of Conduct, as well as intra-company regulations specified by Group companies involved in the healthcare business. Employees in each company carry out their business adhering to these regulations and through fair business competition.

2) Information disclosure

The Fujifilm Group regularly discloses healthcare business information, such as funding, in order to gain the wider understanding of society with regards to the manner in which the Group operates its business to a high ethical standard.

3.1 Environmental Policy and Management System

3.1.1 Basic Approach

The Fujifilm Group organizes activities aimed at contributions to “sustainable development” in all the Group’s business activities, in accordance with its environmental policy (Fujifilm Group Green Policy).

Fujifilm Group Green Policy

Basic Policy

“Sustainable development” is the most important issue for our planet, the human race, and all business entities in the 21st century. Through all products and services and businesses, we will strive our contributions to “sustainable development” by initiative to address climate change, promote resource circulation, ensure chemical safety, preservation for regional environment and biodiversity conservation.

Action Guidelines

1. We will contribute to solving environmental issues with original and advanced technology in the product life cycle.
2. We will comply with the rules established by each country and region, self-regulations of the Fujifilm Group companies, standards, individually agreed requirements.
3. As a member of the supply chain and community, we will work with each stakeholder to promote activities to solve environmental issues.
4. We will actively disclose information on environmental initiatives and their results to various stakeholders such as local communities, governments, shareholders and investors, NGOs and NPOs, employees of the Fujifilm Group companies, and ensure good communication.
5. We strengthen the foundation to address environmental issues voluntarily by providing education to employees of each group company thoroughly to raise awareness.

Established in October 2002, Revised in April 2019

3.1.2. Environmental Management

To ensure that the Fujifilm Group's business philosophy is applied in all business processes to generate rapid business results, Fujifilm and its subsidiaries and affiliates have introduced an integrated management system (IMS)* for the consolidation of all business and CSR activities. By evaluating each business operation from the perspective of the various stakeholders, these activities have led to continual business improvement, including improvements in operational quality and reduced environmental impact.

* Integrated management system (IMS): Management system integrating an environmental management system (EMS), quality management system (QMS), occupational health and safety assessment system (OHSAS) and information security management system (ISMS).

Fujifilm FY2019 Priority Issues

Priority Issues	Strategies
1. Address climate change	1) Continually promote CO ₂ emission reduction at each of the stages of product lifecycle. (procurement, manufacturing, transportation, use, disposal) 2) Develop and market products and services that will contribute to CO ₂ emission reduction. 3) Promote a group-wide energy strategy and activities. <ul style="list-style-type: none"> ① Development and establishment of energy conservation measures throughout the group ② Pursuit of energy efficiency in cogeneration system ③ Explore and seize opportunities for using renewable energy.
2. Promote recycling of resources	1) Promote efficient use of water resources. 2) Develop and market products and services that will contribute to the conservation of water resources. 3) Use resource efficiently by promoting the 3Rs (Reduce-Reuse-Recycle) in products. 4) Improve the resources used per unit of production. 5) Reduce waste and promote the concept of Zero Waste Disposal.
3. Address energy issues toward a non-carbon society	1) Develop products and technologies that will contribute to conserving, storing and creating energy.
4. Ensure product and chemical safety	1) Evaluate and improve the administration of internal regulations concerning product safety and chemical management.

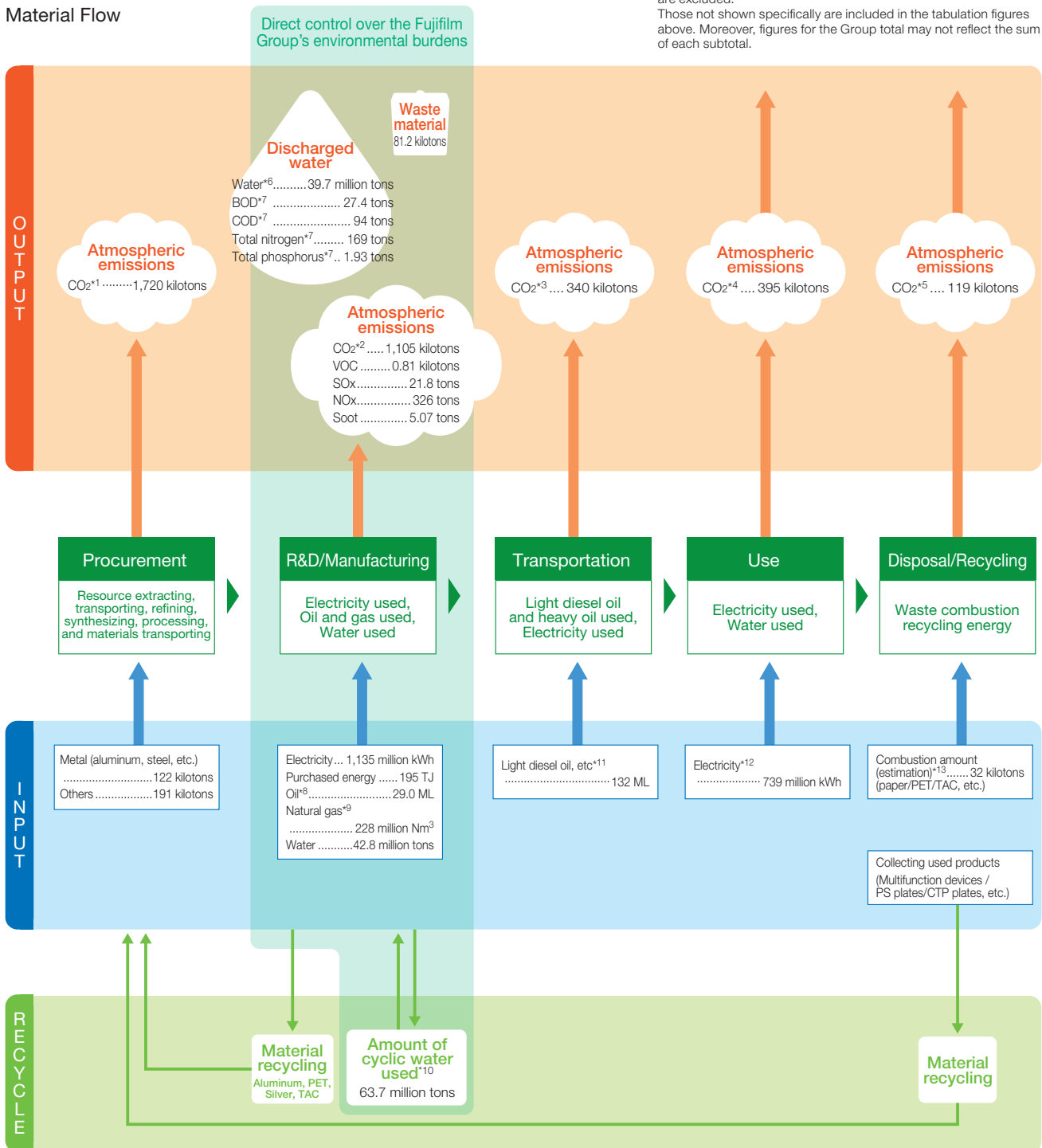
	<ul style="list-style-type: none"> 2) Continue dissemination of approaches and systems to the supply chain concerning management of chemicals in products. 3) Continue to improve the systems for regulatory compliance to support the expansion of product categories. 4) Contribute to chemical safety through the use of internal chemical library and safety evaluation.
5. Strengthen CSR foundations across the entire supply chain	<ul style="list-style-type: none"> 1) Ask suppliers to engage in business activities with consideration for the environment, ethics and human rights, and carry out activities for investigating and improving their implementation status. 2) Audit and improve the CSR activities at priority suppliers.
6. Environment and safety risk management	<ul style="list-style-type: none"> 1) Maintain systems that abide by laws and regulations and adheres to voluntary management targets. 2) Strengthen the system of occupational health and safety activities. 3) Ensure safety management based on the risk assessment of chemicals. 4) Continue to control the level of VOC emissions generated from the production process.
7. Information disclosure and communication of relevant information	<ul style="list-style-type: none"> 1) Enhance information disclosure through various methods. (e.g., Corporate reports, websites) 2) Enhancement of the disclosure of environmental performance information.
8. Employee education	<ul style="list-style-type: none"> 1) Educate employees in the areas of product safety, occupational safety and environmental law regulation.

Fuji Xerox FY2019 Priority Issues

Priority Issues	Strategies
1. Address climate change	<ul style="list-style-type: none"> 1) Contribute to help reduce CO₂ emissions from customers' office and factory by providing energy saving products, service and solutions 2) Reduce CO₂ emissions by installing new energy-efficient equipment and improving productivity in production process at the development and production sites 3) Reduce CO₂ emissions in office by reforming employees' work style 4) Reduce CO₂ emissions by improving efficiency in product logistics
2. Promote recycling of resources	<ul style="list-style-type: none"> 1) Establish next generation environmentally conscious technologies 2) Reduce resource input with lighter equipment 3) Reduce the use of new resources by recycling used parts 4) Reduce waste output and promote recovery of valuable substances at production and product development sites 5) Reduce water usage in production and product development sites
3. Ensure product and chemical safety	<ul style="list-style-type: none"> 1) Reinforce measures against laws and regulations to reduce chemical substance risks from products (observing RoHS, REACH, etc.) 2) Expand and strengthen risk assessment method against laws and regulations 3) Promote environment and safety activities
4. Strengthen CSR foundations across the entire supply chain	<ul style="list-style-type: none"> 1) Promote sustainable paper procurement taking into consideration the forest ecosystems
5. Information disclosure and communication of relevant information	<ul style="list-style-type: none"> 1) Stabilize the operation of the environmental performance data management system 2) Enhance information disclosure through various methods. (e.g., websites)
6. Employee education	<ul style="list-style-type: none"> 1) Educate employees in the areas of product safety, occupational safety and environmental law regulations.

Environmental Report – Quantitative Data

Material Flow



* Organizations covered in the environmental performance data are, as a general rule, those that are shown in the consolidated financial statements, and are significant in terms of environmental burden. However, certain sales and manufacturing (assembly) subsidiaries are excluded. Those not shown specifically are included in the tabulation figures above. Moreover, figures for the Group total may not reflect the sum of each subtotal.

*1 Environmental burdens due to raw materials procurement (CO₂ emitted during the process of extracting, transporting, refining, synthesizing, processing, and transporting raw materials) is calculated for the main raw materials procured.

*2 Environmental burdens due to product manufacture is calculated based on the total amount of energy (electricity, petroleum, and gas) consumed in the production process.

*3 For the calculation of environmental burdens due to product transportation, estimates are made based on domestic and overseas transportation methods and distances traveled. The typical amount of CO₂ emissions per unit of weight and distance for each method and correction factors such as the yield rate are multiplied by the weight of the raw materials procured.

*4 For copy machines, printers, and fax machines, environmental burdens due to use of products is calculated as energy consumption for a 5-year period for the machines installed this year. For other products, the estimated number of machines in operation is multiplied by typical energy consumption.

*5 Environmental burdens due to product disposal is calculated based on the estimation of stress on the environment caused by the disposal of the raw materials procured.

*6 Wastewater released as a result of business activities

*7 Volume released to public water

*8 Total of heavy oil A, heavy oil C, kerosene, light diesel oil, and gasoline (Amounts of the petroleum-based products are summed after appropriated energy conversions, and the total is expressed in terms of the amount of heavy oil A.)

*9 Total of natural gas, liquefied natural gas (LNG), urban gas, butane, and liquefied petroleum gas (LPG) (Amounts of the gases are summed after appropriate energy conversions, and the total is expressed in terms of the amount of urban gas.)

*10 This includes the amount of water used in a cyclic manner.

*11 Calculation assuming transport by truck

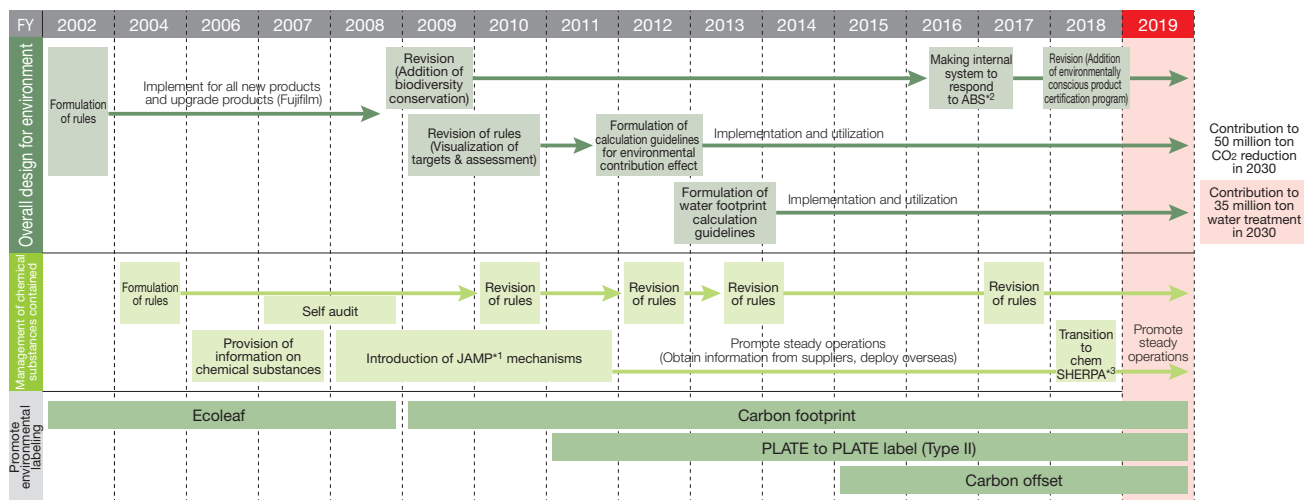
*12 Based on the average CO₂ emission coefficient of the Federation of Electric Power Companies of Japan

*13 Hypothetical combustion rate for each substance used

(For the above, data from the input-output table and other sources are used to obtain CO₂ emissions per unit of output.)

Progress of “Design for Environment”

The Fujifilm Group has been implementing resolutions to environmental issues for our products and services to promote design for the environment, including a mechanism to set targets for environmental performance at the product design stage, introduction of a quantitative evaluation through lifecycle assessment, and introduction of the Green Value Products Certification System to certify products with reduced environment impact or that contribute to reductions in the environmental impact.



¹ Joint Article Management Promotion Consortium
² ABS (Access and Benefit-sharing): Access to genetic resources and the fair and equitable sharing of benefits arising from their utilization
³ chemSHERPA: A scheme that facilitates sharing information on chemical substances in products

3.1.3 EMS: Certification/Audit/Verification

Status of EMS Certification and Audit in FY2018

Certification/audit/verification system by specialized companies with International Certification (ISO14001, EMAS)	Coverage: 60%
Certification/audit/verification system by internal experts	Coverage: 40% Our internal experts communicate specific instructions based on the internal FRC rules and FRC policy for activities, and verify the activities reported through environmental intranet.
Total Coverage of Environmental Management System (EMS) for our company (The sum of the above two)	100%

Related URL: <https://www.fujifilm.co.jp/corporate/environment/preservation/greenpolicy/index.html> (in Japanese only)

3.1.4 Response to Environmental Laws and Regulations

Legal Compliance and Reports on Complaints in FY2018

In 2018, there was one violation (which was overseas) of environment-related laws and no customer complaints, and two incidents (of which one was overseas). The legal violation issue concerned management of the transportation of hazardous materials—preventive measures have already been completed.

	Japan	Overseas	Group total
Number of legal violations (number of cases solved)	0 (0)	1 (1)	1 (1)
Number of complaints (number of cases solved)	0 (0)	0 (0)	0 (0)
Number of incidents (number of cases solved)	1 (1)	1 (1)	2 (2)

Responses to Environment-Related Complaints and Legal Violations in FY2018*1

Company/Site name	Description	Responses
FUJIFILM Wako Pure Chemical Corporation	Leakage and runoff of harmful substances when delivered by tanker.	Review of operational procedures and moving containers inside the breakwater. Preventive measures have been completed.
FUJIFILM Manufacturing U.S.A. Inc.	Lack of education for transporters and inadequate labeling*2	Education on how to handle hazardous materials for transporters and proper labeling have been completed.
FUJIFILM Manufacturing U.S.A. Inc.	Leakage of hazardous materials during transportation	Introduction of double layered containers to prevent leaks has been completed.

*1 Relatively minor violations have been excluded.

*2 Occurred in FY2017; however, administrative action was implemented in 2018.

3.2 Climate Change Strategy

3.2.1 Basic Approach

The Fujifilm Group has set CO₂ emissions reduction targets toward 2030 to create of a carbon neutral society aimed at by the Paris Agreement. Along with CO₂ emissions reduction across the entire product lifecycle (from material procurement, product manufacturing, transportation, use and disposal), we are continuing to actively reduce CO₂ emissions in society through providing our products and services. At the manufacturing stage, we direct our efforts at using lower carbon energy sources, including adopting and utilizing renewable energy, in addition to the promotion of energy saving and efficient energy usage.

