

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

<Period of coverage> FY2019 (April 1, 2019 to March 31, 2020)

<Scope of labor environment and social benefit accounting>

60 domestic companies in the Fujifilm Group
(FUJIFILM Holdings, Fujifilm and 19 Fujifilm affiliates, Fuji Xerox and 38 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 get the picture of our activities in this area. The amounts spent for improving the working environment of our employees and social contributions are calculated with classification by each stakeholder.

●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	
		FY2018	FY2019
Employees	Work health and safety	1,586	1,548
	Personnel training	912	936
	Protect diversity	26	27
	Develop a workplace in which employees can work comfortably	864	896
Customers	Ensure appropriate customer response and safety	202	197
Future generations	Education for future generations	68	49
Communities (local society and government)	Harmony with the local community	220	111
	Promote culture and the arts in society (in Japan)	756	729
International community	Consideration for the international community and international cultures	96	1
NGOs and NPOs	Cooperation with NGOs and NPOs	34	18
Suppliers	Consideration for products	14	15
Total		4,778	4,529

Volunteer Activities During Working Hours

	FY2018	FY2019
Hours spent on volunteer activities	1,440	790
Volunteering cost (million yen)	9	2

* Volunteer activities

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

Overview of FY2019

- 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

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Environmental Accounting

Unit: million yen

Fiscal year	Environmental conservation costs				Environmental conservation benefits					
	Capital investment		Expenses		Economic impact inside the Group			Economic impact outside the Group		
	2018	2019	2018	2019	Fiscal year	2018	2019	Fiscal year	2018	2019
1. Costs incurred within the business site	1,168	1,539	6,355	6,242						
(1) Environmental damage prevention	367	293	1,738	1,535	Reduced pollution levy	-5	1	Reduction in SOx emissions*1 Reduction in volume of SOx emissions	0 -4 t	0 9 t
								Reduction in volume of NOx emissions Reduction in VOC emissions*2 Reduction in volume of VOC	75 t 2 6 t	-10 t -8 -23 t
(2) Global environmental protection	797	1,201	2,073	2,132	Energy conservation	590	2,040	Reduction in CO2 emissions*3 Reduction in volume of CO2 emissions	142 50 kilotons	103 44 kilotons
					Reduced raw materials and resources used	8,125	8,666	Reduced waste materials through reuse and recycling*4	7,554	7,178
					Reduced water resource consumption*5	412	-114			
(3) Resource recycling	4	45	2,544	2,575	Silver	1,676	1,895	Reduced volume*6	75.5 kilotons	71.8 kilotons
					Polymeric materials	283	274			
					Aluminum materials	245	198	Reuse of aluminum materials Reduced volume of CO2 emissions	87	75
					Others	103	125			
2. Upstream/downstream costs Recovery from the market	0	0	6,976	6,173	Parts recovered from used equipment	7,704	6,901			
3. Cost of management activities	138	73	9,708	11,178						
4. Research and development costs	425	1,347	9,401	11,128				Customer benefits*7	30,788	28,064
5. Costs for social programs	0	0	4	5						
6. Costs for handling environmental damage Pollution levies	19	12	50	43						
Total	1,750	2,972	32,494	34,768		19,133	19,985		38,572	35,413

*1 SOx emissions reductions: ¥1.1/ton

Bidding price of SOx emissions credits offered by the United States Environmental Protection Agency in March 2020 (US\$0.01/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: 2,370.7/ton

Trading price of EU emissions credit 2019 futures (€19.83/ton) at the end of March 2020.

*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 4.6.5 Efforts to Assess the Impact on Society and the Environment.

Overview of FY2019

●Environmental conservation costs

Total costs increased by 10% year-on-year. The facility investment was approx. 3% and expenditure was approx. 7%. Cost of R&D and resource recycling increased over last year.

[Facility investments] Increased by 70% year-on-year.

[Expenditure] Increased by 7% year-on-year.

●Environmental conservation benefits

This resulted in a year-on-year decrease of 4% when internal and external economic effects were combined. Energy-saving promotion benefits increased; however, customer benefits decreased.

[Internal economic effect] Increased by 5% year-on-year.

[External economic effect] Decreased by 8% year-on-year.