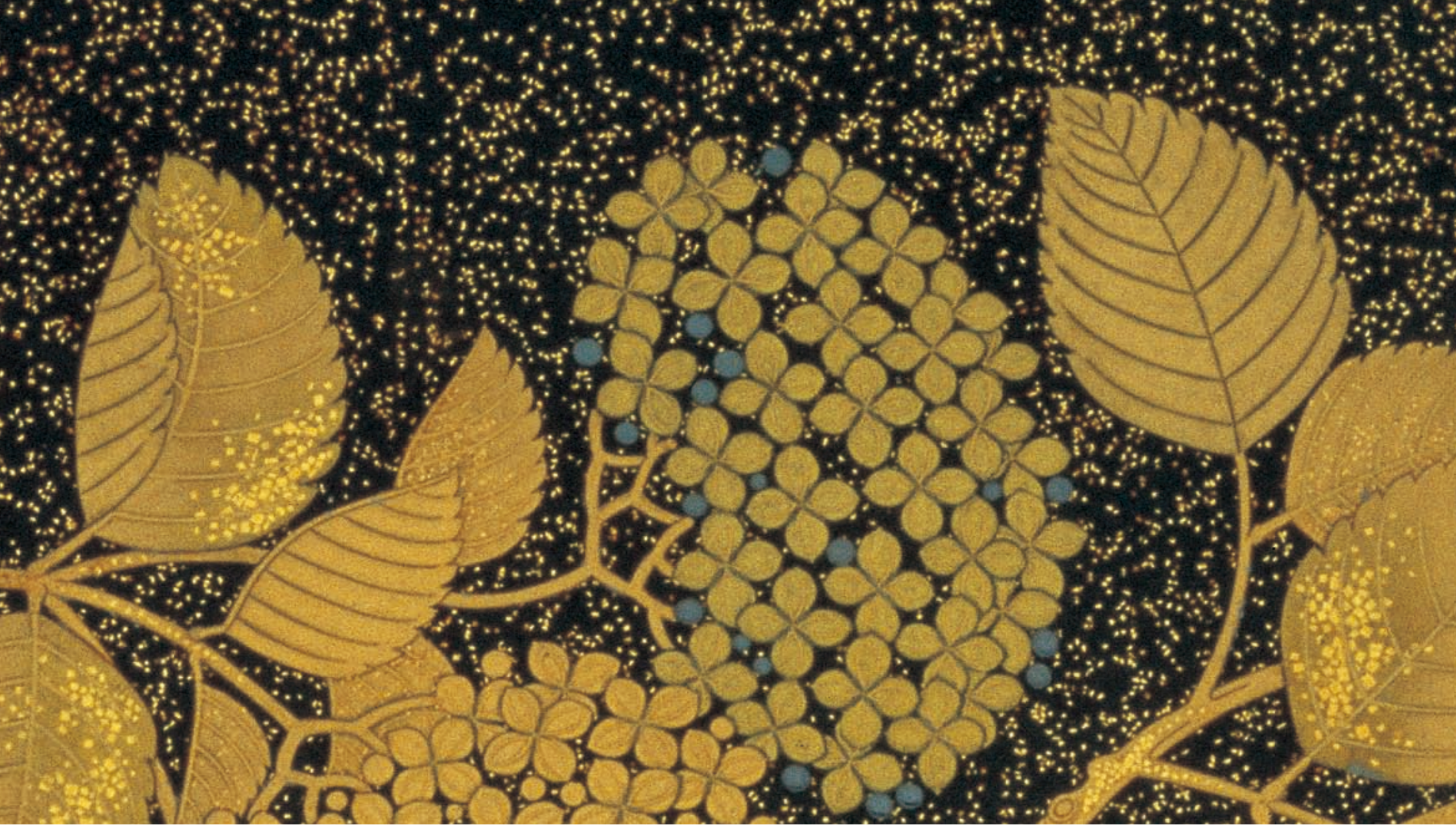


FUJIFILM Holdings Corporation

FUJIFILM

Sustainability Report 2010

**To continually ask ourselves whether we are really contributing to society and making people happy.
To review our past achievements, focus on our future aims and how we should accomplish them.
The key to these objectives is to embody the principle of "One for All, All for One" to create new values.**

Always asking ourselves questions

The framework of the world economy is changing greatly with emerging economies such as China, India, and Brazil gaining economic power in a dramatic way. Amid this trend, we can no longer keep up with the progress of society and the market by continuing to do business in the way that we did in the past.

In this age of change, it is as if we are being put through a huge sieve. In order to survive this severe period, we must always ask ourselves what role we should play to make our existence meaningful to society and we need to completely review our past ways of doing business. This is something we must do if we are to make progress and offer society unique products of higher quality and value. I believe this will eventually lead to the fulfillment of our corporate philosophy: contributing to people's quality of life and the achievement of sustainable management.

What we did in the past, what we should do in the future, and how we should do it

At the beginning of the millennium, we faced a "digital shock" that threatened our core business. In response, under the slogan of "Second Foundation," we restructured our photographic business and focused our managerial resources on our priority business fields. Applying the nanotechnologies we accumulated in manufacturing photographic film, we stepped boldly into new business fields such as cosmetics, food supplements, and pharmaceuticals. As a result, we were able to record our highest ever sales and operating income in fiscal 2007 and made a V-shaped recovery at an unprecedented speed. Subsequently, the market began to shrink due to the world recession triggered by the collapse of Lehman Brothers and all our business sectors suffered a serious impact. In the face of this crisis, we restructured our organization, enhanced our management base by structural reforms, and strengthened the capabilities of each of our divisions based on our past experience of overcoming hardships. We are now poised on a new start line for growth with a range of human resources, technologies, expertise and know-how, and experience. Using these vital assets, we will launch ourselves into an orbit of growth once again with confidence and courage.

It is clear what we should do. First, we must provide unique and advanced products. Second, we must pioneer and expand new markets in the emerging economies, which are now leading the global economy. Third, we must firmly establish our new businesses in the fields of healthcare, including cosmetics and food supplements, pharmaceuticals, and functional materials.

To this end, we will focus our managerial and human resources on the growth fields, thinking not only about what we should do, but also how and to what extent we should do it. In this regard it is vital that we continue to be concerned about sustainability and introduce a process to achieve our goals and targets in an appropriate manner. We must incorporate the idea of sustainability into our management and implement it as the core of our management principles in a strategic manner as we move forward.

Taking on challenges in a bright and forward-looking manner

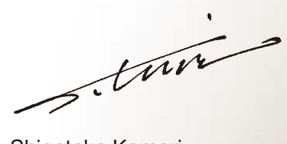
The Fujifilm Group's sales came to 2.18 trillion yen (US$ 23.2 billion), and operating income before deducting the cost of structural reforms amounted to 101.6 billion yen (US$ 1.08 billion) in fiscal 2009. However, we actually registered a loss for the fiscal year because of costs, something that we had expected from the outset. From this fiscal year onward, we will strive to improve our management base to achieve an operating margin of 10% while making steady progress through structural reforms. We regard this year as a cornerstone to returning to growth and leading the industry in a range of fields.