Targets and Progresses of Climate Change

- Long-term target:** Reduce the Fujifilm Group's CO₂ emissions by 30% by FY2030 (compared to the FY2013 level)
Progress: 22% reduction at the end of FY2018 (compared to the FY2013 level)
- Mid-term target:** Reduce the Fujifilm Group's CO₂ emissions by 30% by FY2020 (compared to the FY2005 level)
Progress: 27% reduction at the end of FY2018 (compared to the FY2005 level)
- Short-term Target:** Reduce the Fujifilm Group's CO₂ emissions by 1% by FY2019 (compared to the FY2018 level)

Long-term targets are set down in SVP2030 and certified as Science Based Targets by the SBT Initiative.

Renewable Energy Usage Targets:

- Converting 50% of purchased electric power to renewable energy-derived power by FY2030
- Converting 100% of purchased electric power to renewable energy-derived power aiming at zero CO₂ emissions from our energy consumption by converting using fuels to hydrogen in our in-house cogeneration systems by FY2050.
- This target was certified as being in line with the purpose of the RE100 by the Climate Group, an international NPO; we joined the RE100 in April 2019.

Renewable Energy (Electric Power) Consumption

Unit: MWh

	FY2014	FY2015	FY2016	FY2017	FY2018
Renewable energy consumption	22,978	46,675	102,552	101,435	96,100

3.2.2 Major Activities

At Fujifilm Group, the Energy Strategy Promotion Committee has been working group-wide to maximize efficiency in energy usage and to seek in the energy purchase based on lower carbon resources. We have been working to reduce environmental impact through our products and services, based on internal rules concerning Design for Environment.

We are directed efforts to the active introduction of renewable energy, both in Japan and other countries, including the introduction of wind power-generated electricity at FUJIFILM Manufacturing Europe B.V. (Netherlands), installation of a photovoltaic power facility at its Kumamoto Plant (Japan) and installation of a new large-scale photovoltaic power facility at Fujifilm Printing Plate (China) Co., Ltd., in FY2018.

In January 2019, the Fujifilm Group established a renewable energy usage target, and the Group plans to continue pursuing further energy conservation and introducing renewable energy sources to meet its CSR targets for the year 2030 as laid out in SVP2030.

3.2.3 Strategy and Management for the Climate Change

At the Fujifilm Group, the Energy Strategy Promotion Committee has been working group-wide to maximize efficiency in energy usage and to seek further CO₂ emissions reductions at the procurement stage. We are promoting these measures proactively throughout the Group. We are utilizing the carbon pricing scheme (price of CO₂ emissions) to evaluate risks and opportunities for climate change, and are now examining impact probabilities and future measures.

At the manufacturing stage, we promote CO₂ emissions reduction measures that include improvements to efficient energy usage, conversion to renewable energy-derived electric power, conversion of natural gas and heavy oil used in our in-house cogeneration systems to hydrogen sources (after FY2030). At the procurement stage, we are reducing the input of material resources by a more sophisticated scheme for reusing and recycling them. In response to the physical risks accompanying the climate change, we are introducing risk countermeasures for product supplies in procurement and manufacturing in various countries.

Furthermore, we are contributing to reducing CO₂ emissions on a global scale by promoting design for the environment

and providing, disclosing and introducing appealing products and solutions that have a high CO₂ reduction efficiency through the FUJIFILM Holdings Environment Conscious Certification System (established in May 2018).

Information Disclosure Based on TCFD

In December 2018, the Fujifilm Group announced that it would endorse the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD).

Furthermore, we are participating in the TCFD support program of the Ministry of the Environment and have started a scenario analysis on climate change.

Governance	Risk Management
<ul style="list-style-type: none"> Deliberate on climate change risks and opportunities at the ESG Committee (chaired by the President) to reflect them in our management, and report to the Board of Directors. <p>[Examples]</p> <ul style="list-style-type: none"> Establish a target for renewable energy use and endorse the TCFD recommendations. Join RE100, the global corporate leadership initiative. 	<ul style="list-style-type: none"> Monitor the levels of CO₂ emitted by each business and through the product lifecycle with the global system. Analyze factors affecting energy efficiency and CO₂ emissions at the Energy Strategy Promotion Committee. Identify water risks using indexes for “water stress,” “water usage” and “relation to business” at all sites.
Strategy	Index and Target
<ul style="list-style-type: none"> Establish Sustainable Value Plan 2030 (SVP 2030) with FY2030 as its long-term goal. Identify risks and countermeasures. <p>[Physical risks]</p> <ul style="list-style-type: none"> Determine raw materials procurement and factory production stoppages caused by abnormal weather (floods etc.). Establish Business Continuity Plans (BCPs) to decentralize raw materials suppliers and production sites. <p>[Transition risks]</p> <ul style="list-style-type: none"> Evaluate financial risks of the carbon pricing scheme and promote the introduction of renewable energy. Converting to 100% renewable energy at FUJIFILM Manufacturing Europe B.V. in the Netherlands, etc. Develop and distribute products that mitigate and address climate change making use of the internal certification system for environmentally conscious products <ul style="list-style-type: none"> Energy-saving multifunction devices, data archive storage system, process-less thermal CTP plates, etc. Convert not only purchased electric power but any fuels used by in-house cogeneration systems into renewable energy using new technologies such as hydrogen, and aim for zero CO₂ emissions. <ul style="list-style-type: none"> Clarify our approach to a non-carbon society through RE100, the international initiative, and promote infrastructure development as a consumer. 	<ul style="list-style-type: none"> Target for reducing CO₂ emissions (Certified by Science Based Targets). <ul style="list-style-type: none"> Reduce CO₂ emissions by 30% across the entire product lifecycle by FY2030 (compared to the FY2013 level). Renewable energy usage target <ul style="list-style-type: none"> Convert 50% of purchased electric power to renewable energy-derived power. Convert 100% of purchased electric power to renewable energy-derived power. (Aim at zero CO₂ emissions from energy such as electricity, fuels, etc.) Water usage reduction target <ul style="list-style-type: none"> Reduce the amount of water used in production by 30% by FY2030 (compared to the FY2013 level).

3.2.4 Data Related to Climate Change Measures

GHG Emissions (Scope 1, 2)

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Total direct GHG emissions (Scope 1)	Total emissions	t CO ₂ e (metric tons CO ₂ equivalents)	671,000	662,000	635,000	604,000	594,000
Total indirect GHG emissions (Scope 2)	Total emissions	t CO ₂ e (metric tons CO ₂ equivalents)	663,000	606,000	569,000	530,000	512,000

Scope 1: CO₂ emissions in fuel.

Data coverage is for 100% of total sales

The above Scope 1 & 2 data have been verified by the third party organization: SGS Japan, Inc.

CO₂ Emissions (Scope 1, 2, 3)

	FY2016	FY2017	FY2018
CO ₂ Emissions (kt- CO ₂ /year)	4,639	4,360	4,082
Scope 1	14%	14%	15%
Scope 2	12%	12%	13%
Scope 3	75%	74%	73%

FY2018 Results of GHG Scope 3 Emissions for Fujifilm Group

Unit: %

Purchased goods and services	Capital goods	Fuel and energy-related activities	Upstream transportation and distribution	Waste generated in operation	Business travel	Employee commuting	Upstream leased assets	Downstream transportation and distribution	Processing of sold products	Use of sold products	End-of-life treatment of sold products	Downstream leased assets
55.9	7.7	1.9	0.3	0.3	1.2	0.6	—	11.4	1.8	2.9	4.0	12.1

FY2018 Results for Fujifilm Group

Unit: kt-CO₂/year

	Procurement		Manufacturing		Transportation	Use		Disposal	Total
		1,720		1,105		340	428		86
Items	PET, TAC, etc.	303	Gas	514	340	Medical equipment	52	86	
	Aluminum	1,207	Petroleum	79		Minilab	27		
	Copiers/Printers/Fax machines	210	Electricity	512		Copiers/Printers/Fax machines	359		
						Others	6		

* Trading emissions are allocated to Use and Disposal.

CO₂ Emissions*

Unit: kt- CO₂/year

		FY2014	FY2015	FY2016	FY2017	FY2018
R&D/ Manufacturing/ Office	Japan/Manufacturing	921	894	853	782	761
	Japan/Nonmanufacturing	27	30	33	32	30
	Overseas/Manufacturing	346	308	268	278	274
	Overseas/Nonmanufacturing	40	37	50	43	40
	Group total	1,333	1,269	1,204	1,134	1,105
Vehicle		33	31	31	31	29
Total		1,366	1,299	1,235	1,165	1,135

* Calculation method: Calculation of CO₂ emission by energy usage specified in the Act on the Rational Use of Energy. Emission coefficient by electric power utility used for purchased power.

2018 CO₂ Emission by Region* (R&D/Manufacturing/Office)

 Unit: kt-CO₂/year

Japan		791
Overseas	Americas (USA, Canada & Brazil)	152
	Europe (Netherlands, Germany, Belgium, UK & France)	51
	China	78
	Asia excl. China & Oceania (Australia, South Korea, Singapore, etc.)	33
Group total		1,105

* Calculation method: Calculation of CO₂ emission by energy usage specified in the Act on the Rational Use of Energy. Emission coefficient by electric power utility used for purchased power in Japan, and emission coefficient released by IEA for each country used for other countries.

Annual Changes in Total CO₂ Emissions in Domestic Logistics*

 Unit: t-CO₂/year

	FY2014	FY2015	FY2016	FY2017	FY2018
Total CO ₂ emissions	45,633	50,229	49,761	47,100	45,846

* Total CO₂ emissions are calculated as the amount of CO₂ emitted by FUJIFILM Logistics Co., Ltd. in its logistics activities for the Fujifilm Group companies. Since FY2006, we shifted calculation method to the method based on revised Energy Conservation Law (travel distance of empty cars not included in calculations, etc.).

Annual Changes in Amount of CO₂ Reductions and Reduction Rates through Transportation Efficiency Improvements* (Domestic distribution)

	FY2014	FY2015	FY2016	FY2017	FY2018
Amount of CO ₂ reductions (tons of CO ₂ /year)	11,404	12,692	15,790	13,156	12,927
CO ₂ reduction rate (%)	20.0	20.2	25.4	21.8	22.0

$$\text{CO}_2 \text{ reduction rate (\%)} = \frac{\text{Amount of CO}_2 \text{ reductions}}{\text{Total CO}_2 \text{ emissions} + \text{CO}_2 \text{ reductions}}$$

* In the FY2018, we enforced our activities for CO₂ reductions in collaboration with a specified consigner. Major reduction initiatives, which proved effective, include starting modal shifts (road transport to sea transport) in FY2017, as well as improving carrying efficiency by double stacking during transport and enhancing gasoline mileage by eco-driving. The amount was a total figure of each facility's CO₂ reduction measure.

Annual Changes in Domestic Transport Volume*

Unit: million tons/kilometer

	FY2014	FY2015	FY2016	FY2017	FY2018
Transportation volume	181	190	190	168	155

* Range of transportation volume is calculated within the range of ownership in compliance with reporting under the Act on the Rational Use of Energy.

3.2.5 Energy Consumption

Annual Changes in Energy Consumption*¹

Unit: TJ

		FY2014	FY2015	FY2016	FY2017	FY2018
Japan	Electric power, purchased electric power	6,766	6,718	6,583	6,032	5,760
	Heavy oil, etc.* ²	2,171	2,040	1,569	1,299	1,110
	Gas* ³	8,432	8,495	8,609	8,348	8,507
	Renewable energy	6	1	1	1	4
Overseas	Electric power, purchased electric power	5,621	5,121	4,805	4,863	4,904
	Heavy oil, etc.* ²	39	33	30	24	23
	Gas* ³	1,784	1,756	1,787	1,779	1,698
	Renewable energy* ⁴	76	291	874	844	788
Total		24,895	24,454	24,256	23,190	22,796

*¹ Per unit calorific value is based on the Energy Conservation Act.*² Total of heavy oil A, heavy oil C, kerosene, light oil and gasoline*³ Total of natural gas, liquefied natural gas (LNG), city gas, butane and liquefied petroleum gas (LPG)*⁴ FUJIFILM Manufacturing Europe B.V. (EF) classified its energy usage as renewable energy because the supply of wind-generated power has been 100% since FY2015.

Breakdown of Consumption of Heavy oil, etc. (FY2018)*

Unit: thousand kiloliters

	Heavy oil	Kerosene	Light oil	Gasoline
Japan	26.5	1.1	0.1	0.0
Overseas	0.0	0.0	0.6	0.0
Group total	26.5	1.1	0.7	0.0

*Consumption in manufacturing only

3.2.6 Products Responding to Climate Change

The Fujifilm Group is developing products that have a low impact on the environment. We try to design products that not only reduce their environment impact by themselves but that also contribute to reducing greenhouse gas emissions in society. We believe that developing products to address climate change issues is the first step to resolving environmental issues in society as well as to creating business opportunities.

For further details, please refer to 3.4.4 Product Stewardship (Design for the Environment.)

3.3 Recycling of Resource

3.3.1 Basic Approach

Since our establishment, the Fujifilm Group has been actively recycling resources, through reducing water usage, recycling and reusing water, recovering and reusing resources (e.g. silver), and establishing a recycling system for multifunction devices and copiers, etc. We are conducting efforts to use resources effectively and reduce waste through measures which take into account the total lifecycle of a product, by considering the 3Rs (reduce, reuse, recycle) in the product design, reducing loss at the manufacturing stage, collecting, reusing and recycling used products, and recycling or converting into valuables.

3.3.2 Response to Water Risks

In the production of the motion picture and photographic film that had formed the mainstay of its business operations since its foundation, the Fujifilm Group had made extravagant use of clean water. For this reason, the Group has taken early steps in reducing water use and in water recycling. In face of the recent growth in the interest focused on water risks as an important international issue, the Group is implementing further steps for the reduction and efficient use of water resources. Due to the concern over the possible expansion of areas stricken by water shortage issues, the Group created a matrix system for water risk evaluation in 2014 that uses conditions in “water stress regions” and “impact on businesses based on water usage” as its two indicators, and has engaged in continual evaluation of water risks for all business operations under the Group. At the same time, Fujifilm contributes to issues on water treatment in society by providing its product and services, including filtration materials.

Targets and Progresses on Water

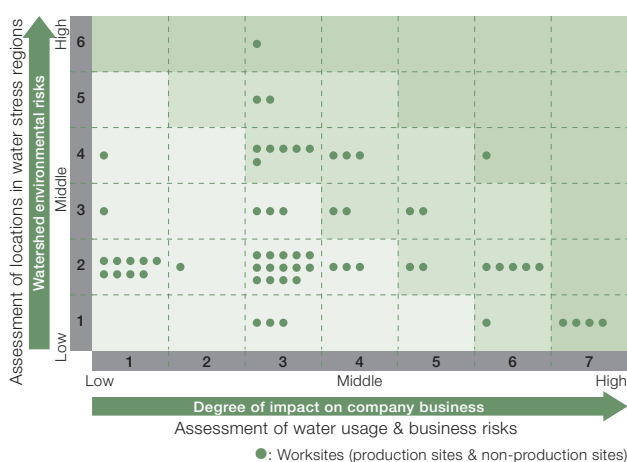
- Long-term target:** Reduce the amount of water the Fujifilm Group uses for production by 30% by FY2030 (compared to the FY2013 level)
Progress: 15% reduction at the end of FY2018 (compared to the FY2013 level)
- Mid-term target:** Reduce the amount of water the Fujifilm Group uses for production by 15% by FY2020 (compared to the FY2013 level)
Progress: 15% reduction at the end of FY2018 (compared to the FY2013 level)
- Short-term Target:** Reduce the amount of water the Fujifilm Group uses for production by 1% by FY2019 (compared to the FY2018 level)

Water Usage

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Clean water	million m ³	9.0	8.9	8.3	8.1	8.0
Groundwater	million m ³	40.6	39.6	37.4	35.6	34.5
Rainwater and others	million m ³	0.2	0.2	0.2	0.2	0.3

* Data coverage is for 100% of total sales. The above data has been verified by the third party organization: SGS Japan, Inc.