For us, sustainability has much to do with the promotion of our management strategies. We will take on the challenge of doing our business in a bright and forward-looking manner by fulfilling our responsibilities to future generations including our responsibility for solving environmental problems and fulfilling our social role as a corporate citizen. Without this commitment, we cannot motivate ourselves or win the support of individuals, organizations, and other companies who are working with us or society at large.

The Fujifilm Group has clearly stated its target of reducing CO_2 emissions from its products throughout their lifecycles by 30% over fiscal 2005 levels by fiscal 2020. This is not an easy goal, but I believe we can achieve it by tackling challenges in a bright and forward-looking manner.

"One for All, All for One" in creating new values

This spring I had a dialogue meeting with young managers who will be our future corporate leaders on the theme of leadership. At the meeting, I introduced to participants a principle widely accepted by rugby players—"One for All, All for One," because I want them to become leaders who can think about their company and society in their capacity as public figures and who can take action not only for themselves but also for their subordinates and colleagues, for the entire company, and for society at large. The principle does not apply only to leaders. It also applies to all employees, each of whom I expect to work for their colleagues and the company and for society. If each member takes action based on this principle, they will be able to create new values and contribute to the prosperity of the entire organization. That prosperity in turn will benefit each employee. I have been repeating this idea continually through my messages in our sustainability reports. "One for All, All for One" in creating new values. This principle is essential in ensuring sustainability. Each of us is now required to implement that principle.



Shigetaka Komori
President and Chief Executive Officer,
FUJIFILM Holdings Corporation
Chairman, Group CSR Committee

Fujifilm Group Corporate Philosophy

We will use leading-edge, proprietary technologies to provide top-quality products and services that contribute to the advancement of culture, science, technology and industry, as well as improved health and environmental protection in society. Our overarching aim is to help enhance the quality of life of people worldwide.

Fujifilm Group Vision

Anchored by an open, fair and clear corporate culture and with leading-edge, proprietary technologies, Fujifilm is determined to remain a leading company by boldly taking up the challenge of developing new products and creating new value.

Fujifilm Group Charter for Corporate Behavior

In addition to pursuing profits through fair competition, corporations must make a contribution to society at large. To this end, the Fujifilm Group, in its corporate activities in Japan and abroad, respects human rights, observes both the spirit and the letter of all laws and regulations and international rules, and, acting in a socially responsible manner, works independently toward the sustainable development of society and the Fujifilm Group companies, in accordance with the following five principles.

1. A Trusted Company
2. Social Responsibility
3. Respect for Human Rights
4. Global Environmental Conservation
5. Vibrant Workplaces

Recognizing top management's responsibility to embody the spirit of this Charter, Fujifilm Group executives shall lead by example and promote a sound understanding of the Charter both within Group companies and among business partners. They shall strive to continually take account of views within and outside the Group, establish efficient corporate systems, and foster high ethical standards.

In the event of situations that contravene this Charter, top management shall clearly indicate both within and outside the Group its approach to resolving the situation and work to identify its causes and prevent any recurrence. Top management shall be accountable, promptly and appropriately disclose information, and take strict disciplinary action when appropriate, including in regard to itself.

[Fujifilm Group Code of Conduct]
URL http://www.fujifilmholdings.com/en/about/philosophy/law/index.html

The Fujifilm Group's Approach to CSR

The Fujifilm Group's Approach to CSR is to contribute to the sustainable development of society by putting into practice the Fujifilm Group's Corporate Philosophy, and realizing its Vision through sincere and fair business activities.

We will:

1. fulfill our economic and legal responsibilities, and respond to society's demands by contributing as a corporate citizen to the development of culture and technology in society and environmental preservation.
2. constantly reassess whether our CSR activities are responding adequately to the demands and expectations of society and whether those activities are conducted properly through dialogue with our stakeholders including customers, shareholders, investors, employees, local communities, and business partners.
3. enhance corporate transparency by actively disclosing information to fulfill our accountability for our business activities.

Editorial Policy

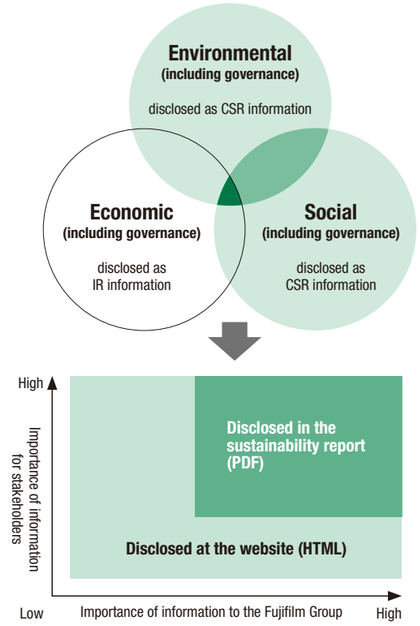
FUJIFILM Holdings Corporation Sustainability Report 2010 comprises three parts: "Feature: Enhancing Quality of Life," "CSR Highlights 2009," and "Data and Information."

This report focuses on the environmental and social activities of the Fujifilm Group and provides information and data that are of particular importance to the Fujifilm Group and its stakeholders. To help stakeholders understand our CSR activities objectively and specifically, we have included the maximum possible amount of quantitative information in this report.

The conceptual diagram on the right shows our editorial policy and the structure of information included in this report.

Please also visit our website (will be updated and will reopen in October).

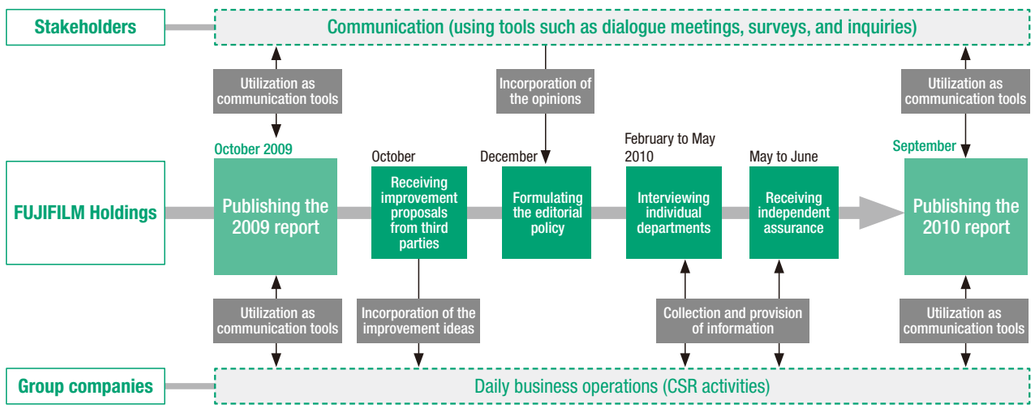
URL http://www.fujifilmholdings.com/en/sustainability/index.html



Process of creating the report

In line with the three principles of AA 1000 AccountAbility Principles Standard 2008 (AA 1000 APS (2008)), FUJIFILM Holdings links the Fujifilm Group's CSR activities with the creation of the report as follows.