Assessment Map of the Impact of Water Resources on Company Business

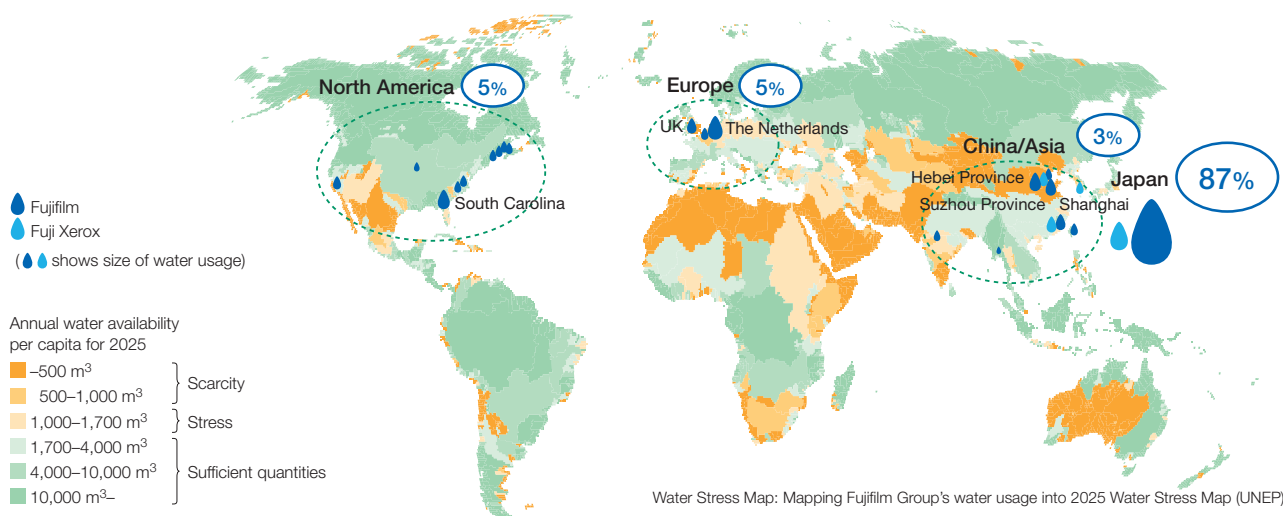


FY2018 Water Usage by Region

Unit: %

	Japan	Americas	Europe	China, Asia/Oceania
Water usage	87	5	5	3
Water discharge	88	5	4	3

2025 Water Stress Map and 2018 Fujifilm Group's Water Usage



Participation in Initiatives

FUJIFILM Europe GmbH has been participated in the international nongovernmental organization, WaterAid since 2012.

3.3.3 Measures to Reduce Waste

The Fujifilm Group is proceeding more effective use for resources and reduction of waste, not only at the manufacturing stage but over the entire product lifecycle as well. In addition to the emphasis on recycling and conservation of resources at the product design stage, reductions in the waste generated at the manufacturing stage are underway in Japan, North America, Europe and China, in ways that suit each region. In Japan, from FY2011 we have been promoting group-wide optimization, including extracting valuables from waste and improving the quality of recycling, not only at our production sites but over our entire business operations including offices and warehouses. In Americas, the regional headquarters promote this effort of group-wide optimization with other sites, too.

Since fiscal 2016, the amount of waste disposed of by incineration or in landfill has been increasing because of the increase in waste liquids resulting from our new business expansion and difficulties in recycling plastics in Asia. We are working for the entire Group to reduce the amount of waste liquids by improving processes and by recycling plastics to achieve our SVP2030 targets.

Targets and Progresses on Waste

Long-term target: Reduce the amount of waste generated by the Fujifilm Group by 30% by FY2030 (compared to the FY2013 level)
 Progress: 5% reduction at the end of FY2018 (compared to the FY2013 level)

Waste Generation

Unit: ton

	FY2014	FY2015	FY2016	FY2017	FY2018
A Total waste output volume* ¹	75,300	72,200	80,100	79,300	81,100
B Total wastes used, recycled or sold	65,600	63,100	65,500	64,500	64,700
Total waste output volume* ² (A – B)	9,700	9,100	14,600	14,800	16,400

* Data coverage is for 100% of total sales.

* The above data has been verified by the third party organization: SGS Japan, Inc.

*¹ Processed by external service providers and simple incineration or landfill disposal on sites.

*² Simple incineration or landfill disposal by external service providers and on sites.

Annual Changes in Valuable Resources*

Unit: thousand tons/year

	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	34.0	34.0	34.1	30.3	26.9
Overseas	27.2	30.1	24.5	42.1	30.6
Group total	61.2	64.1	58.6	72.4	57.4

* Valuable resources sold to the third party.

Main Recycling Methods for Waste Products

Waste product	Recycling method	Waste product	Recycling method
Plastics (sorted)	Pallets, pipes, clothing, heat insulation materials	Mixed flammable waste products	Solid fuels, electricity and hot water production
Plastics (mixed)/Filters	Blast furnace fuel	Fluorescent lamp	Glass wool
Magnetic tape	Blast furnace fuel, tatami mat material, heat insulation materials	Batteries	Zinc, smelt iron
Aluminum hydroxide	Aluminum sulfate	Left over food, raw garbage, organic sludge	Fertilizer, animal feed
Inorganic sludge, polishing agent	Cement, roadway material, construction materials	Documents, empty boxes	Recycled paper
Organic solvent	Paint thinner	Iron, aluminum, copper, etc.	Smelt metal
Acids and alkalines	Neutralizer		

Annual Changes in Container and Packaging Material* Used

Unit: thousand tons/year

	FY2014	FY2015	FY2016	FY2017	FY2018
Packaging material reduction rate	15.5	15.2	15.6	15.6	16.3

* Total of corrugated paper boxes, paper materials, paper containers, metal materials, plastic molds, plastic film/sheet and glass used.

Annual Changes in Reduction in export Packaging Material Weight* (Cumulative total)

Unit: %

	FY2014	FY2015	FY2016	FY2017	FY2018
Packaging material reduction rate	9.3	10.5	12.7	17.5	17.8

* Packaging material reduction rate (%) = $\frac{\text{Weight reduced}}{\text{Total material weight} + \text{weight reduced}}$

* Total weight of export packaging materials handled by FUJIFILM Logistics in FY2018 was 1,250.65 tons. Weight was reduced by 270.24 tons, with yearly reduction rate of 17.8%.

3.3.4 Improve the Efficiency of Resource Use

The Fujifilm Group develops and offers a wide range of products such as chemical products, functional materials, optical devices, office equipment, and medical equipment, etc. For this reason, in FY2016, we formulated the Assessment Method of Material Input per Unit (resource material input weight per converted production volume) that utilizes the “Converted Production Volume (production volume of each product converted using the energy used during production)” which is authorized by the Energy Saving Act in Japan. We started to use this method in FY2017. For multifunction devices and copiers, we collect customers’ used products and reuse or recycle them. The program aims to utilize resources as effectively as possible with “Zero Landfill” as our goal. Since FY2016, we are promoting the planning for new products that emphasize the use of reused parts.

Fuji Xerox New Resource Reduction by Using Reuse Parts* (Total for Japan, the Asia-Pacific Region, and China)

Unit: tons

	FY2014	FY2015	FY2016	FY2017	FY2018
New Resource Reduction	2,916	3,273	3,809	3,730	2,967

* The total amount of new resource reduction in the production stage by using reuse parts.

3.4 Product Stewardship (Design for Environment)

3.4.1 Basic Approach

Based on the Fujifilm Group Green Policy, we are working to implement Design for Environment in all new and re-designed products. We set environmental quality targets at the product development stage, then we conduct product assessment in the design and development stage in order to understand the level of achievement against our set environmental targets. The assessment results and requirements from the market are then reflected in the targets for future product development. This approach is applied not only to the development of materials and standalone equipment, but also to software and solution development in a bid to reduce the environmental impact on society as a whole. Along with the objective and quantitative appraisal of environmental impact by means of Life Cycle Assessment, we proactively demonstrate our environmental consideration through environmental labels.

Development and promotion of environmentally conscious products and services

[URL: https://www.fujifilmholdings.com/en/sustainability/vision/greenpolicy/eco_products.html](https://www.fujifilmholdings.com/en/sustainability/vision/greenpolicy/eco_products.html)

3.4.2 Standards of Design for Environment

The Fujifilm Group manages Design for Environment following the two standards below.

1) Design for Environment standard

- **Materials and equipment**

The Design for Environment for products considers the entire lifecycle of all products including procurement, manufacturing, transportation, use and disposal. We also set targets concerning environmental quality from the perspective of climate change mitigation (reduced power use, etc.), the Reduce, Reuse & Recycle principle of resource saving and recycling, risk reduction of chemical substances, and biodiversity. The degree of target achievement is then assessed once a product has been developed. All our products are developed through this cycle of Design for Environment.

- **Software, Service, and IT Solutions**

In the area of software and service solutions, our environmental focus is on resource conservation, energy conservation, transportation reduction, space saving, and time saving in customers' sites. We are working to create products that can contribute to environmental impact reduction throughout the whole of society.

2) Life Cycle Assessment (LCA)

The Fujifilm Group is developing products with less environmental impact through objective and quantitative environmental impact assessment utilizing Life Cycle Assessment (LCA) in the product development stage, in addition to implementation of the Design for Environment standards.

LCA is also used to assess the progress of efforts for the Group target, which is to reduce CO₂ emissions throughout the lifecycle of all Fujifilm Group products by 30% compared to FY2013 (reference year).

3.4.3 "Green Value Products" Certification Program – A New System to Create Environmentally Conscious Products

As a new means to create products with environmental consideration, the Fujifilm Group started the Fujifilm Group "Green Value Products" certification program in FY2018 to certify products incorporating outstanding environmental consciousness. The environmental consideration standards and their operation are made common across the group so that the degree of ecological performance improvement is quantified through the standards set for each product and service. The products and services are then classified as Silver, Gold, or Diamond to indicate the improvement degree. This also helps clarify the environmental issues to be addressed next for further reduction of environmental impact.

Level	Certification criteria
Diamond	Products and services that use their respective industries' innovative technologies to substantially contribute to reducing environmental impact
Gold	Products and services that reduce environmental impact at their respective industries' highest level
Silver	Products and services that reduce environmental impact at their respective industries' standard level or greater

3.4.4 Result of Design for Environment

Certification of the Fujifilm Group Green Value Products	Number of certified products and services in FY2018: 92		
	<ul style="list-style-type: none"> • Process-less CTP plates: Resource saving, closed loop recycling, water saving • Inkjet digital press, VOC reduction by water-based ink, reducing paper usage, energy-savings • High capacity magnetic tape: Contribution to CO2 emissions reduction • Document products (Multifunction devices and copiers): Resource recycling and energy saving in usage 		
CO2 emissions reduction in the entire product lifecycle	Target: Reduce CO2 emissions in the entire product lifecycle by 30% by FY2030, compared to the FY2013 level. FY2018 results: 331 thousand tons reduction Progress: 22%		
	Environmental effects	Product stages	Measures to reduce environmental impact
	Managing chemical substances in products Resource conservation Recycling	Procurement Disposal	<ul style="list-style-type: none"> • Elimination or reduction of potentially hazardous substances usage • Usage of biomass materials (recyclable materials) • Document products (Multifunction devices & copiers): Promotion of activities that aim to maximize resource reuse and recycling while eliminating resource disposal by collecting used products from customers. The percentage of used document product recycling in FY2018 was more than 99.5%, our Zero Landfill standard, and the figure in Japan was 99.9%. The reduced consumption of resources was 2,967 tons. • Promotion of recycling of leftover aluminum from PS/CTP plate production, building and enhancement of used PS/CTP plate collection and recycling system (Graphics Systems business).
	CO2 emissions reduction in the production stage	Production stage	<ul style="list-style-type: none"> • Promotion of change of fuel from heavy oil to gas (Japan) • Usage of methane gas generated from waste landfills (the US) • Wind-power procurement (Netherlands) • Installation of solar power generators (the US, UK, China, etc.) • Development and installation of energy-saving technologies, such as waste heat and steam recycling (Production sites in Japan, Europe, the US, China, etc.) • Reduction of energy not directly related to production, review of air conditioning operations, minimization of operating equipment, review of production process (production sites in Japan, Europe, the US, China, etc.) • Wheeling self-generated power in the Group's factories to 15 sites (Japan) • Reduction of peak consumption by utilizing storage batteries (Japan) • Buying in renewable energy (Japan, etc.)
	Logistic streamlining	Transportation	<ul style="list-style-type: none"> • Optimization of logistic routes • Increase in loading efficiency • Promotion of modal shift • Weight reduction and downsizing of packaging • Promotion of eco driving • Component procurement through milk run (China)
Product energy saving, resource saving	Usage	<ul style="list-style-type: none"> • Multifunction (copying, printing, and fax) devices with reduced power consumption (Document) • Energy-saving medical diagnosis equipment (Medical) • Fully process-less CTP plates that do not require developer (Graphics Systems) 	
Environmental impact reduction in product usage at customers' sites	Target: Contribute to 50 million tons CO2 emissions reduction by FY2030. FY2018 results: Contribution amount was 7.43 million tons. Progress: 15%		
	<ul style="list-style-type: none"> • High capacity magnetic tape (energy saving in storing archival data) • Process-less thermal CTP plates (no film development process) • Multifunction devices (offering products and solutions) • Medical IT systems 		

3.4.5 Disclosing Environment-Related Information for Products

The Fujifilm Group actively discloses environment-related data in order to fully inform our customers, while aiming to achieve higher environmental quality for all products.

1) Environmental Labels

The environmental labels indicate products with low environmental impact. We actively use the label as a part of environmental information disclosure. We use the following labels:

<p>Type I: Third party certification (ISO14024)</p>	<p>A third party certifier defines and operates product classification and judgment criteria for environmental certification. In response to a company's request, the certifier examines the product and permits use of their mark if the product meets their criteria. The certified product can then display the mark, which encourages consumers to choose products that support environmental protection.</p>	<ul style="list-style-type: none"> • Eco Mark • Energy Star Program
<p>Type II: Self-declared environmental claims (ISO14021)</p>	<p>This is a program by manufacturers to promote the environmental quality of their products, services, and systems to the market through self-declaration. No third-party judgment is involved. Environmental quality is demonstrated by labels attached to products and descriptions in instruction manuals, promotional materials, and CSR reports.</p>	<ul style="list-style-type: none"> • Green Value Products • Resource Recycling Product label • PLATE to PLATE aluminum recycling label
<p>Type III: Environmental Product Declarations (ISO14025)</p>	<p>Quantitative data about a product's environmental impact calculated by the Life Cycle Assessment (LCA) method is published by means of the Internet, etc. The data can be utilized by consumers for their green purchasing or procurement. The quantitative data can also help the company to understand their products' environmental impact quantitatively and thereby motivate themselves toward further environmental load reduction.</p>	<ul style="list-style-type: none"> • EcoLeaf • Carbon footprint

2) Safety Data Sheet (SDS)/Article Information Sheet (AIS)

To ensure customers' safety when handling chemical and photographic products other than developer and related products, the Fujifilm Group publishes safety information on the chemical substances contained in the products and handling precautions.

3.5 Management of Chemical Substance

3.5.1 Basic Approach

Because the Fujifilm Group manufactures a wide range of products including chemical products, functional materials, optical devices, office equipment, and medical equipment, we have established management rules for the different assembly and manufacturing processes of our products from two perspectives: management of the handling of chemical substances and management of information on chemical substances in our products. We have implemented global operations management across the Group and we have established a system to acquire accurate information on the laws and regulations in each country and region around the world to start a prompt preparation in an early stage. This has allowed us to maintain comprehensive and efficient management of chemical substances.

3.5.2 Management of Chemical Substance

Based on international goals of minimizing the adverse effects of chemical substances on human health and the environment, the Fujifilm Group manages such substances according to the hazard risk and degree of permitted exposure during use. We assess the risks for all chemical substances handled, and stipulate handling methods within the permitted risk.

3.5.3 Safety Evaluation

It is important to assess the safety of chemical substances in order to handle them appropriately. Fujifilm built a facility to conduct safety tests on chemical substances in 1975. We evaluate safety in terms of the global environment and human health from the early development to commercialization of various chemicals, materials, and products. Using the Chemical Library where previous safety test results are stored, we utilize and employ materials of a high safety level developed in-house.

3.5.4 Promotion of Non-Animal Testing

From the viewpoint of animal welfare*, the Fujifilm Group is actively engaged in joint research and development in alternative methods for sensitization and corrosive tests to be used when assessing the safety of chemical substances. Our exclusive skin sensitization test, Amino acid Derivative Reactivity Assay (ADRA), was evaluated as skin sensitization more accurately than conventional methods and was included in the OECD Guidelines in June 2019. ADRA is now partially adopted for intra-company safety evaluations and we are also working to reduce the number of animal tests.

* 3Rs of animal protection (Replacement: Use of alternative method; Reduction: Reduction of the number of animals used; and Refinement: Relief of animal pain)

3.5.5 Management of Chemical Substances in Products

The Fujifilm Group has established standards for chemical substances contained in products and manages chemical substances in raw materials, parts, and members in collaboration with our business partners. We are taking a lead in initiatives in disseminating the mechanism of the chemSHERPA system, which distributes chemical substance information for products between companies. We have been participating since the creation of this system, and since it came into full operation we hold twice-yearly briefings for business partners. We individually respond to clients' consultations and contribute to improving chemical substance management throughout the supply chain.


3.5.6 Efforts in Hazardous Substance Management

The current chemical substance regulations permit usage of certain substances that may be regulated in the future, or those that may have a social impact. We voluntarily set up our own additional chemical substance classifications, defined as the "S category," to limit the usage of such chemical substances. For those substances classified within the S category due to their potential hazard level, each user department searches for safer alternative chemicals, and creates and implements plans to limit usage in products.


With regard to chemical substances contained in molded products, Fujifilm categorizes those restricted by laws and regulations as "L substances," and those for which we are obligated to transmit information by laws or industry standards as "I substances." This enables us to manage chemicals consistently in molded products made directly from chemical substances and in products comprising components and members that may contain specified substances.