* http://www.accountability21.org/aa1000aps



The three principles of AA 1000 APS (2008)

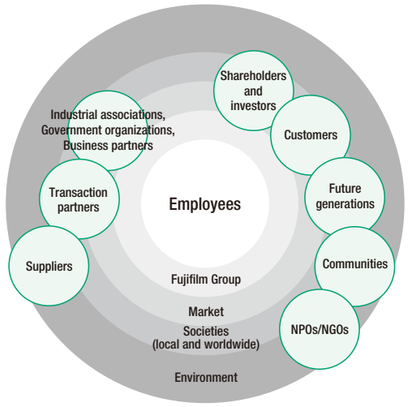
The Principle of Materiality
whether important issues are specified

The Principle of Responsiveness
whether fully meeting the expectations of stakeholders

Foundation Principle of Inclusivity
whether fully involving stakeholders

* FUJIFILM Holding's thinking on the above three principles of AA 1000 APS (2008) is elaborated on its website.

Fujifilm Group and stakeholders



Related page Page 54 Communication with Stakeholders

Period covered by the report

Fiscal year 2009 (April 1, 2009 – March 31, 2010) 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 fiscal 2010.

Organizations covered by the report

The Fujifilm Group (FUJIFILM Holdings, FUJIFILM and its affiliates, Fuji Xerox and its affiliates, Toyama Chemical, and FUJIFILM Business Expert)

- Major consolidated companies are shown on page 75 and URL shown below.

URL http://www.fujifilmholdings.com/en/business/group/index.html

- Quantitative information about personnel and labor affairs is non-consolidated data for FUJIFILM and Fuji Xerox.
- The scope of Labor Environment and Social Benefit Accounting is shown on page 54. The scope of Environmental Accounting is shown on page 65.
- The scope of Environmental Aspects is shown on page 64.

Referenced guidelines

- Japan's Ministry of the Environment: Environmental Reporting Guidelines—Towards a Sustainable Society (2007 Version)
- GRI: Sustainability Reporting Guidelines 2006
- Japan's Ministry of the Environment: Environmental Accounting Guidelines (2005 Version)

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 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.
- The operating company, Fuji Xerox, issues a separate sustainability report. Please refer to that report for details on the activities of Fuji Xerox.

GRI Guideline (G3) Comparison Table

URL http://www.fujifilmholdings.com/en/sustainability/report/guideline/index.html

CONTENTS

Feature: Enhancing Quality of Life

In this section, based on the theme of Enhancing Quality of Life—our corporate philosophy, we will introduce the five priority business fields of the Fujifilm Group and describe the development and exchange of human resources fostered by the Group to support our businesses.

Important cultural property
Sun, moon, pine trees and cranes

Muromachi Period (16th century)
Owned by Mitsui Memorial Museum

The Sun and the Moon made from metallic discs are laid out on the left and right panels of the folding screen, respectively, which is typical of sun and moon folding screens popular in the Muromachi Period. Auspicious pine trees and cranes are depicted from right to left with flowers in the different seasons. The cranes resting near water are colored vividly in ultramarine blue and green-blue, and rocks are depicted in a manner that is characteristic of *yamatoe*-style folding screen of the Muromachi Period.

Part 1 Activities in the Flat Panel Display Materials Business

Leading Progress in LCD Films through Advanced Quality Control and Appropriate Responses to Market Needs

Liquid crystal display (LCD) panels are used in a range of electronic products such as flat screen TVs, PCs, and cell phones. FUJIFILM has been supporting the popularization of LCD panels by supplying high-quality and highly functional LCD films since the 1970s.

Pursuit of beautiful pictures leading to the development of films for most advanced LCD panels

FUJIFILM manufactures photographic films by coating nearly 20 types of emulsion layers* evenly on a highly transparent base film. We use a very unique and highly advanced technology to coat all the layers at the same time for higher productivity. Utilizing these advantageous photographic technologies, we have developed the optimum materials for flat panel displays. Special films developed by FUJIFILM are used in multiple numbers in the monitors of PCs and the increasingly popular flat-screen LCD TVs.

FUJIFILM began providing LCD panel films following the appearance of automatic LCD calculators on the market, which contributed to the spread of LCDs in the latter half of the 1970s. Since then we have been expanding the business with our Flat Panel Display Materials Division (FPD Materials Division) working to keep up with the progress of LCDs, including upsizing for use in liquid crystal monitors and notebook PCs, colorization, and the release and spread of LCD TVs.

Major LCD films marketed by the FPD Materials Division include triacetylcellulose (TAC) film to protect the polarizing plates indispensable for LCDs, wide-view (WV) film that expands viewing angles, clean vivid (CV) antireflective film, and trunser film for color filters to render colors. In particular, we have nearly an 80% share of the market for TAC film and a 100% share of the market for WV film.

FUJIFILM has received high evaluation for its LCD film materials from flat panel display manufacturers by optimizing its product quality through the use of its advantageous photographic technologies, and by stabilizing supplies and developing and improving its products in close communication and cooperation with customers in prompt response to changes in market needs.

* Composed of about 100 organic compounds with a thickness of around 15 micrometers.

Ensuring high quality and expanding production to become more competitive

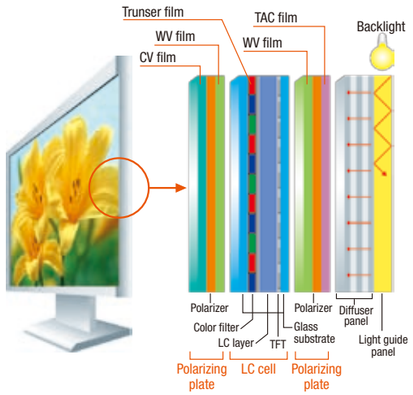
TAC film, which was traditionally used as photographic film, began to attract attention as an LCD film because the transparency is much higher than for film made from other materials. An LCD panel is structured with multiple layers of a glass substrate, filters, and film. For the backlight to permeate through the layers to project images on the screen effectively, it is necessary to use highly transparent materials for the layers. TAC film is highly transparent but can contain fine foreign matter because it is made from natural materials. At that time, however, FUJIFILM had already established a technique to remove the matter to a high degree, and so TAC film made by the company was evaluated highly.