New Classification Chart for Chemical Substance Management

Classification by regulation and management policy	
S0	Ban on use
S1	Replacement with alternatives
S2	Reduction in consumption/ emission volumes
S3	Create of alternative plans
S4	Study for replacement of substances
Not classified	



Management based on risk assessment



Compliance with laws and industry standards

3.5.7 Perfluorocarbons (PFC) Emissions/ Volatile Organic Compounds (VOC) Emissions

We are introducing measures to reduce perfluorocarbons (PFC), one of the greenhouse gases, according to the regulations in each country. We have set a target to reduce VOC emissions to less than half the previous year's level.

PFC and VOC Emissions

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Direct PFC emissions	kg PFC/ metric tons produced	0	0	1,257	62	112
Direct VOC emissions	metric tons	838	834	750	800	812

* Data coverage (ratio to total profit or total employees) is 100% of the production volume.

* PFC emissions data has been verified by a third-party organization, SGS Japan, Inc.; however, the production volume used in the calculations is out of certification.

Response to the PRTR Law (Fujifilm and its domestic affiliates/Fuji Xerox and its domestic affiliates)

Fujifilm controls substances that must be reported under the PRTR Law (Pollutant Release and Transfer Register Law) and another substances on a voluntary basis, and has been endeavoring to reduce those emission. Data (usage volume, atmospheric emissions volume, emission into public water, volume going into sewage water, volume moved outside of facilities, and volume recycled) on substances used in amounts of one ton or more per year by Fujifilm and its domestic affiliates may be found on the following Fujifilm website.

[URL: https://www.fujifilm.co.jp/corporate/environment/preservation/site/atmosphere/prtr.html](https://www.fujifilm.co.jp/corporate/environment/preservation/site/atmosphere/prtr.html) (in Japanese only)

[URL: https://www.fujixerox.com/eng/company/csr/sr2018/environment/reduce.html](https://www.fujixerox.com/eng/company/csr/sr2018/environment/reduce.html)

Annual Changes in Atmospheric Emissions of VOCs

Unit: hundred tons/year

	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	6.8	6.5	5.9	6.4	6.4
Overseas	1.6	1.8	1.6	1.6	1.7
Group total	8.4	8.3	7.5	8.0	8.1

Storage and Management of Devices/Equipment Containing PCBs* (FY2018)

Types of equipment containing PCBs	Unit	Storing and managing amount	
		Japan	Group total
High voltage transformers	Quantity	8	25
High voltage condensers	Quantity	0	90
PCB oil waste, etc.	kg	1,000	1,000
Sludge, etc.	m ³	0.0	0.0
Fluorescent lamp stabilizers	Quantity	12,821	12,871
Low voltage condenser excluding fluorescent lamps	Quantity	116,947	116,947
Low voltage transformer	Quantity	0	0
Rags	kg	973	973
Other devices	Quantity	121	121

*Excludes PCB in low concentration [URL: https://www.fujifilm.co.jp/corporate/environment/preservation/site/pcb.html](https://www.fujifilm.co.jp/corporate/environment/preservation/site/pcb.html) (in Japanese only)

Reductions in VOCs Atmospheric Emissions* (Fujifilm non-consolidated)

Category	Name of substance	Reduction (tons)	Reduction rate in comparison to previous fiscal year (%)
Substances requiring reporting under the PRTR Law	Dichloromethane	4	9
Substances voluntarily controlled by the company	Methyl alcohol	4	3
	Ethyl acetate	17	15
	Methyl ethyl ketone	8	22
	Acetone	0	-1

*Reduction in volumes in FY2018 compared with actual levels in previous year

Annual Changes in Volume of Atmospheric Emissions

Unit: tons/year

		FY2014	FY2015	FY2016	FY2017	FY2018
Sox emissions	Japan	22	9	19	15	19
	Overseas	6	10	2	3	3
	Group total	28	19	21	18	22
NOx emissions	Japan	394	424	369	290	232
	Overseas	61	78	86	111	94
	Group total	455	502	455	401	326
Soot particle emissions	Japan	4.2	3.1	2.3	2.4	1.8
	Overseas	1.0	4.2	1.0	1.8	3.3
	Group total	5.2	7.3	3.3	4.2	5.1
Atmospheric emissions of specified CFCs*	CFC-11	0.21	0.21	0.00	0.16	0.00
	CFC-12	0.01	0.00	0.00	0.00	0.00

*Group total, below the limit of detection = 0

Annual Changes in Water Contaminant Burden & Emissions*¹

Unit: tons/year

		FY2014	FY2015	FY2016	FY2017	FY2018
Total amount of COD* ²	Japan	82.3	82.1	69.0	54.5	67.1
	Overseas	57.0	67.3	55.5	49.6	27.2
	Group total	139.3	149.4	124.5	104.1	94.2
Total amount of BOD* ³	Japan	38.5	37.1	30.2	24.3	26.8
	Overseas	10.1	16.6	0.5	0.1	0.6
	Group total	48.6	53.7	30.7	24.4	27.4
Total amount of nitrogen emissions	Japan	223.3	232.3	170.9	181.7	167.2
Total amount of phosphorous emissions	Japan	5.3	4.2	1.4	2.7	1.8

*¹ Effluent release into public water bodies

*² COD (Chemical Oxygen Demand): An indicator of water pollution. COD indicates the amount of oxygen consumed when water-borne pollutants (primarily organic contaminants) are oxidized upon the introduction of an oxidant.

*³ BOD (Biochemical Oxygen Demand): BOD is a way to measure the degree of water pollution, and indicates how much oxygen in the water is being used by organisms to decompose contaminants by looking at the reduction in oxygen in the water.

Surveying and remediating soil and underground water pollution (Fujifilm and its domestic affiliates/Fuji Xerox and its domestic affiliates)

The Fujifilm Group autonomously conducts environmental surveys on soil and underground water pollution. Regarding substances that are used at manufacturing facilities and that are subject to environmental limits set by regulations, the Group rigorously manages the usage and storage of such substances and monitors the concentrations of such substances in underground water. We are prepared to deal with any unforeseen pollution incidents in a timely fashion.

 URL: <https://www.fujifilm.co.jp/corporate/environment/preservation/site/leakage/> (in Japanese only)

 URL: <https://www.fujixerox.co.jp/company/csr/stakeholder/environment/target.html> (in Japanese only)

3.6 Biodiversity Conservation

For the preservation and maintenance of biodiversity, the Fujifilm Group has established the Fujifilm Group Basic Concepts and Action Guidelines for Biodiversity Conservation (also known as Guidelines for Biodiversity) as the group-wide policy based on the Fujifilm Charter for Corporate Behavior and Code of Conduct.

In 2012, we reviewed our biodiversity approach under the four key elements of factories, products, social contribution, and communication, in order to implement biodiversity conservation activities linked with our businesses. Fujifilm and Fuji Xerox work on a number of biodiversity conservation activities related to their businesses respectively.

Based on the biodiversity risk assessment in Fuji Xerox's Document Solution Business, we reaffirmed paper procurement as posing a high risk and set the procurement standard for paper which stated the procurement from suppliers who agree the sustainable forest management and implement measures on environment, health and safety in good faith. We are engaging in procurement based on the standard by designating suppliers.

FUJIFILM Holdings "Guidelines for Biodiversity"

 URL: <https://www.fujifilmholdings.com/en/sustainability/vision/creature.html>

Fujifilm "Policies for Wood Pulp Procurement"

 URL: https://www.fujifilm.com/about/procurement/purchasing_policy/wood_pulp/

Fuji Xerox "Continuing responsible paper procurement"

 URL: <https://www.fujixerox.com/eng/company/csr/sr2018/environment/theme2.html>

Fujifilm Group Guidelines for Biodiversity

[Basic Concepts]

In order to create a sustainable society, we have a responsibility to sincerely address serious problems currently facing us to eliminate negative legacies being passed on to future generations.

Among these serious problems, are climate change issues such as global warming, depletion of natural resources, and biodiversity loss that is occurring at a critical speed due to the destruction of ecosystems and extinction of various living species.

Biodiversity provides us with food, medicine, and energy while reducing the risk of disasters. It is the very foundation of our culture and art, supporting our life and daily activities.

As the Fujifilm Group's business activities are closely related to biodiversity, it is our responsibility to avoid the adverse effects to, by addressing its preservation and sustainable usage. In doing so, it is essential to take into consideration that we exist in a state of global interdependence and keep an international perspective when taking necessary actions.

[Action Guidelines]

1. To avoid destruction of biodiversity

Biodiversity is the "web of life." In all aspects of our corporate activities, the Fujifilm Group avoids on the adverse effects to this web of life, and gives due consideration not to have anything to do with destruction of the web.

2. To preserve biodiversity

In all aspects of our corporate activities, the Fujifilm Group strives to keep the natural environment healthy and diverse, considering environmental preservation that reflects the natural and social conditions of each local community.

3. To make best use of biodiversity

The Fujifilm Group adopts sustainable methods to use biological resources for business activities, based on a long-term point of view, in order to maintain biodiversity for future generations, and also considers the fair and equitable sharing of benefits arising from its utilization.

4. To act globally

In all aspects of our corporate activities the Fujifilm Group strives to recognize impacts on biodiversity to reduce environmental burdens in both domestic and overseas areas.

5. To meet social requirements

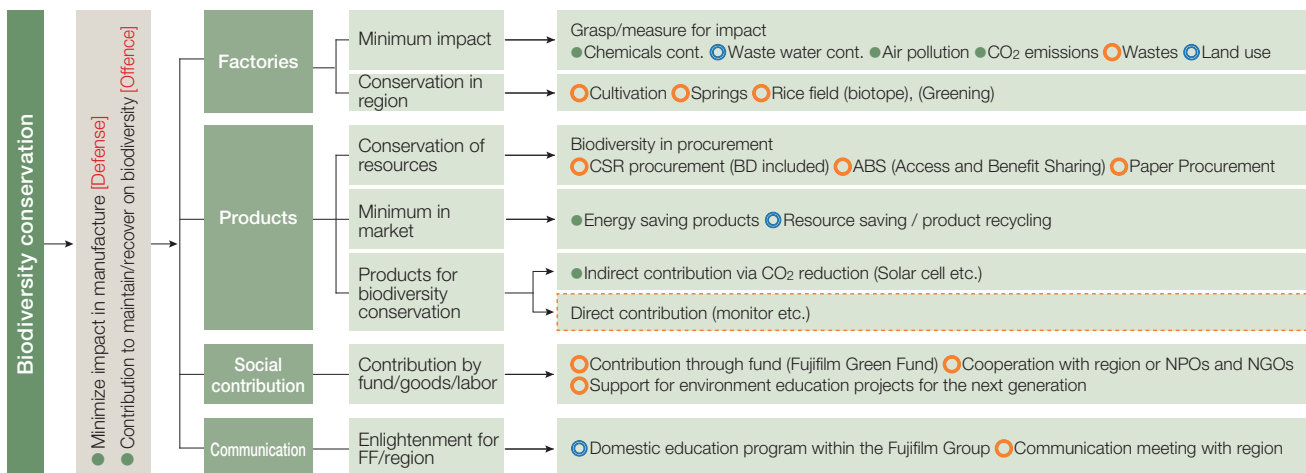
The Fujifilm Group complies with international laws and regulations regarding biodiversity, and values collaboration and harmony with various stakeholders such as customers, business partners, employees, local communities, government agencies, shareholders and investors, NGOs and NPOs.

6. To share information

The Fujifilm Group proactively discloses information on activities regarding biodiversity. The Group also makes efforts to educate employees on the Group's activities for such issues.

Established in June 2009, Revised in April 2019

Activities on Biodiversity Conservation —Outline—



○: Measure related to biodiversity conservation (on going) ◐: Measure related to biodiversity conservation (middle target: plan) ●: Measure indirectly related to biodiversity conservation

Main Activities for Biodiversity Conservation

- **Activities to conserve the water source at each factory**
- **Participation in Initiatives**
 - Fuji Xerox had a presentation on behalf of four electrical and electronic associations at the fourteenth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP14)
 - Fuji Xerox participates in the Japan Business Initiative for Biodiversity (JBIB)
 - Participating in the Vancouver Declaration for the UN SDGs and FSC Certification that pledges support for the initiative for the sustainable management of natural forest resources.
- **Activities in compliance with the Natural Capital Protocol**
- **Overseas tree planting activities <China/Vietnam>**
 - Tree planting activities in the Horqin Desert of the Inner Mongolia Autonomous Region of China
 - Support in the restoration of Can Gio mangrove forests in Vietnam, that are approaching extinction as a result of the use of defoliants

- **Suiden-Otasuke-Tai <Kumamoto, Japan>**

Regional collaboration activities to preserve groundwater in Minami-Aso Village. FUJIFILM Kyusyu has been participating in these activities since FY2010.
- **Tokyo Greenship Action <Tokyo, Japan>**

Greenery conservation activities organized by the Tokyo Metropolitan Government in coordination with businesses, NPOs, etc. Fuji Xerox Tama has been participating in the program since 2004.
- **Cooperation with NPOs, etc.**
 - Approved Specified Nonprofit Corporation Network for Coexistence with Nature, etc.: “Kikigaki-Koshien”
 - Charitable Trust Fujifilm Green Fund, etc.: “Watashi-no-Shizenkansatsuro Competition”
 - Green Cross Japan: Kankyo Nikki, “Midori-no-Komichi,” etc.

4.1 Employee Overview

* In regard to the numerical data in the section 4.1-4.4, when we use "Fujifilm Group", it refers to Fujifilm non-consolidated + Fuji Xerox non-consolidated unless otherwise specified

4.1.1 Basic Approach on Activities for Employees

Under our corporate slogan, "Value from Innovation," we are proactively reforming our business regardless of the quickly changing environment, aiming at generating value in society. To realize this aim, we value that each of our diverse employees has their own strengths and exerts their abilities to the fullest extent. We are establishing an environment to enable employees to create results through efficient manners of working, while collaborating with various stakeholders, both inside and outside the company.

4.1.2 Basic Data

Composition of Employees

As of March 31, 2019

Fujifilm Group (Fujifilm + Fuji Xerox)

	Total	Male	Female
Executive officer	31	31	0
Regular employees	11,815	9,835	1,980
Non-regular employees	1,333		

Fujifilm

	Total	Male	Female	
Executive officer (exc. Directors)	14	14	0	
Regular employees (Total: 4,710)	General employees	3,361	2,624	737
	Managerial personnel	1,160	1,110	50
	Senior expert	189	189	0
Non-regular employees (Total: 284)	Temporary employees	105		
	Part-timers	28		
	Employees re-employed after retirement	109		
	Other (Contract employees, etc.)	42		
Rate of female manager personnel (Target)	6% by the end of FY2020			

Fuji Xerox

	Total	Male	Female	
Regular employees (Total: 7,122)	Executive officer	17	17	0
	General employees	4,925	3,901	1,024
	Managerial personnel	2,094	1,955	139
Non-regular employees (Total: 1,049)	Contracted employees	86	56	30
	Temporary employees	412		
	Employees re-employed after retirement	637		
Rate of female manager personnel (Target)	14% by the end of FY2020			

Status of Regular Employees

As of March 31, 2019

Fujifilm

	Total	Male	Female
Average age	42.50	42.88	40.61
Average length of employment (years)	17.74	17.82	17.37
Average number of dependents	1.42	—	—
Average annual salary*1	8.9 million yen	—	—
Utilization of paid leave*2	70.0%	—	—
Turnover rate*3	2.63%	2.73%	2.18%
Returning rate from childcare leave*4	100%	—	100%
Retention rate after 3 years from reinstatement (childcare)*5	96.0%	100%	95.6%
Retention rate after 3 years from reinstatement (nursing care)*6	100%	—	100%

*1 Average annual salary is calculated for the period from January 1, 2018 to December 31, 2018. (excluding mid-career recruitment)

*2 Data on utilization of paid leave is calculated based on data for the period from April 1, 2018 to March 31, 2019.

*3 Turnover rate =
$$\frac{\text{Attrition} + \text{Retirement} + \text{Voluntary} + \text{New start for senior employees program}}{\text{Annual average number of employees at FUJIFILM Corporation (non-consolidated)}}$$

*4 Returning rate from childcare leave is calculated with the expiration date falls on April 1, 2018 to March 31, 2019.

*5 Retention rate after 3 years from reinstatement (childcare) =
$$\frac{\text{Number of employees as of the end of March 2019 among those returning to work after childcare leave in FY2016}}{\text{Number of employees reinstated after childcare leave in FY2016}}$$

*6 Using the same methods as *5

Fuji Xerox

	Total	Male	Female
Average age	45.5	46.5	40.7
Average length of employment (years)	20.2	21	16.4
Average number of dependents*1	1.16	—	—
Average annual salary*2	9 million yen	—	—
Utilization of paid leave*3	72.3%	—	—
Turnover rate*4	4.1%	4.0%	4.6%
Returning rate from childcare leave*5	96.3%	100%	93.9%
Retention rate after 3 years from reinstatement (childcare)*6	91.5%	91.7%	91.5%
Retention rate after 3 years from reinstatement (nursing care)*7	50.0%	50.0%	50.0%

*1 Average number of dependents

$$= \frac{\text{Number of dependents who have health insurance}}{\text{Number of employees who have health insurance}}$$

*2 Average annual salary is calculated for the period from January 1, 2018 to December 31, 2018.