We also actively expanded the production capacity of our films in response to customers' needs for larger film for larger screens and the rapidly increasing demand, and the expansion has given us a competitive edge. A lot of different materials go into the making of LCD panels and they could not be manufactured if any one of the materials is not in supply. The popularization of LCD panels would also be slowed down if panel manufacturers could not respond promptly to increases in demand for the product.

Always recognizing its responsibilities as a supplier, FUJIFILM has been expanding its production system to supply the necessary films to LCD panel manufacturers in response to their needs and the trend in global demand since the initial spread of LCD panels. We have won the trust of our customers by ensuring a stable supply of these films even when demand increased sharply, and are now enjoying a top share of the market.

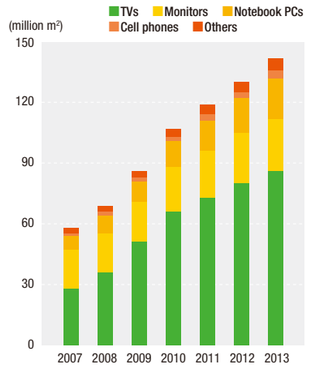
Hisamasa Abe
Director, Senior Vice President
General Manager of Flat Panel Display Materials Division
FUJIFILM Corporation

► Cross-section of an LCD



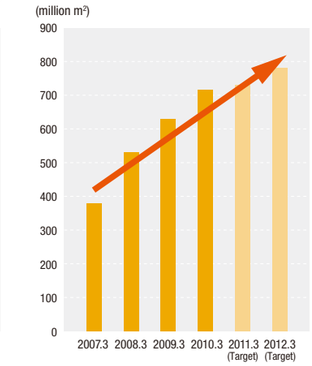
TAC film is used medium for CV and WV film.

► Total demand for LCDs (by area)



(Surveyed by DisplaySearch in 2009)

► FUJIFILM's TAC film production capacity



A polarizing plate made using PET film, which generates moiré patterns (on the left) and a polarizing plate made using FUJIFILM's TAC film (on the right)

Producing TAC film intensively in Japan and supplying it to the world to meet increasing demand

Due to the upsizing and rapid spread of LCD TVs, shipments of LCD panels has been increasing continuously at a high rate of at least 20% per year in recent years. The world penetration rate of LCD TVs, however, is still at around 30%. The use of the panels is expanding and will further expand into new markets in the BRICs and other emerging economies. Now large LCDs are also increasingly being used for digital signage. FUJIFILM will meet customer needs in a timely way while ensuring a stable supply of LCD films in response to increasing demand.

Manufacture of the core products of the FPD Materials Division, including TAC film and highly functional WV and CV films made based on TAC film, requires extremely advanced production technologies and strict quality control, and we therefore manufacture all the films in our three factories in Japan (FUJIFILM Kanagawa Factory, FUJIFILM Opto Materials, and FUJIFILM Kyushu) and ship the products both within and outside Japan. There is still enough room to expand production capacity at FUJIFILM Kyushu, which has a large site, and we will continue to make the appropriate equipment investments in response to increases in demand.

Integrating marketing, development, and production and further strengthening relations with customers

For LCD materials, which are industrial materials, it is critical to develop products in cooperation with customers, who are the polarizing plate and LCD panel manufacturers. The FPD Materials Division has been working to integrate its business operations by sharing information and problems among the marketing, production, R&D, and production technology staff through regular meetings. We will continue to develop and manufacture products in prompt response to customer needs in the rapidly changing IT and TV markets, thereby helping spread LCDs and supporting the growth of our own business.

Related pages:
Page 10, 11 (CSR activities in the Flat Panel Display Materials Business)
Page 31 (Participation in the Japanese emission credit system)
Page 32 (Proactive introduction of energy-saving technologies)
Page 66 (FUJIFILM Corporation Kanagawa Factory Ashigara Site)

CASE 1 Acquiring biomass product certification through the procurement of carbon-neutral materials

Environmentally friendly procurement of materials

We use natural cellulose as a material for TAC, which serves as a base material for FUJIFILM's LCD panel films, such as TAC film used to protect the polarizing plates, WV film to expand the viewing angle, and CV film to prevent screen reflections. (Cellulose accounts for about 50% of the material in TAC.)

At present, it is particularly important to reduce global carbon dioxide (CO_2) emissions, which cause global warming. On the other hand, trees are approved as carbon-neutral materials because they grow by absorbing CO_2, and the amount of CO_2 emitted when they are discarded and incinerated can be offset by the amount previously absorbed by them. To highlight the fact that its LCD panel films contribute to the mitigation of global warming, FUJIFILM acquired biomass product certification for five of its product items including TAC film from the Japan Organics Recycling Association in 2006.

Polarizing plate and LCD panel manufacturers, who are our customers, are also committed to reducing the environmental impact of their products through green purchasing and by other means, and in response, FUJIFILM delivers its products with the biomass product certification mark on the product labels.

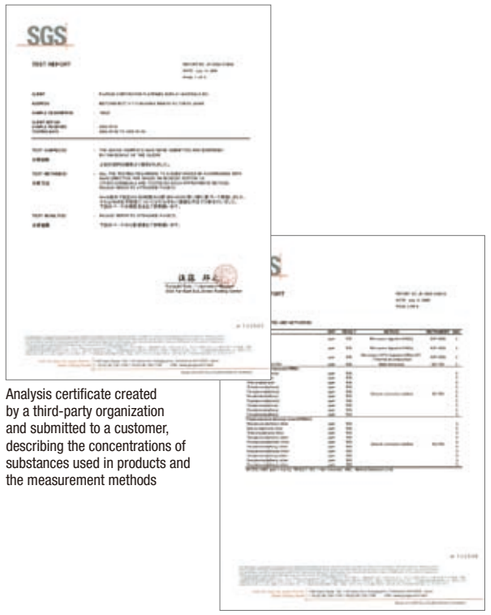
Biomass product certificate that allows the use of the biomass mark (upper) and an example of the use of the mark on a product label (biomass mark and the registration number written under the product name)

CASE 2 Submitting an analysis certificate created by a third-party organization to provide information on chemicals used in our products

Provision of information on chemical substances used in our products

As the functionality of LCDs increased, more chemical substances began to be added to LCD panel films, which were initially made using natural materials. On the other hand, customers, such as the polarizing plate manufacturers to whom we supply the films, are increasingly committed to procuring materials and components that are both environmentally and socially friendly through green procurement and CSR-oriented procurement. In response, the Fujifilm Group has been strengthening its related measures.

The national government and industrial associations have their own regulations on chemical substances used in products, but in the past each supplier reported on their use to their customers in their own format. The use of different formats by suppliers, however, imposes a great burden on the supply chain in checking and managing the data, and so the FPD Materials Division decided to begin complying with the criteria of the Joint Article Management Promotion-consortium (JAMP) in 2009. JAMP is an organization established by 17 Japanese companies including FUJIFILM in September 2006. The FPD Materials Division now also submits analysis certificates made by third-party organizations to the polarizing plate manufacturers and other customers to increase the objectivity of its data on the substances used in its products.



Analysis certificate created by a third-party organization and submitted to a customer, describing the concentrations of substances used in products and the measurement methods

CASE 3 Contributing to energy conservation by the provision of highly functional films

Contributing to energy conservation through products

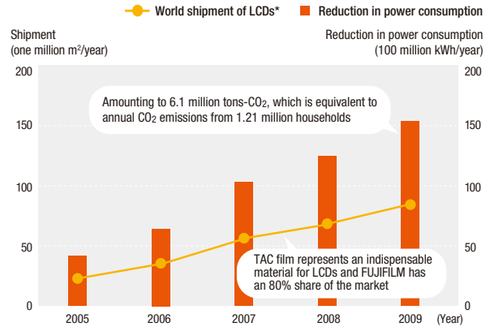
Compared with cathode-ray tube (CRT) TVs, flat-screen TVs are lighter and more compact, not needing much space for installation. These TVs are also more environmentally friendly because they are more energy efficient.

In particular an LCD TV consumes 30% less electricity than a CRT TV of the same size. The energy conserved by all LCD TVs sold in the world in 2009 comes to 6.1 million tons-CO_2 when calculated based on the total area of LCDs shipped in the year. This amount is equivalent to the annual CO_2 emissions of about 1.21 million households of Japan.

According to the assessment of the environmental impact of TVs throughout their lifecycle from manufacture and use to disposal, the electricity they consume in the use stage has a large environmental impact, and so replacing CRT TVs with flat-screen ones will contribute greatly to protecting the environment.

Flat-screen TVs began to be popularized on a wide scale in Japan around 2003 to 2004 and in 2010 the diffusion rate reached 70% for households with at least two members (according to a survey on consumption trends conducted by the Cabinet Office of Japan). Also overseas, flat-screen TVs have become a mainstream product in the TV market. The use of these TVs expanded rapidly due to upsizing, lower prices, and improvements in image quality, and FUJIFILM has been contributing to the environment by developing and releasing onto the market a range of films indispensable in the manufacture of LCD TVs.

► Shipment of thin-film transistor LCDs and reduction in power consumption in comparison with CRT TVs (estimates)



* The data for thin-film transistor LCDs is used here.
Assumptions: For the electricity consumed by LCDs, the average data shown for 32-inch models in the energy conservation performance catalog for the summer of 2009 (published by the Japanese Agency for Natural Resources and Energy) was used to calculate the electricity consumed by thin-film transistor LCDs (based on the total area of LCDs shipped in the year). LCDs were assumed to consume 30% less electricity than CRT TVs of the same size.

CASE 4 Participating in a team to support paddy rice farmers and protect the local environment in Minami Aso

Cooperation between a manufacturing site and a local community

FUJIFILM Kyushu (Kikuyo-machi, Kikuchi-gun, Kumamoto Prefecture) manufactures 50% or more of the Fujifilm Group's LCD films. The company has been actively committed to human exchanges and protecting the rich local natural environment in cooperation with local residents. In 2010, as part of this effort, it participated in a team organized by Minami Aso Village to support paddy rice farmers.

Minami Aso Village is located in the south of Aso Caldera, one of the popular sightseeing spots in Kumamoto Prefecture, and is adjacent to Kikuchi-gun, where FUJIFILM Kyushu is located. There are a lot of paddy fields in the village, but with the aging of the owner farmers and the lack of successors, it is becoming difficult for the farmers to maintain the fields. The team to help the paddy farmers overcome their difficulties was organized by Minami Aso Village specifically to help them plant and harvest the rice. FUJIFILM Kyushu informed many employees of the team activity and about 50 employees joined the team this time.

If the local paddy fields are abandoned, it will lead to a loss of an important aspect of the Japanese rural scene. Also the paddy fields will stop being able to retain water, causing various problems including an increased risk of flooding and a decrease in spring water. Joining the team provided employees with an opportunity to support the local community and helped them and their families increase their environmental awareness.

Planting rice together

Commemorative photo of all the participants

Brochure created by FUJIFILM Kyushu to introduce the team activity

Part 2 Activities in the Healthcare Business

Contributing to Human Health and the Progress of Medical Care through the Group's Unique Technologies and Synergies

FUJIFILM has been engaged in producing X-ray film for medical use since the 1930s. As a result of improving our technologies and expanding our expertise, we now cover prevention, diagnosis, and treatment in a comprehensive manner in the healthcare field, and this has become one of the Fujifilm Group's important growth fields.

Comprehensive healthcare company that covers prevention, diagnosis, and treatment

The Fujifilm Group regards the healthcare business as one of its important growth fields. Our business provides products and services related to human health and living. Specifically, the Medical Systems Business Division of FUJIFILM focuses on diagnosis, the Life Science Products Division on prevention, Pharmaceutical Products Division and Toyama Chemical on prevention and treatment, and FUJIFILM RI Pharma, which deals with diagnostic radiopharmaceuticals, on diagnosis and treatment. We are thus using our unique technologies across the whole healthcare field, covering maintenance of health, early detection of disease, and treatment.

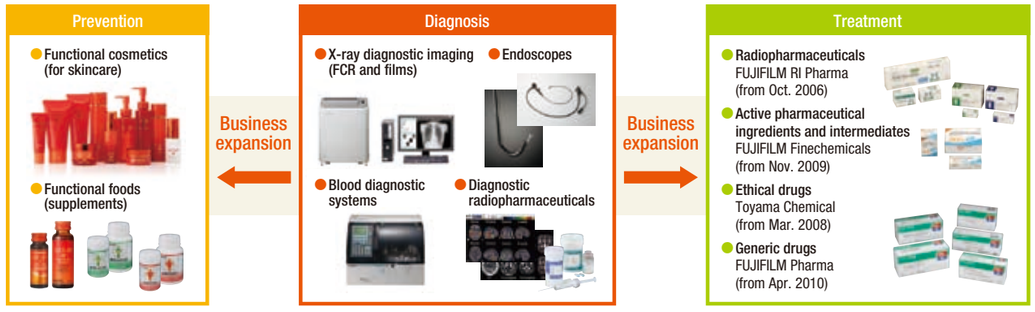
FUJIFILM has been closely engaged in medical diagnosis since 1936, soon after the company's inception, when it started to manufacture film for X-ray photography. Its technologies have advanced and expanded significantly, and now include digital X-ray imaging and diagnostic systems, endoscopes, and blood diagnostic systems. The company now provides hospitals with medical image information networking systems so that they can share information on the diagnosis and treatment of patients within their facilities. We have a top share of the market for these systems and our products are now being used as platforms to link medical institutions and to support remote medical care.

Using photographic film technologies for pharmaceuticals and healthcare

In the area of prevention we provide food supplements for health maintenance and anti-aging as well as skincare cosmetics, while in the area of treatment we develop and manufacture radiopharmaceuticals, active pharmaceutical ingredients, and ethical drugs.