*3 Data on utilization of paid leave is calculated based on data for the period from January 1, 2018 to December 31, 2018.

$$\text{*4 Turnover rate} = \frac{\text{Attrition} + \text{Retirement}}{\text{Number of employees in Fuji Xerox at the end of preceding fiscal year (non-consolidated)} + \text{number of assigned employees}}$$

Calculation methods for turnover rate by gender

Male: Male turnover/Number of male employees

Female: Female turnover/Number of female employees

*5 Returning rate from childcare leave is calculated with the expiration date falls on April 1, 2018 to March 31, 2019.

*6 Retention rate after 3 years from reinstatement

$$= \frac{\text{Number of employees as of the end of the current fiscal year among those returning to work after childcare leave in the second preceding fiscal year}}{\text{Number of employees reinstated after childcare leave in the second preceding fiscal year}}$$

*7 Using the same methods as *6

Employment

Fujifilm

	Total	Male	Female	
New graduate recruitment*1	Technical positions	48	35	13
	Administrative positions	56	41	15
	Factory recruitment	2	0	2
Mid-career recruitment*2	46	34	12	

*1 Number of new graduates recruited for the fiscal year is confirmed at the beginning of April, 2019. (including graduates from university & graduate school)

*2 Number of mid-career recruitment represents those from April 2018 to March 2019.

Fuji Xerox

	Total	Male	Female
New graduate recruitment*1	Technical positions	37	14
	Administrative positions	22	14
Mid-career recruitment*2	87	80	7

*1 Number of new graduates recruited for the fiscal year is confirmed at the beginning of April, 2019.

*2 Number of mid-career recruitment represents those from April 2018 to March 2019.

Re-employment

Fujifilm

	FY2014	FY2015	FY2016	FY2017	FY2018
	13	19	37	45	65

* Employees re-employed after retirement during the relevant fiscal year (April 1 to March 31).

Fuji Xerox

	FY2014	FY2015	FY2016	FY2017	FY2018
	506	554	554	173	215

* Employees re-employed during fiscal 2018

Number of Employees Taking a Leave of Absence

Fujifilm

	FY2014	FY2015	FY2016	FY2017	FY2018	
Leave of absence for nursing care	Total	3	2	4	3	5
	Male	1	0	2	1	3
	Female	2	2	2	2	2
Leave of absence for childcare	Total	43	53	49	45	36
	Male	1	5	3	3	1
	Female	42	48	46	42	35
Leave of absence for volunteer work	Total	0	0	0	0	0
	Male	0	0	0	0	0
	Female	0	0	0	0	0

* Number of employees who began a leave of absence during the relevant fiscal year.

Fuji Xerox

	FY2014	FY2015	FY2016	FY2017	FY2018	
Leave of absence for nursing care	Total	3	4	4	5	4
	Male	1	2	2	2	1
	Female	2	2	2	3	3
Leave of absence for childcare	Total	56	60	84	69	96
	Male	9	10	11	14	35
	Female	47	50	73	55	61
Leave of absence for volunteer work	Total	3	0	0	1	1
	Male	2	0	0	1	1
	Female	1	0	0	0	0

* Number of regular employees (including contracted employees) who began a leave of absence during the relevant fiscal year (April 1, 2018 1 to March 31, 2019).

* Number of employees who used the social service program.

Number of Employees Taking a Care Leave (number of days)

Fujifilm

* Total number of days is shown in parenthesis.

		FY2014	FY2015	FY2016	FY2017	FY2018
Nursing care leave	Total	13	15	26 (130.5)	39 (162)	25 (148.5)
	Male	9	10	15 (103)	25 (137.5)	22 (138)
	Female	4	5	11 (27.5)	14 (24.5)	3 (10.5)
Childcare leave	Total	6	7	16 (161.5)	18 (141.5)	24 (97)
	Male	4	5	8 (117.5)	10 (86)	18 (85)
	Female	2	2	8 (44)	8 (55.5)	6 (12)
Child medical care leave	Total	48	59	73 (262)	96 (416)	96 (368)
	Male	9	16	31 (105.5)	44 (149.5)	42 (131.5)
	Female	39	43	42 (156.5)	52 (266.5)	54 (236.5)
Volunteer work leave	Total	0	1 (1)	0	0	1 (5)
	Male	0	1 (1)	0	0	1 (5)
	Female	0	0	0	0	0

*Number of employees who began a leave during the relevant fiscal year.

Fuji Xerox

		FY2014	FY2015	FY2016	FY2017	FY2018
Nursing care leave*2	Total	26	44	59	84	85
	Male	17	27	40	64	69
	Female	9	17	19	20	16
Childcare leave*3	Total	298	314	373	386	382
	Male	86	147	206	213	241*5
	Female	212	167	167	173	141
Volunteer work leave*4	Total	18 (47)	20 (62)	11 (36)	7 (22)	8 (50)
	Male	12	16	8	5	6
	Female	6	4	3	2	2

*1 Number of regular employees who began a leave during the relevant fiscal year (from April 1, 2018 to March 31, 2019).

*2 Number of employees taking leave of nursing care leave under the "accumulated paid leave (nursing care for family members)," "nursing care for family members" and "oneday nursing care leave" programs

*3 Number of employees taking childcare leave under the "accumulated paid leave (child healthcare)" and "child medical care" programs As a program equivalent to childcare leave, special leave (of 5 days at most) is granted for care of the eldest child at the time of birth of the second child.

*4 Volunteer work leave shows the number of employees who took "accumulated paid leave (volunteer activity)" and the number of days spent for such activities. Total number of days is shown in parenthesis.

*5 Including 53 taking a special leave when their wives' gave birth on and after the second child

4.2 Promotion of Diversity and Equal Opportunities for Employees

4.2.1 Basic Approach

The Fujifilm Group lists “Respect and promotion of diversity” and “Prohibition of discrimination” in Chapter 1 Respect for Human Rights of the Fujifilm Group Code of Conduct. We aim to become a robust organization that can contribute to a richer society by generating new values through respecting, accepting, and being inspired by each employee’s personality and individuality.

Fujifilm Group Code of Conduct Chapter 1 Respect of human rights

URL: <https://www.fujifilmholdings.com/en/about/philosophy/law/humanrights.html>

4.2.2 Activities to Promote Diversity

One of the Priority Issues listed in the Sustainable Value Plan 2030 (SVP 2030), FUJIFILM’s CSR Plan, states “Create frameworks and workplaces so that the Fujifilm Group’s diverse employees may exert their capabilities and creativity to the fullest extent.” Concretely, we set the following targets to progress work-style reform and diversity promotion: (1) Increase the rate of international employees in major positions (global target); (2) Improve the rate of women in managerial positions (global target); (3) Continue to exceed the legally stipulated rate of employment of persons with disabilities (in Japan); and (4) Achieve zero retirement of employees caused by nursing care, childbirth, and childcare (in Japan).

In April 2019, we revised the Fujifilm Group Charter for Corporate Behavior and Code of Conduct by reinforcing the description concerning respecting diversity and elimination of discrimination. The revised Code of Conduct was translated into 24 languages and global education was started for all Group employees across the world.

Percentage of Women in Regular Employees*

	Women
Fujifilm Group	16.7%
Fujifilm	16.7%
Fuji Xerox	16.8%

Percentage of Women in Managerial Positions*

	FY2018	Target (by the end of FY2020)
Fujifilm Group	5.8%	—
Fujifilm	4.3%	6%
Fuji Xerox	7.6%*	14%

* As there were errors in data, corrections were made for the results (as of October 31, 2019). The ratio in the above 2 items are not included in the scope of third party’s assurance.

Percentage of Employment of Persons with Disabilities*

	FY2014	FY2015	FY2016	FY2017	FY2018	Target
Fujifilm Group	—				2.32%	2.35%
Fujifilm	2.12%	2.10%	2.24%	2.27%		
Fuji Xerox	2.06%	2.09%	2.22%	2.18%		

* We disclose the actual percentage determined by the group-wide calculation method under FUJIFILM Holdings from FY2018. Data as of May 1, 2019.

System for a Work-life Balance

We have improved various programs that more than satisfy legal requirements in order to support a flexible work style according to the life event such as childcare and family care.

Fujifilm

Giving birth and childcare	Nursing care	Other
<ul style="list-style-type: none"> • Systems catering for pre- and post-birth requirements • Leave of absence for childcare • Use of stock leave* for childcare • Systems for employment while raising children • Three-person interview at the time of returning to work from childcare leave • Child medical care leave program (1 relevant child: 12 days per year; 2 or more children: 24 days per year) • Reduced work hour program (child in the third grade or lower) • Use of stock leave* for fertility treatment • Leave of absence for fertility treatment • Exemption from restrictions on non-scheduled hours worked and from work on holidays • Reinstatement to same workplace after leave of absence for childcare 	<ul style="list-style-type: none"> • Leave of absence for nursing care program • Nursing care leave program (1 care recipient: 12 days per year; 2 or more care recipients: 24 days per year) • Use of stock leave* for nursing care • Systems for employment while caring for a family member • Expansion of nursing care counseling office 	<ul style="list-style-type: none"> • Leave of absence for volunteer work, Using of stock leave* for volunteer work • Use of stock leave* for self development • Active Life Leave • Flextime • Discretionary labor system • Leaving the office on time (2 days per week) • Re-employment Program • Home Working System • Paid Leave by the Hour System

* Stock leave is a system enabling employees to accumulate unused leave time up to 60 days. Accumulated leave days may be used for treatment needed for personal health problems, rehabilitation, childcare, nursing care, and volunteer activities.

Fuji Xerox (All those systems provide for generous leave beyond that required by law.)

Giving birth and childcare	Nursing care	Other
<ul style="list-style-type: none"> • Maternity leave (paid) • Leave of absence for childcare program • Program for rehiring former employees who left the company for reasons such as spouse's transfer or childcare • Accumulated paid leave* for healthcare of employees' family* • Shortened working hours in pregnant and for childcare (from pregnancy to third grade of elementary school) • Limited off-hours work for childcare (until sixth grade of elementary school) • Limited late-night work for childcare (until six grade of elementary school) • Special leave for supporting the wife during her childbirth period (first child's birth: 2 days; second child's birth and thereafter: 5 days) • Leave of absence for birth support (one year leave system for fertility treatment) 	<ul style="list-style-type: none"> • Leave of absence for caring for a family member (maximum 2 years) • Limited off-hours work for caring for a family member • Limited late-night work for caring for a family member • One-day nursing care leave • Accumulated paid leave* for caring for a family member 	<ul style="list-style-type: none"> • Flextime • Homeworking system • Continuous service award special vacation; "refresh vacation" • Social service system (leave of absence program for employees participating in socially beneficial activities) • Accumulated paid leave* for volunteer activities • Leave of absence for education • Leave of absence for senior theme (support for senior employees' second career) • Flexible work schedules (support for senior employees' second career) • A program for transfer and a leave of absence due to accompanying a spouse's transfer

* Accumulated paid leave is a system enabling employees to accumulate unused leave up to 60 days. Accumulated leave may be used for healthcare, childcare, nursing care, and volunteer activities.

4.2.3 Freedom of Association

The Fujifilm Group clearly states that we maintain a smooth relationship between staff and management, while respecting the right to engage in collective bargaining and the right to enjoy freedom of association, as permitted by applicable laws, and rules in the country in which it conducts business. Such statements are included in the Fujifilm Group Code of Conduct and the Fujifilm Group Human Rights Statement.

Fujifilm Group Code of Conduct: Article 9, Chapter 1 Basic Labor Rights

URL: <http://www.fujifilmholdings.com/en/about/philosophy/law/index.html>

Fujifilm Group Human Rights Statement: Consideration for Fujifilm Group Personnel

URL: <https://www.fujifilmholdings.com/en/sustainability/vision/human/index.html>

Composition of Labor Union Membership

As of March 31, 2019

	Union members	Proportion of union membership	Average age of union members
Fujifilm Group	8,083	68.3%	—
Fujifilm*1	3,191	68%	40.14
Fuji Xerox*2	4,892	69.3%	42.2

*1 Proportion of union membership = Ratio to regular employees

*2 Proportion of union membership = Ratio to regular employees excluding executive officers and senior experts (including managerial staff).

Revisions to Systems That Operate Based on Agreements between the Labor Unions and the Company (in the last five years)

Fujifilm

As of March 31, 2019

FY	Item
2014	<ul style="list-style-type: none"> • Revision of work regulations, wage rules and other labor-related regulations • Extension of the period of nursing care leave • Flexible application for the flextime (for pregnant, childcare, and nursing care) • Expansion of the domestic affiliates for secondment • Partial revision of work regulations, wage rules and other labor-related regulations
2015	<ul style="list-style-type: none"> • Partial revision of work regulations, wage rules, retirement allowance regulations and overseas travel regulations • Wider range of job assignment destinations within the Fujifilm Group in Japan • Introduction of Home Working System • Introduction of Paid Leave by the Hour System
2016	<ul style="list-style-type: none"> • Partial revision of travel expense rules and company house management regulations • Partial revision of collective labor agreement and wage rules due to establishing a new branch • Partial revision of collective labor agreement, written agreement and work regulations regarding childcare and nursing care leave
2017	<ul style="list-style-type: none"> • Partial revision of collective labor agreement and wage rules • Partial revision of collective labor agreement, written agreement and work regulations regarding childcare leave • Established rules for employees to drive their own cars to the office.
2018	<ul style="list-style-type: none"> • Partial revision of wage rules • Wider range of job assignment destinations within the Fujifilm Group in Japan

Fuji Xerox

FY	Item
2014	<ul style="list-style-type: none"> • Introduction of new work style (co-working hour system, homeworking system, remote working system for domestic sales)
2015	<ul style="list-style-type: none"> • Revision of working conditions, work support and employee welfare with consolidation of various programs at Group companies in Japan
2016	<ul style="list-style-type: none"> • Agreement between labor and management regarding the terms and conditions for applying a program to transfer and a leave of absence due to accompanying a spouse's transfer • Revision of systems for childcare and nursing care due to the change of the related laws • Change of starting point for reckoning on yearly paid vacation according to the systems at the Group companies in Japan
2017	<ul style="list-style-type: none"> • Labor-management agreement signed on the introduction of the Paid Leave by the Hour System on April 1, 2018 (February 2018)
2018	<ul style="list-style-type: none"> • Revision of regulations for employees working abroad (January 1, 2019) • Revision of regulations of travel expense (January 1, 2019) • Revision of personnel systems (April 1, 2019) • Expansion of coverage for remote working system (April 1, 2019) • Expansion of coverage for home working system (April 1, 2019)

4.3 Health and Safety for Employees

4.3.1 Basic Approach

In Fujifilm Group Code of Conduct, the Fujifilm Group clearly states that we comply with applicable occupational health and safety laws and regulations, such as those designed to prevent workplace accidents. We also state that we aim to maintain and enhance safe, healthy and fit working environments by giving due consideration to the physical and mental health of our employees. In April 2019, we revised Fujifilm Group Occupational Safety and Health Policy to show concrete measures based on this Code of Conduct. We will put this idea into practice and promote activities.

Fujifilm Group Occupational Safety and Health Policy

The Fujifilm Group operates its businesses based on this policy, considering that the promotion of workers' occupational safety and health is the most important foundation of its corporate activities.

1. We will consider the occupational safety and health of employees including dispatched workers and contractors as the top priority, and maintain safe, healthy and fit working environments.
2. We will comply with applicable occupational safety and health laws and self-regulations, such as those designed to prevent workplace accidents and excessive working hours.
3. We will promote health and productivity management through proactively supporting employees to maintain and enhance their physical and mental health.
4. We will establish smooth communications between all the Fujifilm Group companies and their employees on promoting occupational safety and health.
5. We will actively and continuously provide employee education and training on occupational safety and health.

Established in January 2010, Revised in April 2019

Fujifilm Group Code of Conduct: Article 8, Chapter 1 Occupational Safety and Health/Health Promotion

URL: <https://www.fujifilmholdings.com/en/about/philosophy/law/humanrights.html>

4.3.2 Promotion System and Activities

Promotion System

In major business sites inside and outside Japan under FUJIFILM and Fuji Xerox, occupational health and safety officers are appointed. These officers create and implement measures and education programs to reduce occupational accidents and conduct self-checks using a designated checklist toward the target of zero workdays lost through accidents etc. They also monitor the progress of their measures. Further, each site sets its own measures to protect employees' health and safety, such as chemical substance management, depending on the nature of its business.

For promoting health and productivity management in workplace, the FUJIFILM Holdings Corporate Vice President and General Manager of the Human Resources Division is appointed as the Healthy Workplace Officer. Under this officer, the FUJIFILM Holdings Health Promotion Group is established to supervise a health promotion department in each company. We are keen to promote health across the group, and, particularly in Japan, the company is working closely with the Fujifilm Group health insurance association and industrial doctors maintain and promote healthy working lives for our employees.

Management of Risks Related to Health and Safety

Every year, each of the Fujifilm Group companies identifies the priority risk issues (including potential ones) in our business processes, creates and implements countermeasures, and follows up on progress. The priority issues and progress of each company are reported to the FUJIFILM Holdings ESG Committee and to the Board of Directors after due discussions. The health and safety of employees, including labor issues, are also included in the above process, and managed as one of the factors to be discussed as a part of company-wide risk mapping. For more details of the Fujifilm Group's risk management process and priority risk mapping, see 2.2.3 *Risk Management Promotion Structure* in this report.

4.3.3 Progress and Results

Work accident rate and work accident severity

Fujifilm

Industry average in parenthesis*3

	FY2014	FY2015	FY2016	FY2017	FY2018	Target
Work accident rate*1	0.00 (0.40)	0.20 (0.24)	0.00 (0.37)	0.30 (0.28)	0.00 (0.47)	0
Work accident severity*2	0.00 (0.13)	0.00 (0.00)	0.00 (0.01)	0.00 (0.01)	0.00 (0.01)	0

Fuji Xerox

Industry average in parenthesis*3

	FY2014	FY2015	FY2016	FY2017	FY2018	Target
Work accident rate*1	0.00 (0.16)	0.20 (0.11)	0.00 (0.18)	0.37 (0.38)	0.18 (0.36)	0
Work accident severity*2	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.01)	0.001 (0.01)	0

*1 Work accident rate = $\frac{\text{Number of employees involved in work accidents}}{\text{Gross number of hours worked}} \times 1,000,000$

*2 Work accident severity = $\frac{\text{Number of workdays lost}}{\text{Gross number of hours worked}} \times 1,000$

*3 Source for industry average: FY2017 Survey on Industrial Accidents, Ministry of Health, Labour and Welfare

Number of Fatal Work Accidents

		FY2016	FY2017	FY2018	Target
Fujifilm Group	Employees	0	0	0	0
	Contracted	0	0	0	0
Fujifilm	Employees	0	0	0	0
	Contracted	0	0	0	0
Fuji Xerox	Employees	0	0	0	0
	Contracted	0	0	0	0

Occupational Health and Safety Committee

The Occupational Health and Safety Committee convenes with same number of labor and management representatives, in compliance with laws and regulations.

Number of Employees Taking Occupational Health and Safety Training

	FY2018
Fujifilm Group	13,289
Fujifilm	3,169
Fuji Xerox	10,120

* Including executive officers and employees employed indirectly

FUJIFILM Holdings was recognized under the 2018 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category)—White 500 for the third consecutive year since 2016.



4.4 Human Resource Development for Employees/Talent Attraction and Retention

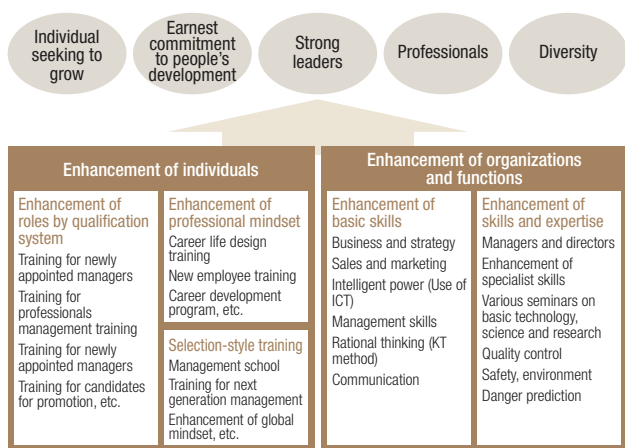
4.4.1 Basic Approach

The Fujifilm Group values human resource development as we believe that individual growth will lead to the company's growth. In order to accelerate the global development of a company in a rapidly changing business environment, it is indispensable that each employee initiates their own reforms by sensitively detecting and responding to social changes from a wide viewpoint while maintaining their own strengths as a professional. We are working to develop a corporate environment where individuals and organizations can enhance their capabilities and concentrate on their tasks through exerting their abilities to the fullest extent and thereby improve their careers.

4.4.2 Human Resource Development Programs

Human Resource Development Programs

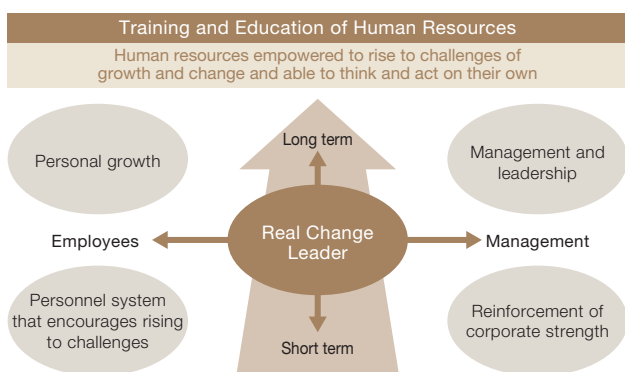
Fujifilm's Human Resource Development



Fujifilm's Training to Develop Global Human Resources

● For Japanese employees	
For employees appointed to overseas positions	Training prior to overseas appointment
	Training to develop overseas managers
Overseas onsite training	Short-term onsite training system
	Overseas trainee system
	Overseas study system
For interested employees	Language lessons, distance-learning (languages)
For technical position	MOT (technical management) training
● For employees of overseas subsidiaries	
Development of global leadership	FUJIFILM Global Leadership Seminar
	FUJIFILM Regional Leadership Seminar
Dissemination of corporate philosophy	FUJIFILM WAY Training

Fuji Xerox's Human Resources Development



Training and Development Inputs

As of March 31, 2019

	Number of total hours	Number of hours per each employee	Number of total cost	Number of cost per each employee
Fujifilm	26,752	11.25	169,756 thousand yen	71,386 yen
Fuji Xerox*	88,950	11.4	274,992 thousand yen	35,138 yen

*Including executive officers and employees on temporary assignment

4.4.3 Performance Appraisal

	Employee percentage of the individual performance appraisals by the target management
Fujifilm Group	100%
Fujifilm	100%
Fuji Xerox	100%

4.4.4 Employee Engagement

Fujifilm Group Employee Awareness Survey

In December 2017, we conducted a survey of all 93,000 Group employees to study their understanding of company policies and awareness of compliance (response rate: 97%). The survey found that 84% of employees felt proud to be working in the Fujifilm Group.

Fuji Xerox Employee Engagement Survey

In addition to the Fujifilm Group Employee Awareness Survey, Fuji Xerox has conducted its own employee motivation survey based on the group-wide index Core Morale*¹ at its affiliated companies and sales companies in Japan and overseas. In conducting this survey, they have arranged it in accordance with the conditions in each region and country. In FY2018, they revised the questionnaires in Japan and renamed this survey to “Engagement Survey.” This enabled them to maintain continuity with their past results and measure the self contribution awareness to the company and the performance of expected contribution for companies both inside and outside Japan. In FY2018, 30,283 people (94.8% of target employees) responded to the survey.

	Coverage	FY2015	FY2016	FY2017	FY2018
Scores of Core Morale,* ² employee awareness indices	Fuji Xerox (non-consolidated)	3.36	3.38	3.33	3.37
	Japanese sales companies	3.43	3.40	3.35	3.34
	Japanese affiliate companies (excluding sales companies)	3.23	3.26	3.26	3.27
	Overseas affiliate companies (marketing and administration)	-	3.55	3.56	3.53

*¹ Core Morale is a set of five indices Fuji Xerox regards as important to understand employees' morale. The five indices are: Job fulfillment, Workplace fulfillment, Trust in supervisors, HR operation satisfaction, Organization operation satisfaction.

*² The average score of Core Morale (5.00 points max.) in the ES awareness survey conducted on employees of Fuji Xerox and its affiliated and sales companies inside and outside Japan.

4.5 Human Rights

4.5.1 Basic Approach

The Fujifilm Group believes that respect for human rights is our duty and we clearly state our commitment to it in the Fujifilm Group’s Charter for Corporate Behavior and Code of Conduct. The Charter for Corporate Behavior states the basic approach of the company toward respecting human rights. The Code of Conduct lists nine items to which every employee must adhere for respecting human rights. Establishment, revision, and compliance to the Charter for Corporate Behavior and Code of Conduct are discussed and decided by the FUJIFILM Holdings ESG Committee and the results are reported to the Board of Directors.

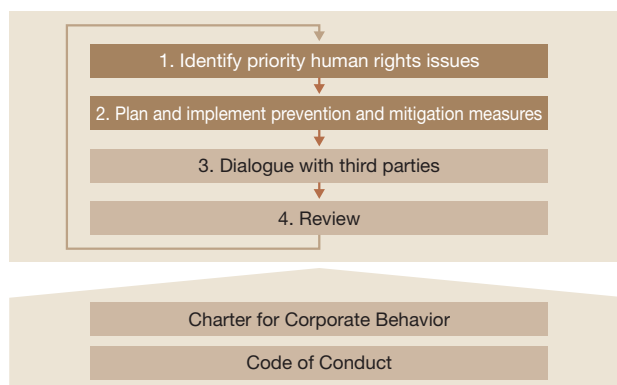
In 2018, we published the Fujifilm Group Human Rights Statement, in which we declare our support for a range of global human rights principles, including the UN International Bill of Human Rights and the UN’s Guiding Principles on Business and Human Rights and to take any necessary measures to assess and reduce human rights infringement risks in business activities. To create the Human Rights Statement, we sought opinions and advice from our Group companies and stakeholders across the world and it was introduced after adoption by the ESG Committee, chaired by the CEO.

Fujifilm Group’s Charter for Corporate Behavior Article 2. Social Responsibility, Article 3. Respect for Human Rights, Article 5. Vibrant Workplaces
 Fujifilm Group Code of Conduct [URL: https://www.fujifilmholdings.com/ja/about/philosophy/index.html](https://www.fujifilmholdings.com/ja/about/philosophy/index.html)

Fujifilm Group Human Rights Statement [URL: https://www.fujifilmholdings.com/en/sustainability/vision/human/index.html](https://www.fujifilmholdings.com/en/sustainability/vision/human/index.html)

4.5.2 Human Rights Due Diligence Process

The Fujifilm Group implements group management in compliance with the procedures set out in the UN Guiding Principles on Business and Human Rights and establishes and promotes human rights due diligence processes covering all its operations and related business activities. For concrete implementation, we refer to the requirements in the UN Guiding Principles Reporting Framework with Implementation Guidance, which we studied in the Human Rights Due Diligence Working Group under the Global Compact Network Japan. The Group engages in the identification of potential and actual risks, investigating in what part of its business activities such risks are likely to occur, and specifically what and whose human rights issues are likely to be violated, and in the review and implementation of preventive and mitigating measures, as well as in dialogue with third parties, regular reviews of risk assessment and associated activities and information disclosure.



4.5.3 Priority Human Rights Issues to Be Addressed (Identified Human Rights Risks)

Human Rights Impact Assessment Process to Identify Priority Human Rights Issues

We firstly identified human rights risks that our business could potentially cause in each existing business segment. (See *Human rights impact assessment in existing business*.) In the course of examining these risks, assessments are carried out on those stakeholders who are likely to be affected by Fujifilm Group’s business activities, namely, Fujifilm employees, employees of suppliers, contractors and cooperation companies (including paying attention to the rights of children from the perspective of child labor and all foreign workers from the standpoint of immigrant workers), local communities (including paying attention to the rights of indigenous people in the procurement of raw materials) and customers (including paying attention to the rights of children as a section of consumers in general).

Then we listed up the priority human rights issues that the Fujifilm Group should address based on the probability of a human rights risk incident, the scale of impact should it occur, and our readiness to handle such an incident. In this process of risk assessment, we invited opinions from overseas experts from international human rights NPOs to narrow down the priority issues (see the figure *Human Rights Issues Considered Important for the Chemical and Construction Materials Industries*).

When we start a new business, such as by making a large-scale investment, we assess the suitability of the project, covering the human rights-related check items among a wide-ranging due diligence check list.

Reference: Human Rights Issues Considered Important for the Chemical and Construction Materials Industries

The following lists the priority issues identified through discussions with human rights NPOs and other companies in the industry under the stakeholder engagement program conducted by Caux Round Table Japan.

Key Human Rights Issues		In our group	Contractor/ Cooperation company	Suppliers
Core operation/Supply chain				
Workplace condition	Working hours	◎	◎	◎
	Health and safety	◎	○	○
	Disciplinary measures	○	—	○
Discrimination	During work	○	○	○
Child labour	Risks to children	—	—	○
	Minimum age	—	—	○
	Working hours and conditions of employment	—	—	○
	Employment of young workers	—	○	○
Forced labour	Deposits and papers	—	○	○
	Forced overtime	◎	◎	◎
	Trafficking in human	—	—	○
Freedom of association	Freedom of association and collective bargaining	○	○	○
	Conflict with local law	○	○	○
Community				
Resources	Use of natural resources (water, land, etc.)	◎	—	◎
Society and Government				
Relations with governments	Bribery and corruption	◎	—	—
	Governments with poor human rights records	○	—	○
Relationship with consumers	Health and safety			

◎: Most important ○: Important

Priority Human Rights Issues That the Fujifilm Group Must Address

Following the above process, in FY2018, the Fujifilm Group identified the following potential human rights issues that we should address as a Group (see the table on the next page, Human Rights Impact Assessment in Existing Business). Out of these issues, we have identified the following two areas as salient human rights issues and have begun to take concrete action: (1) Actions for suppliers, contractors and cooperation companies, and (2) Actions for employees.

Human Rights Impact Assessment in Existing Business

(Priority human rights issues that the Fujifilm Group must address are colored red)

Targeted stakeholders	Potential human rights issues that the Fujifilm Group must address	Relevance to business segments		
		Imaging solutions (Digital cameras, etc.)	Healthcare & Material Solutions (Highly functional materials, etc.)	Document Solutions (Office products and printers, etc.)
Customers, etc.	Product safety	◎	◎	◎
	Personal data protection	◎	◎	◎
	Human rights infringement by unintended use of products and services	△	○	△
	Consideration of rights of human subjects and sample providers for R&D in the healthcare business	—	◎	—
Employees of suppliers, contractors and cooperation companies	Appropriate labor conditions, labor management, health and safety management	◎	○	◎
	Consideration for rights and safety of foreign workers (especially in factories)	◎	○	◎
Local communities	Infringement of local residents' rights (including decrease in assets, degradation of daily life environment, and health damage) due to environmental damage caused by inappropriate management of chemical substances or illegal dumping	△	△	△
	Decrease in assets, degradation of daily life environment for local residents due to inappropriate procurement of raw materials	○	△	◎
Employees	Appropriate labor conditions, labor management, and health and safety management	○	○	○
	Adverse impacts such as mental or physical damage and decrease in opportunities due to discrimination, harassment, and infringement of privacy	○	○	○
	Health damage due to inappropriate management of chemical substances, biomaterials, etc. in production and R&D	◎	◎	○

4.5.4 Prevention and Mitigation of Adverse Impact on Human Rights and Progress

(1) Actions for suppliers, contractors and cooperation companies

The Fujifilm Group promotes actions for respecting human rights among suppliers, contractors and cooperation companies, which is one of the priority human rights issues, mainly within the framework of ethical procurement. We clearly specify the Procurement Policy and Request to Suppliers as a procurement approach to gain the understanding of suppliers involved in the Group's product manufacturing regarding the importance of CSR management. We aim to work together to resolve human rights issues. In the Sustainable Value Plan 2030 (SVP2030), the CSR mid- and long-term plan announced in 2017, we committed to reinforce the CSR foundations such as labor, human rights, environment, and corporate ethics throughout the supply chain—which we appointed as one of the priority areas.

The Group's ethical procurement program comprises (1) Notifying policies etc. to suppliers, (2) Risk assessment in suppliers, (3) Instruction activities for suppliers, and (4) Improvement activities for suppliers. As well as elimination of forced labor and child labor, we provide various checks and support for suppliers, including labor management, occupational health and safety, and consideration for migrant workers.

Based on the risk assessments that Fujifilm and Fuji Xerox have conducted using a self-checklist on labor, human rights, the environment, corporate ethics etc., our primary suppliers in Japan, Europe, and the United States have been recognized as low CSR risk. In FY2018, we have identified 46 suppliers with CSR risks in China and Vietnam, and conducted onsite "Visit and Check" by expert team from the Fujifilm Group. Leading examples of issues related to the human rights of employees at suppliers, issues in the areas of labor management (excessive continuous work attendance and overtime work, etc.), shortage of fire prevention facilities such as sprinklers and fire detection devices, non-use or inadequate management of the necessary protective gear, inadequate management of hazardous wastes, etc., were identified. Requests for improvement have been

issued to the suppliers accordingly, and improvements are underway based on their respective improvement plans. For more details about measures of ethical procurement, see *2.4 Supply Chain Management* in this report.