We are using a range of technologies built up through our development and manufacture of photographic films in the areas of prevention and treatment. For example the photosensitive layer in a photographic film is made mainly from collagen, which is one of the proteins that form the components of human skin, bones, and ligaments. The technologies we developed for photographic film can be applied to understanding the mechanisms of the human body to use collagen for human health. Nanotechnology, which is an essential technology for controlling fine particles, is used in the preparation of drugs, and anti-oxidation technology used to prevent the color of photographic prints from fading can be used to develop a technology to suppress active oxygen, which is said to cause aging and cancer.

► Expansion of the healthcare business



Enhancing quality of life for everyone

The Fujifilm Group has unique technologies in the healthcare business, which gives us a competitive edge in the market. We can further strengthen our advantage by linking the prevention, diagnosis, and treatment areas through cooperation between the divisions of FUJIFILM and other Group companies.

The Medical Systems Business Division and Fuji Xerox are now cooperating in the use of IT solutions to help hospitals manage their businesses and raise the efficiency of their medical care services. We will help central hospitals and local clinics build effective medical systems through mutual cooperation by networking various types of medical facilities, and we can offer similar support services also to the emerging economies. By combining endoscopes with pharmaceuticals including diagnostic radiopharmaceuticals and antibody pharmaceuticals, we might be able to develop local therapy methods, which allows intensive treatment of only the affected part. These methods will help suppress the side effects of drugs while reducing the burdens imposed on patients.

The Fujifilm Group will continue with its activities in the healthcare business to help people maintain their health by providing them with supplements and other products. While developing new therapies, we will also help them improve the quality of their lives by increasing diagnostic precision and the efficiency of medical care services.

Toshio Takahashi
Representative Director and
Executive Vice President
General Manager of Healthcare
Business Headquarters
FUJIFILM Corporation

Synergy 1

Pharmaceutical Products Business

Continuously expanding the system to develop and sell pharmaceuticals

Related pages:
Page 14, 15 (Toyama Chemical), Page 16 (FUJIFILM RI Pharma),
Page 55 (Packaging for generic drugs)

The life science business of the Fujifilm Group was substantially enhanced with the participation of Toyama Chemical in the Group in 2008, and our understanding of pharmaceutical technologies and business was also greatly improved inside the Group. Engineers from FUJIFILM now also participate in the symposium held annually by Toyama Chemical, and there is active exchange between the R&D sites. Because of the synergy effects inside the Group, we have been successfully developing one or two new drugs every year and the development of promising items, such as the T-705 anti-new influenza agent, is well underway.

In June 2009, FUJIFILM established its Drug Discovery Research Laboratories. While Toyama Chemical specializes in anti-infective agents, the laboratories are engaged in R&D into anti-cancer agents focusing on diagnostic imaging and FTD* technology. Subsequently in November, we established FUJIFILM Pharma to begin the development and marketing of high value-added generic drugs. In the future, we aim to develop this new company into a comprehensive pharmaceuticals company that also develops new drugs.

* FUJIFILM's proprietary technology to formulate chemicals by mixing ingredients in a well-balanced way and delivering them to targeted sites in the required form

Yuzo Toda
Director, Senior Vice President
General Manager of
Pharmaceutical Products Division
Healthcare Business Headquarters
FUJIFILM Corporation

Synergy 2

Medical Systems Business

Focusing on networking diagnostic devices with higher performance

Related pages:
Page 44 (Social and local contribution through business)
Page 17, 69 (Pink Ribbon Campaign)

The medical systems business is divided into the following four main areas: digital X-ray imaging and diagnostic systems, endoscopes, IT solutions, and blood diagnosis. In recent years, medical institutions have been managing their images and diagnostic information in an increasingly integrated manner, and the linking of the four areas is becoming an important theme in this field of business.

As the basis for information sharing, we provide customers with our SYNAPSE* X-ray image networking systems, which has been highly evaluated by customers. In order to respond to more advanced needs, we have expanded the range of images the system can handle to include 3D images, cardiovascular images, and endoscope images, while starting to provide a system that enables comprehensive reviews of various screening images and diagnostic reports. We are encouraging the use of IT systems in medical facilities to enable them to manage comprehensively a range of hospital information central to medical care and other operations, including medical records on treatment and screening. To further develop this part of our business, we established a Medical Systems Development Center by consolidating our development bases for various devices and systems.

* Network system developed for radiography departments to comprehensively manage image information

Kazuo Nakamura
Corporate Vice President,
General Manager of Medical
Systems Business Division
Healthcare Business
Headquarters
FUJIFILM Corporation

CASE 1

Fulfilling CSR as a pharmaceutical company (Toyama Chemical)

Reducing the environmental impact of pharmaceuticals throughout their lifecycles and ensuring highly reliable production management in compliance with cGMP

Pharmaceutical companies consume various chemicals, materials, energy, and water in their business activities, including R&D, production, sales, transportation, and use of products.

Toyama Chemical acquired ISO 14001 certification for its Toyama Works, its R&D and production base in Toyama City, in 2000. The company expanded the range of this certification to the entire company in 2006, including its head office (Tokyo). Toyama Chemical is committed to fulfilling its CSR by reducing the environmental impact of its pharmaceuticals throughout their lifecycles and by actively protecting the environment.

The Toyama Works has comprehensive pharmaceuticals research laboratories and a factory to manufacture pharmaceuticals on the premises. The laboratories are strengthening mutual cooperation in the processes from discovery to development for the speedier creation of new drugs. The factory manufactures both new drug substances and final products in an integrated manner with a highly reliable production management system built in compliance with the current Good Manufacturing Practice (cGMP), which is manufacturing and quality management criteria set by the U.S. Food and Drug Administration (FDA) and said to be the strictest criteria in the world. Moreover employees at the Toyama Works have been actively devising unique measures to improve their management. In recognition of these activities they were commended by the Minister of Education, Culture, Sports, Science and Technology of Japan for seven years in a row, as described below.