Fujifilm Group Procurement Policy and Request to Suppliers  URL: <https://www.fujifilmholdings.com/en/sustainability/vision/procure.html>

(2) Actions for our employees

We raise awareness on priority human rights issues among Group employees in their new employee training programs and training programs for new managerial personnel. The training programs for new managerial personnel focus on labor management in general, including prevention of long working hours and mental health measures, as well as harassment prevention. Regarding overtime working hours, changes in monthly overtime is monitored, and warnings and guidance to business division exceeding the designated levels are issued and the necessary corrective measures are implemented continuously. We are addressing the harassment issues with implementation of measures adapted flexibly to conditions in each company and business division, in addition to regular training programs. In fiscal 2018, for instance, we conducted customized harassment trainings for business divisions that were likely to show a high level of potential and actual risk. For risk managers, trainings to provide further details on how to handle counseling cases were conducted. For occupational health and safety efforts, see *4.3 Health and Safety* in this report.

In April 2019, we revised the Fujifilm Group Charter for Corporate Behavior and the Code of Conduct to adopt more globally generic contents, and enhanced descriptions concerning human rights such as respect for diversity and elimination of discrimination, prevention of bullying and harassment, promotion of occupational health and safety, and health promotion. The revised Charter for Corporate Behavior and Code of Conduct was translated into 24 languages as part of our global education program, including disseminating the company's human rights statement to all Group employees.

(3) Human rights risk management

The Fujifilm Group conducts annual screening of priority risk issues (including potential ones) in business processes at all its organizations. All the organizations including Group companies identify priority risk issues, plan and execute measures, and manage their results. Priority issues for the entire Group, based on the review results for each organization, and the results of action implemented are reported and deliberated on by the Fujifilm Holdings ESG Committee and reported to the Board of Directors. This process is applied also to human rights issues. Human rights are specified explicitly as one of the perspectives requiring attention at each company in review of our priority risk issues, with various human rights issues being managed as elements for review in group-wide risk mappings.

In the 2017–2018 study on priority risk issues, risks related to work accidents, harassment, product safety, labor management, employee safety, personal data management, environmental pollution, etc., were pointed out as major issues related to human rights. The number of organizations that identified labor management and harassment, which are designated as prioritized human rights issues related to our employees, as actual or potential risks stood at 91. All of these organizations have developed and implemented preventive and mitigating measures. For more details about group-wide risk management, see *2.2.3 Compliance & Risk Management Promotion Structure* in this report.

(4) Review on group-wide human rights-related activities

FUJIFILM Holdings conducts individual dialogues with experts in business and human rights, who were invited to the 2018 Business and Human Rights Conference in Tokyo held by Caux Round Table (CRT) Japan, to review our human rights initiatives. This included a dialogue about FY2017 results.

●FY2018 Dialogue with human rights experts

Date: September 12, 2018

Location: Tokyo, Japan

Participants: Experts

Livio Sarandrea, Manager and Chief Adviser of Regional Program on Business and Rights, United Nations Development Programme (UNDP) Bangkok Regional Hub

William Rook, Regional Manager, Middle East, Institute for Human Rights and Business
FUJIFILM Holdings

Mari Kojima, Manager, CSR Group, Corporate Planning Division

Toshihiko Hoshino, Senior Expert, CSR Group, Corporate Planning Division

Moderator

Minoru Matsuzaki, Caux Round Table (CRT) Japan

- Topics:**
1. Appraisal of the Fujifilm Group Human Rights Statement (enacted June 2018) and dissemination throughout the company and suppliers.
 2. Opinion exchange on clarifying positive and negative elements to society from Fujifilm Group business activities when creating the Sustainable Value Plan 2030 (SVP2030), the Fujifilm Group CSR Plan, following the UN SDGs.

Discussion results:

The Fujifilm Group Human Rights Statement received a positive comment that it is well composed. In order to disseminate the declaration, the key is to engender the correct understanding of “human rights due diligence,” as it is not such a common concept for general employees. For future prospects we are expected to provide detailed and easy-to-understand descriptions on correction measures and remedies.

Our efforts towards the SDGs were also well appraised, and at the same time it was suggested that we should create a policy for SDGs to support the story that SVP 2030 is well linked with SDGs.

In global society, “responsible business” is becoming increasingly important as a concept that transcends conventional CSR. One comment was that we could realize “sustainable business” only after pursuing responsible business.

4.5.5 Grievance Mechanism on Human Rights

Chapter 1 of the Fujifilm Group Code of Conduct describes our policies on Respect for Human Rights. Group employees can report any concerns relating to the violation of items listed in the chapter or infringements of human rights that require correction and remedies through the whistle-blowing system. Reports can be submitted to either (1) each company or region, or (2) the Group. In either case, the anonymity of the whistle blower is ensured and therefore they cannot be unfavorably treated because of their report. For the number of reports made in FY2018, see 2.2.10 *Whistle-Blowing Office and Consultation Office* in this report.

For outside stakeholders, the Group provides the Contact Sustainability form and is ready to receive a wide range of comments on our CSR activities, including human rights.


Contact Sustainability  URL: <https://www.fujifilmholdings.com/en/sustainability/contact/index.html>

4.5.6 Collaborative Initiatives Regarding Human Rights

Caux Round Table (CRT) Japan


FUJIFILM Holdings has been participating in the Stakeholder Engagement Program held by the Nippon CSR Consortium (secretariat: CRT Japan) since 2012, discussing human rights issues in different industries.*¹ In the 2018 Business and Human Rights Conference in Tokyo, held by CRT Japan, we presented our human rights practices*² as an example of a Japanese company. We also had individual dialogues with international business and human rights experts and reviewed our practices based on the dialogue results.*³

*1 CRT Stakeholder Engagement Program

(Japanese)  <http://crt-japan.jp/portfolio/she-program/>

(English)  <http://crt-japan.jp/en/portfolio/human-rights-due-diligence-workshop/>

*2 Presentation in the CRT International Conference (Agenda and report)

(Japanese)  <http://crt-japan.jp/human-rights/conference/>

(English)  <http://crt-japan.jp/en/seminar-overview/global-conference/>

*3 CRT dialogues with experts (Japanese only)

 URL: <http://crt-japan.jp/human-rights/expert-dialogue/>

UN Global Compact

Fuji Xerox is signed up for United Nations Global Compact, a voluntary initiative that encourages companies to undertake fair operations in the areas of human rights, labor, environment, and anti-corruption. In Japan, we have jointly hosted the Human Rights Diligence Working Group within Global Compact Network Japan since 2017, among the various working groups where corporate members discuss and exchange information on related topics.

4.6 Corporate Citizenship

4.6.1 Basic Approach

The Fujifilm Group is committed to contributing to the sustainable development of society, working together with local communities as a good corporate citizen and responding sincerely to the demands and expectations of those communities. In 2008 we formulated the Fujifilm Group Social Contribution Policy, based on which we are conducting activities focusing on the fields of research and education, culture, arts and sports, health and environmental conservation through cooperation and collaboration with local communities, institutions, NPO/NGOs, and others and in active support of volunteer activities conducted by employees.

Fujifilm Group Social Contribution Policy

The Fujifilm Group will work together with local communities as a good corporate citizen and contribute to society by responding sincerely to needs and expectations of those communities. The Group has established following action plans to implement this policy.

1. Focus of activities

The Fujifilm Group will primarily focus on the fields of education and research; culture, arts and sports; health; and environment.




2. The Fujifilm Group will place value on following points when we conduct social contribution activities:



1. The Group will collaborate and work together with stakeholders. We place importance on mutual communication and partnerships with local communities, institutions, NPO/NGOs, and others.
2. The Group values the importance of employees to participate in volunteer activities that would enhance local community harmonization, as well as to enhance social improvements. The Group will fully support such employee volunteer activities.
3. As a means of social contribution, the Group will utilize its business strengths, such as products, services, technologies and know-how.

Established in April 2008, Revised in April 2019

4.6.2 Major Examples of Social Contribution through Business Activities

FF: Fujifilm FX: Fuji Xerox

SVP2030	Theme of social contribution	SDGs	Relation to business	Activities	Social/environmental results
	Contribution to improvement of medical environment & disease prevention promotion		Healthcare & Materials Solutions	<ul style="list-style-type: none"> • Improve healthcare quality in Zambia (FF) • Spread Japanese-style medical services internationally (FF) • Promote early discovery of infectious diseases (FF) • Fighting breast cancer campaign (FF) etc.	<ul style="list-style-type: none"> • Improve healthcare quality in Zambia (FF) • Spread Japanese-style medical services internationally (FF) • Promote early discovery of infectious diseases (FF) • Fighting breast cancer campaign (FF) etc.
	Contribution to culture, art, education, and disaster recovery utilizing photographic, film, and printing technologies	 	Imaging Solutions Documentation Solutions	<ul style="list-style-type: none"> • Archive analog assets (FF) • Replication of historical documents (FX) • Future creation activities in Iki-shi, Tono-shi, and Minami-Ashigara-shi (FX) • Photo Renaissance (FF) • Photo project for children who encountered death in the family (FF) • Photo restoration project (FF) etc.	<ul style="list-style-type: none"> • Archive analog assets (FF) • Replication of historical documents (FX) • Future creation activities in Iki-shi, Tono-shi, and Minami-Ashigara-shi (FX) • Photo Renaissance (FF) • Photo project for children who encountered death in the family (FF) • Photo restoration project (FF) etc.

Health/ Others	Contribution to educational issues to the next generation and disabled people	 	Documentation Solutions	<ul style="list-style-type: none"> • Textbook provision in emerging countries (FX) • Enlarged font textbooks for weak-sighted children (FX) • KID'S ISO (FX) • Donation books and stationery to deprived children (FF) • Photographic events for children with rare or intractable diseases (FF) • Mental support for children through photographs (FF) • Volunteer group support for employees: Hasu (fraction) Club etc. 	<ul style="list-style-type: none"> • Textbook provision in emerging countries (FX) • Enlarged font textbooks for weak-sighted children (FX) • KID'S ISO (FX) • Donation books and stationery to deprived children (FF) • Photographic events for children with rare or intractable diseases (FF) • Mental support for children through photographs (FF) • Volunteer group support for employees: Hasu (fraction) Club etc.
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4.6.3 Results of Social Contribution

(1) The Amount of Expense on Social Contribution

The Amount of Expense of FY2018 by Category in the Fujifilm Group

Type of contribution	Amount (million yen)
Education for future generations	68
Harmony with the local community	220
Promote culture and the arts in society (in Japan)	601
Consideration for the international community and international cultures	96
Cooperation with NGOs and NPOs	34
Total	1,019

* See Chapter 5. Sustainability Accounting

(2) Community Investment Cases

In Japan	Overseas
<p>Fujifilm Green Fund In commemoration of FUJIFILM's 50th anniversary, Fujifilm started this Fund Japan's first charitable trust to protect nature in 1983. Through this fund, we offer financial support for nature protection activities and research bodies, and host nature protection awareness raising programs for primary and junior high school pupils.</p>	<p>Contribution to recover the original marshland and bushland Dutch nature preservation group, Natuurmonumenten has been recovering woodland and agricultural land in Huis ter Heide back into the original marshland and bushland since 1993. Fujifilm's office is in Tilburg, near Huis ter Heide and the company has contributed to Natuurmonumenten's activities through financial support of more than 100,000 euros over the last 10 years.</p>
<p>HASU-Club (Fuji Xerox) This is a volunteer support organization established by employees' own initiative in 1991. The organization is funded through the payroll giving by the employees who opted to donate a fraction (less than 100 yen) of their salary and bonus, plus an amount that the individual wishes to add monthly. The fund is then reserved and the company offers matching donations in four charity areas ; "social welfare," "culture and education," "natural environment," "international aid, "chosen by employees to support their volunteer activities and related NPOs.</p>	<p>Kobayashi Fund by Fuji Xerox Co., Ltd. Established in 1977 as an intra-company fund to contribute to mutual understanding and goodwill through academic exchanges between Japan and countries in the Asia-Pacific region. It offers research grants and fellowship programs for PhD researchers who fulfill the above conditions specializing in the arts and humanities and social science studies. The total number of students who have received research grants reached 1,455 at the end of FY2018.</p>

4.6.4 Efforts to assess the impact on society and the environment

(1) Contribution effect for customers through environmental activities in business (CO₂ and water)

The contribution effect for customers is the sum of customers' expenses brought by when a new product which is environmental friendly has replaced a conventional product. (For example, when customers use an environmental friendly product, we calculate the amount of money comparing the reduced cost for electricity, resources, or consumables which they used to use with a conventional product.)

(Unit: million yen)

Product	Amount		
	FY2016	FY2017	FY2018
1. High-density magnetic memory materials	7,196	7,165	8,414
2. Pre-sensitized aluminum plate not using plate-making film	66,267	83,506	96,352
3. Film for LCDs: WV films	5,527	4,120	2,790
4. Digital color multifunction device and printers	28,601	24,962	16,986
Total	107,591	119,754	124,542

(2) Social impact assessment in social contribution

Fuji Xerox has worked since FY2016 to visualize social impact from our social contribution activities since FY2016.

① Background

In FY2012, Fuji Xerox decided to strengthen social contributions that harness the unique qualities of Fuji Xerox as a company whose ultimate calling is "communications." The company set out two high-priority management themes to encourage its social contribution activities. These themes are: "Education for future generations," and "Conservation of diminishing cultures and information." Through such activities, Fuji Xerox aims to achieve three of the Sustainable Development Goals (SDGs): "#4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all"; "#11. Ensure access to affordable, reliable, sustainable and modern energy for all" and "#17. Strengthen the means of implementation and revitalize the global partnership for sustainable development."



② Purposes

Fuji Xerox has measured the social impact of contribution activities in order to understand effects. Specifically, regarding the three projects "Offering Learning Materials in Emerging Countries", "Reproducing and Utilizing Historical Documents", "the Mirai Zukuri (future creation) activity in Tono". Fuji Xerox established a social impact assessment method* to quantitatively and qualitatively measure the changes and effects to visualize the social impact. Fuji Xerox then reflected the assessment results utilizing the PDCA cycle, while also sharing them with stakeholders to contribute to resolving problems in local communities. In this way, Fuji Xerox helped communities to further develop over the years.

* Determining the value of projects and activities by quantitatively and qualitatively understanding social and environmental changes, benefits, learning, and effects generated as a result of our projects and activities over both the short term and long term.
(From the definition of Global Social Impact Investment Steering Group (GSG, previous G8 Social Impact Investment Task Force).)

③ Activities

To evaluate the social impact from our major social contribution activities, including the project to offer learning materials in emerging countries and reproduction and utilization of traditional documents, we created a logic model and made trial assessments.

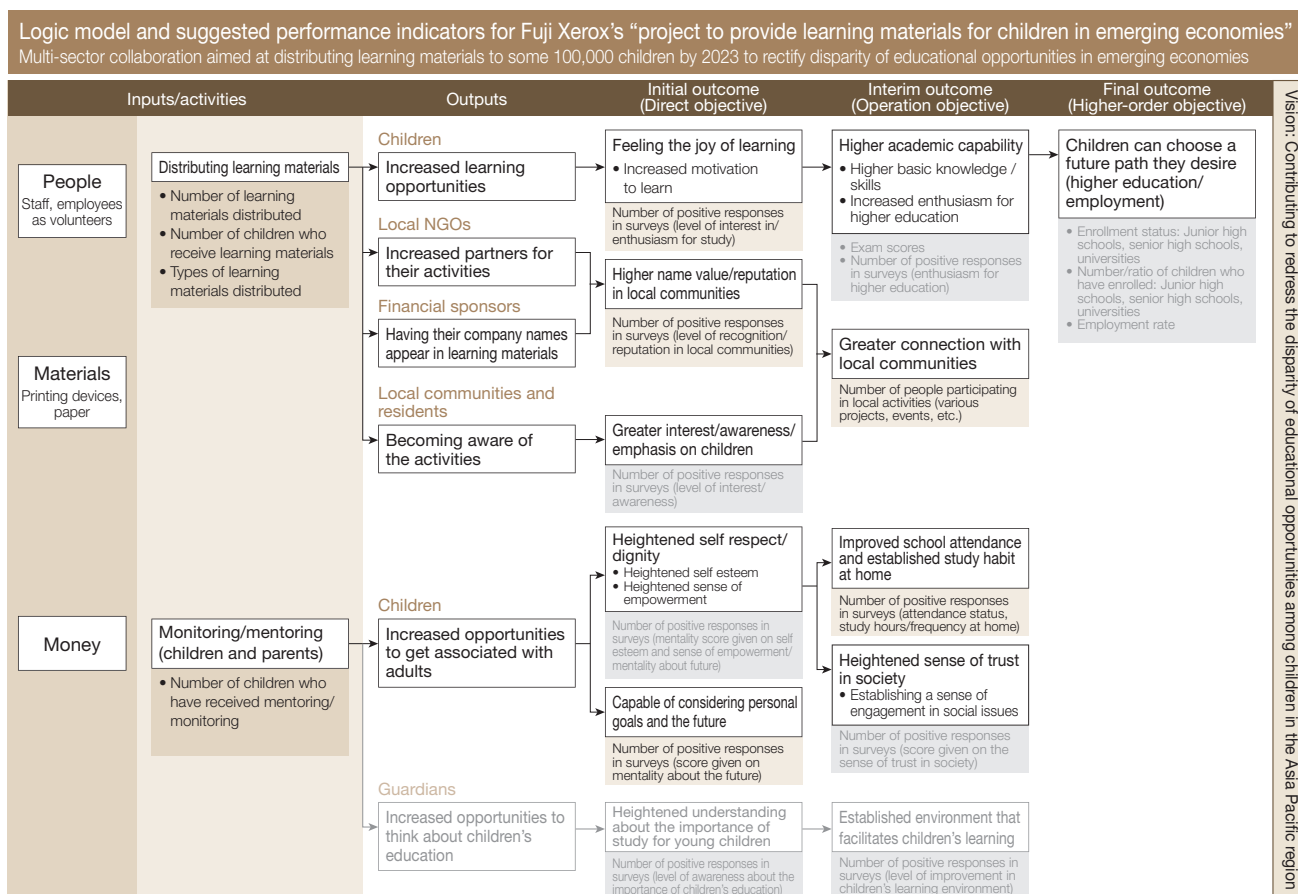
- (1) Creating a logic model utilizing the Social Impact Assessment Tool Set.*1
- (2) Creating a logic model based on a program evaluation approach and a review by Meiji University.
To enhance the reliability of our own assessments, we asked the Institute for Program Evaluation of Meiji University to review our assessment results in FY2017.
- (3) Learning the latest trends concerning social impact assessment and contribution to disseminating such methods in Japan.
Since FY2017, we have been participating in the Social Impact Management Initiative*2 as a core member of the Case Study Archiving and Utilization Working Group.