Experiment conducted in the laboratory

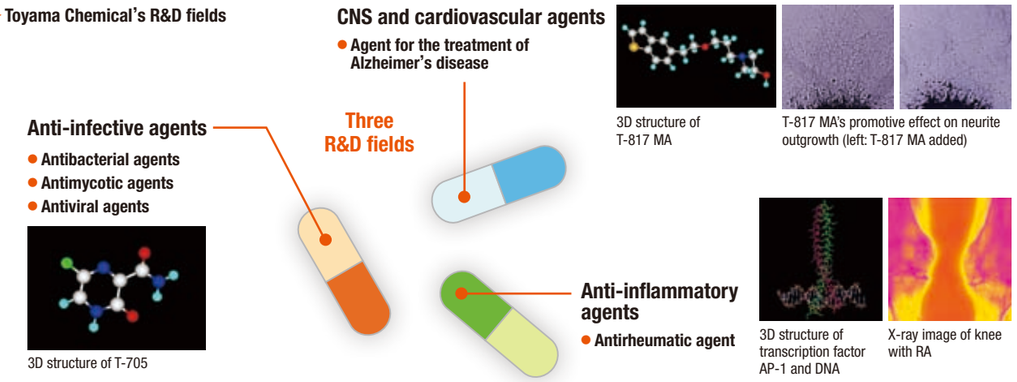

Formulation process


Packaging process

► Improvements commended by the Minister of Education, Culture, Sports, Science and Technology

Year	Winner's Department & Number of Winners (in parentheses)	Description
2004	Formulation Section 1, Formulation Dept. (1)	Improvement of pillow buffer equipment
2005	Formulation Section 1, Formulation Dept. (2)	Improvement of a crescent-shaped valve
	Formulation Section 1, Formulation Dept. (2)	Invention of a filter unit
2006	Formulation Section 1, Formulation Dept. (2)	Improving the design of the clean room cap
2007	Formulation Section 1, Formulation Dept. (1)	Invention of a sealing tape inspection machine Improvements to the manual packaging line
	Injection Section, Formulation Dept. (2)	Invention of cardboard buffer equipment
2008	Formulation Section, Formulation Dept. (2)	Invention of a sorting cart and a butterfly valve handle
	Formulation Section, Formulation Dept. (1)	Improvements to the method of transporting granulated powder
	Formulation Section, Formulation Dept. (1)	Improvements to the bottle product packaging line
	Formulation Section, Formulation Dept. (1)	Invention of inspection equipment for foreign matter in powder
	Injection Section, Formulation Dept. (2)	Decrease in the number of defective injection products
2009	Formulation Section, Formulation Dept. (1)	Invention of an automatic sheet feeder
	Injection Section, Formulation Dept. (2)	Improvements to the ventilation hood of exhaust equipment
	Injection Section, Formulation Dept. (1)/ Inspection Group, Quality Control Dept. (1)	Improvements to cleaning and sterilization methods in the aseptic manufacturing area
2010	Injection Section, Formulation Dept. (3)	Improvements to tray cleaning
	Inspection Group, Quality Control Dept. (2)	Improvements in quality testing

► Toyama Chemical's R&D fields



Business Field	Already Marketed*1	Under Development and Application [Development Base(s)]*2
Anti-infective agents	● World-class treatment agents for pneumonia and other diseases and Zosyn injectable antibiotic ● Geninax synthetic antibiotic agent which is highly effective for multidrug-resistant S. penumoniae	● Anti-influenza agent (T-705) [Japan and the United States] ● Antimycotic agent (T-2307) [the United States] ● Treatment agent for hepatitis C *Now in the basic research stage
CNS and cardiovascular agents	–	● Treatment agent for Alzheimer's disease (T-817 MA) [the United States]
Anti-inflammatory agents	–	● Fundamental treatment agent for rheumatoid arthritis (T-5224) [Japan]

* For the latest list of licensing agreements, please go to: http://www.toyama-chemical.co.jp/en/rd/licenseagreement/index.html
* For latest drug development information, please go to: http://www.toyama-chemical.co.jp/en/rd/pipeline/index.html

Planting flowers beside the tramcar station

Since 2006, employees of the Toyama Works have been planting flowers in flower beds beside the tramcar station nearest to the works jointly with officials of Toyama City, residents engaged in green planting activities, and local junior high school students. To the present, a total of 100 employees participated in this activity and planted the seeds of cosmoses, calendulas, and sunflowers in spring and the seeds of tulips in the fall. When the flowers are in full bloom, passengers and local residents enjoy looking at the flowers and a many people visit the station to take photos of the flowers.


Planting seeds together


Tulips in bloom

Synergy 3

Toyama Chemical

Creating new drugs through cross-industrial cooperation as a leading global drug developer

Our corporate philosophy is "to create a culture of health with live science.*" All of us at Toyama Chemical share this goal and strive toward creating a company that will apply the accumulated fruits of our R&D efforts to enable people to enjoy lives brimming with vitality.

In recent years, along with an increase in the volume of information with the progress of IT and also with the increase in demand for medical services in our aging society, there have been changes in people's ideas about medical services and pharmaceuticals, and medical needs have further diversified. However, there are still needs that are not being met in the medical field, including needs centered around cancer and dementia, and expectations for more innovative drugs are becoming stronger.

The government, however, is on a tight budget and is implementing measures to reduce medical and pharmaceutical costs one after another. As a result, the pharmaceutical industry is facing an increasingly severe environment. To overcome the hardships, pharmaceutical companies are being forced to change by streamlining their management systems and by drastic structural reform.

Toyama Chemical joined the Fujifilm Group in March 2008, right in the middle of this trend, with the mission of promoting development on a global scale and building overseas sales networks. Capitalizing on diagnostic imaging, FTD, and other proprietary technologies of the Group as well as its overseas networks, Toyama Chemical aims to make great progress as a leading global drug developer, focusing on specialized areas.


Toyama Works, Toyama Chemical

Toyama Chemical has achieved some great things and had a wealth of experience in the developing excellent antibiotic drugs and synthetic antibacterial agents, and has contributed significantly to protecting people from infectious diseases. At present, our T-705 anti-flu virus agent is attracting attention from all over the world, and might provide a new option for influenza treatment based on a new mechanism. We are also engaged in developing CNS and cardiovascular agents and anti-inflammatory agents in addition to anti-infective agents. The promising products we are developing include T-817 MA, an agent for the treatment of Alzheimer's disease, for which there is no effective drug available now, and T-5224, which is expected to be useful in the primary treatment of rheumatism.

As a core company in Fujifilm Group's healthcare business focusing on treatment, Toyama Chemical is now enhancing its R&D and production technologies using the managerial resources possessed by the Group to build a system that can produce a stable supply of compounds that can be used for new drugs on a global scale. We will fulfill our corporate responsibilities as a pharmaceutical company by contributing to the promotion of global health care through new drug development.

* "Live science" is a phrase we have coined to express the commitment of Toyama Chemical members to helping people lead healthy and vibrant lives by conducting highly motivated and lively life science research.

Masuji Sugata
President and CEO of
Toyama Chemical Co., Ltd.

CASE 2 Developing, manufacturing, and selling radiopharmaceuticals effective for the diagnosis of diseases such as Alzheimer's (FUJIFILM RI Pharma)

Using radiopharmaceuticals in the early diagnosis of diseases such as Alzheimer's

Nuclear medicine is a medical specialty that uses radiopharmaceuticals to diagnose and treat diseases without imposing physical burden on patients. Radiopharmaceuticals contain radioactive materials (radioisotope, RI) and emit radiation. With the use of radiation, a variety of diseases can be diagnosed and treated.