*1 A guidebook for social activity assessment created by GSG.

*2 A private-led platform to promote social impact assessment in Japan, established in 2016.

(3) Discussion example: Suggested social impact assessment logic model and indices

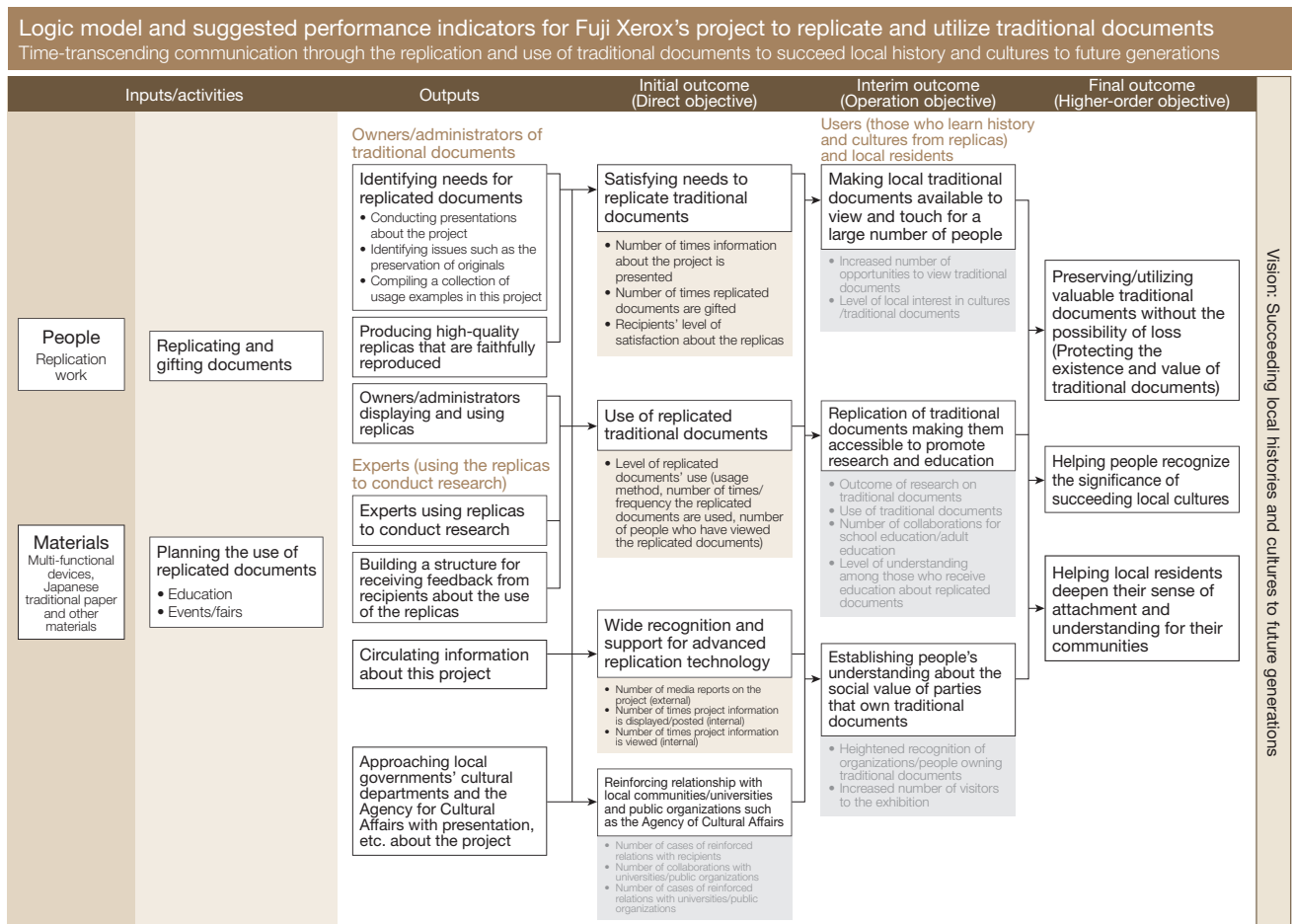
① Project to provide learning materials for children in emerging economies



* This shows a logic model and suggested performance indicators for social impact measurement as of June 2018. The items shown in grey have not been implemented.

URL: <https://www.fujixerox.com/eng/company/csr/sr2018/communities/theme1.html>

② Project to replicate and utilize traditional documents



* This shows a logic model and suggested performance indicators for social impact measurement as of June 2018.

URL: <https://www.fujixerox.com/eng/company/csr/sr2018/communities/theme1.html>

(4) Future prospects

Valuing dialogues with our stakeholders, we continue improving our social contribution activities based on the results of our social impact assessment in order to contribute to problem solving and development of local communities. We are also considering applying this measurement method across the Fujifilm Group.

5.0 Sustainability Accounting (Labor Environment and Social Benefit Accounting, Environmental Accounting)

<Period of coverage> FY2018 (April 1, 2018 to March 31, 2019)

<Scope of labor environment and social benefit accounting>

68 domestic companies in the Fujifilm Group

(FUJIFILM Holdings, Fujifilm and 19 Fujifilm affiliates, Fuji Xerox and 46 Fuji Xerox affiliates)

5.1.1 Labor Environment and Social Benefit Accounting

<Basic items>

●Objectives of labor environment and social benefit accounting

These accounts are prepared to allow the Fujifilm Group to keep up with its activities for improving the working environment of its employees and the amounts spent for social contributions by preparing data on these activities from an economic perspective.

●Accounting method

The expenditures (including investments) for the year have been added up to arrive at the figures shown. These figures do not include depreciation. Figures for personnel training and social contributions may overlap with figures in the Environmental Account as well.

*Values presented are rounded and the sums of the items do not always make up the totals.

Breakdown of Labor Environment and Social Benefit Accounting

Unit: million yen

Stakeholder	Goal	Cost totals	
		FY2017	FY2018
Employees	Work health and safety	1,698	1,586
	Personnel training	2,848	952
	Protect diversity	870	26
	Develop a workplace in which employees can work comfortably	1,135	864
Customers	Ensure appropriate customer response and safety	232	202
Future generations	Education for future generations	75	68
Communities (local society and government)	Harmony with the local community	218	220
	Promote culture and the arts in society (in Japan)	896	601
International community	Consideration for the international community and international cultures	2	96
NGOs and NPOs	Cooperation with NGOs and NPOs	77	34
Suppliers	Consideration for products	52	14
Total		8,103	4,663

Volunteer Activities During Working Hours

	FY2016	FY2017	FY2018
Hours spent on volunteer activities	1,117	1,436	1,440
Volunteering cost (million yen)	6	9	9

* Volunteer activities

Calculated based on the hours spent on volunteer activities, such as area clean-up, working hours, the salary equivalent to that of those hours, and cost of the activities.

Overview of FY2018

- Expenditure on improving working conditions and for socially beneficial activities for different stakeholders is summarized.
- Efforts are made to create a worker-friendly environment through expanding educational seminars and supporting mental healthcare programs.
- For local communities, expenditure includes a donation to build the Japan Photographic Preservation Center and a product donation to the Nature Conservation Society of Japan. In the promotion of art and culture, expenditure includes Fujifilm Square as the base for preservation and communication concerning photographic culture, as well as for photo contests.

5.1.2 Environmental Accounting

<Basic items>

●Objectives of environmental accounting

1. To provide accurate quantitative information on volumes and economic effects to interested parties inside and outside the Group
2. To provide numerical environment-related information useful for decision making by management and supervisors at the working level

●Accounting method

Based on the “Environmental Accounting Guidelines (2005 edition)” published by the Ministry of the Environment in Japan.

1. Depreciation is calculated in principle according to the straight-line method over a three-year period.
2. When costs include expenditures for both environmental and non-environmental purposes, the portion relating to non-environmental purposes has been excluded.
3. Economic impact within the Group: The difference in value terms from the previous year in fines for polluting and usage of energy, raw materials, water, and other resources is accounted for, as well as the real impact of recovery, recycling, and other measures in value terms for the year in question.
4. Economic impact outside the Group: The difference in value terms from the previous fiscal year has been shown for SO_x, VOCs, and CO₂. For recycling, the anticipated benefit in value terms has been shown for the year in question.

* Values presented are rounded and the sums of the items do not always make up the totals.

Sustainability Accounting

5.1 | Sustainability Accounting (Labor Environment and Social Benefit Accounting, Environmental Accounting)

Environmental Accounting

Unit: million yen

Environmental conservation benefits					Environmental conservation costs					
Fiscal year	Capital investment		Expenses		Economic impact inside the Group			Economic impact outside the Group		
	2017	2018	2017	2018	Fiscal year	2017	2018	Fiscal year	2017	2018
1. Costs incurred within the business site	1,129	1,168	5,493	6,355						
(1) Environmental damage prevention	376	367	1,440	1,738	Reduced pollution levy	5	0	Reduction in SOx emissions*1	0	0
								Reduction in volume of SOx emissions	4 t	-4 t
					Reduction in volume of NOx emissions	81 t	75 t			
						Reduction in VOC emissions*2	-32	2		
(2) Global environmental protection	751	797	1,900	2,073	Energy conservation	485	590	Reduction in volume of VOC	-92 t	6 t
								Reduction in CO2 emissions*3	16	142
(3) Resource recycling	2	4	2,153	2,544	Reduced raw materials and resources used	6,261	6,261	Reduction in volume of CO2 emissions	11 kilotons	50 kilotons
								Reduced waste materials through reuse and recycling*4	14,450	12,907
					Reduced water resource consumption*5	331	412			
					Silver	1,622	1,676			
					Polymeric materials	318	283			
					Aluminum materials	150	245			
Others	182	103	Reuse of aluminum materials	37	87					
2. Upstream/downstream costs	9	0	7,005	6,976	Parts recovered from used equipment	8,036	7,704	Reduced volume of CO2 emissions	20 kilotons	30 kilotons
3. Cost of management activities	46	138	10,743	9,708						
4. Research and development costs	1,369	1,345	9,770	10,014				Customer benefits*7	119,754	124,542
5. Costs for social programs	0	0	115	4						
6. Costs for handling environmental damage	3	19	28	50						
Pollution levies										
Total	2,555	2,670	33,155	33,107		17,391	17,273		134,225	137,680

*1 SOx emissions reductions: ¥4.4/ton

Bidding price of SOx emissions credits offered by the United States Environmental Protection Agency in March 2019 (US\$0.04/ton).

*2 VOC emissions reductions: ¥350,000/ton

From the “Economics Evaluation Report on Countermeasures for Harmful Atmospheric Pollutants” issued by Japan Environmental Management Association for Industry, February 2004.

*3 CO₂ emissions reductions: ¥2,818.2/tons

Trading price of EU emissions credit 2019 futures (€11.54/ton) at the end of March 2019.

*4 Landfill costs for the waste product (¥100/kg).

*5 Water resource consumption reduction: ¥200/ton for clean water supply, ¥200/ton for sewage water times the reductions amount.

*6 Volume of recycle and valuable resources in generated industrial waste

*7 For further details of customer benefits, please refer to 4.6.4 Efforts to assess the impact on society and the environment.

Overview of FY2018

●Environmental conservation costs

Total cost is the same as last year's. The facility investment is a little increased to last year's, with approx. 7% into facility investment and roughly 93% into expenditure.

[Facility investments] Increased 4% year-on-year.

[Expenditure] The same as last year's.

●Environmental conservation benefits

This resulted in year-on-year increased by 75 billion yen (5%), when internal and external economic effects are combined.

[Internal economic effect] Roughly the same as last year's.

[External economic effect] Increased benefits for customers by 9% on year-on-year.

6 Independent Assurance Report

FUJIFILM Holdings Corporation commissioned SGS Japan Inc. to conduct an independent assurance of the environmental and social data contained in its Sustainability Report 2019. Please refer to our website for further details.

URL <https://www.fujifilmholdings.com/en/sustainability/verification/index.html>



ASSURANCE STATEMENT

SGS Japan's Report on Sustainability Activities in the FUJIFILM Holdings Corporation Sustainability Report 2019.

NATURE AND SCOPE OF THE ASSURANCE

SGS Japan Inc. was commissioned by FUJIFILM Holdings Corporation (hereinafter referred to as "the Organization") to conduct an independent assurance of its Sustainability Report 2019 (hereinafter referred to as "the Report"). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the stakeholder management process, data on greenhouse gas(GHG) emissions (Scope 1, 2, and category 1 of Scope 3), energy consumption, amount of water emission and disposal, waste, VOC emissions, personnel and labor (FUJIFILM Corporation and Fuji Xerox Co., Ltd.), and the management systems supporting the reporting process. The data regarding GHG emissions, volumes of water intake and discharge, and waste consisted of data from FUJIFILM Corporation, Fuji Xerox Co., Ltd. and other affiliated companies. The information contained in the Report and its presentation are the responsibility of the directors or governing body and the management of the organization. SGS Japan Inc. has not been involved in the preparation of any of the material included in the Report. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all the Organization's stakeholders. The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers. This report has been assured at a moderate level of scrutiny using our protocols for:

- Evaluation of content veracity;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- Evaluation against the ISO14064-3(2006);

The assurance comprised a combination of pre-assurance research, interviews with the management and the person in charge of producing the report, onsite visits (Fuji Xerox Manufacturing Co., Ltd. Suzuka Center and FUJIFILM Corporation Fujifilm Advanced Research Laboratories), verification and confirmation of vouchers, review of related materials and records, and analytical procedures. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; and environmental, social and sustainability report assurance. SGS Japan Inc. affirms our independence from the organization, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders. The assurance team was assembled based on the knowledge, experience and qualifications of the each of the team members for this assignment, and comprised auditors registered with lead auditors of ISO9001, ISO14001, ISO45001, and lead verifiers of greenhouse gas emissions.

ASSURANCE OPINION

Within the scope of the assurance activities employing the methodologies described above, nothing has come to our attention that caused us to believe that the information and data contained within the Report does not provide a fair and balanced description of the organization's sustainability activities from 1st April, 2018 to 31st March, 2019.

opinion that the Report can be used by the Reporting Organization's stakeholders. The organization has chosen an appropriate level of assurance for this stage in its reporting process.

PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Identified social issues related to stakeholders from the viewpoints of various sources (GRI, SDG's, and corporate surveys). Social issues in the business segments are identified through the results of the communication with stakeholders through the dialog exchange meetings, survey results to the report, and others. Additionally, identified and involved in the process. The extracted issues are input into the assurance process. The CSR division consists of staff members whose skills are ensured as a result of the assurance process.

Identified the social and environmental impacts associated with the Organization's activities. The assurance process is conducted through various assessment processes identifying social issues' solution. Identified issues are reflected in the Sustainable Value Plan (SVP) for materiality and certainty. The SVP2030 is positioned as the Organization's business strategy, and the philosophy that business management leads the solution to social issues. External experts are involved in the consideration process of materiality, and the results of the assessment are reflected in the process. Additionally, the priority assignment and the results of the assessment are available on the website and the assurance process.

Identified a series of process to identify the issues and the corresponding status to the assurance process. The assurance process is conducted through various assessment processes identifying social issues' solution. Identified issues are reflected in the Sustainable Value Plan (SVP) for materiality and certainty. The SVP2030 is positioned as the Organization's business strategy, and the philosophy that business management leads the solution to social issues. External experts are involved in the consideration process of materiality, and the results of the assessment are reflected in the process. Additionally, the priority assignment and the results of the assessment are available on the website and the assurance process.

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SGS Japan Inc.
Senior Executive & Business Manager
Certification and Business Enhancement
Yuji Takeuchi

20 June, 2019





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