In nuclear scanning,*1 a gamma camera is used to detect and image the movement of radiopharmaceuticals administered to the patient from outside the body, and the images are used to make diagnoses (SPECT*2 scanning). In this field, FUJIFILM RI Pharma can contribute to higher efficiency of scanning and precise diagnosis by combining its own technologies with the image processing and precision optics technologies built up within the Fujifilm Group over many years.

The image below shows an example of SPECT scanning performed using radiopharmaceuticals supplied by FUJIFILM RI Pharma. Using SPECT scanning, doctors can check for any reduction in cerebral blood flow and identify the affected area. Diagnosis of early dementia and mild cognitive impairment that cannot be diagnosed only from physical symptoms such as memory loss is possible.

►Influence of reduced cerebral blood flow on brain functions (Difference in cerebral blood flow between healthy people and patients with Alzheimer's disease)

Comparison by severity level of Alzheimer's disease

The blood flow is reduced in the area related to memory (shown by the arrows)

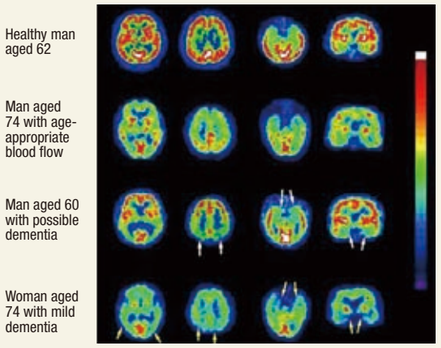


Image provided by Dr. Seigo Nakano, MEDICAL CO. LTA

Ensuring a stable supply while ensuring safety in manufacturing and environmental protection

Radiopharmaceuticals have very short shelf-lives due to the features of RIs used in their manufacture. The core products of FUJIFILM RI Pharma, which are used in the diagnosis of brain, heart, and bone diseases, are effective only within 30 hours of manufacture. The company's factory in Chiba manufactures these products every day on requests from medical institutions and delivers them to users across the country the next morning, choosing an appropriate transportation route for the region and effectively combining truck and air transportation. The factory has established a system that can receive orders 24 hours a day and has distribution centers near Haneda and Itami Airports, where some products are stored to respond to urgent orders.

Radiopharmaceuticals are manufactured using radioactive substances and so the company is strict in ensuring the safe handling of RIs and other substances to protect not only its manufacturing staff but also transporters from radiation exposure. The company also ensures that all is safe for local residents and local environment. For example, wastewater from RI-related manufacturing processes is not discharged out of the factory.

To protect employees engaged in medical services from radiation exposure when handling radiopharmaceuticals, FUJIFILM RI Pharma supplies most of its products prefilled in syringes*3 covered with protective shields.

FUJIFILM RI Pharma's factory in Chiba

Workers manufacturing radiopharmaceuticals using radioprotective equipment

Syringe with a protective shield

*1. Radiation exposure to the patient undergoing nuclear scanning is at a level between chest radiography and stomach fluoroscopy.

*2. SPECT stands for single photon emission computed tomography.

*3. Prefilled syringe: A syringe in which injection drug to be used for diagnosis or treatment is filled in advance

CASE 3 Participating in the Pink Ribbon Campaign to raise breast cancer awareness in Europe and Asia too (medical systems business)

Increasing awareness and understanding of breast cancer care in cooperation with a leading drugstore (United Kingdom)

FUJIFILM UK Ltd. ships special pink digital camera kits to Boots, a leading drugstore that focuses its effort on breast cancer care. The camera kits are sold at Boots' outlets for a limited period, and FUJIFILM UK donates part of the sales (five pounds per camera) to an NPO for breast cancer care (http://www.breastcancercare.org.uk/).

A message saying that five pounds will be donated when the product is sold is written on each of the packaging boxes which are specially designed for the camera kits, and this helps raise the awareness and understanding of breast cancer care of female buyers of the camera kits.

Pink digital camera and case sold in a box specially designed for the camera kit (left) and the POP signage used at Boots outlets

►Donation by the Boots' limited camera kit

Selling Period	Targeted Model	Donation
Aug. to Oct. 2008	FinePix J12 Pink	About £25,000
Sep. to Nov. 2009	FinePix J30 Pink	About £30,000

Education on the importance of breast cancer screening through an activity reporting ceremony (Russia)

ZAO FUJIFILM-RU in Russia has been conducting activities to eliminate breast cancer since 2006, including seminars and academic reporting by eminent doctors specializing in mammography. The company also introduced FUJIFILM's FCR PROFECT CS, which is optimal for mammography, and explained the features of FUJIFILM's digital mammography at the City Diagnostic Center in Saint Petersburg, and also at the Regional Children Hospital.

In Russia, the Pink Ribbon Campaign started on September 29, 2009 and a ceremony to end the campaign and summarize the activities was held on October 19 with the support of Dr. Rozhkova, who chaired the Russian mammography association.

At this ceremony, FUJIFILM promised to continue to make contributions to the spread of breast cancer screening and diagnostic systems and to the training of doctors engaged in diagnostic imaging. Many celebrities and journalists from TV and magazines also participated in the ceremony, which provided a good opportunity to raise the awareness of Russian people of the importance of breast cancer screening.

The Pink Ribbon Campaign started with the lights of GUM, a local department store, being turned on and illuminated in pink.

Members of ZAO FUJIFILM-RU, etc. with movie star Ekaterina Strijenova (second from right) at the Pink Ribbon Campaign ending ceremony

Conducting awareness-raising activities in addition to giving technological support to mammography screening (China)

We have been providing technological support for the Pink Ribbon activities in China mainly by leasing the FCR mammography system to local medical institutions and universities and helping radiation technologists and doctors improve the quality of their breast cancer screening skills. In order to communicate the importance of breast cancer screening to more women, we also held an event with journalists in October 2009 at which we gave commendations to 11 women who had made contributions to the prevention and treatment of breast cancer, and announced an initiative to be taken in cooperation with Beijing Tian Tan Hospital. In the initiative, we agreed to send free-of-charge breast cancer screening tickets for 100 women to the relevant governmental agency located in Beijing and distribute 1,000 copies of the DVD introducing information on breast cancer prevention through the Pink Ribbon information sharing website for Chinese people.

"Sun Flower Lady Pink Ribbon ambassadors" recognized for their contributions to the prevention and treatment of breast cancer

Related page: Page 69 (Pink Ribbon activities in Japan)

Part 3 Activities in the Electronic Imaging Business (Providing Value in Response to Market Needs)

Meeting Market Needs with a Wide Lineup of Products from Entry Models to High Value-Added Ones

Sales of digital cameras are greatly expanding in the emerging economies while demand for high value-added products is also increasing. We are selling entry models in the emerging economies and also making efforts to improve our brand power by providing unique and high value-added products.

Sales promotion in emerging economies such as the BRICs

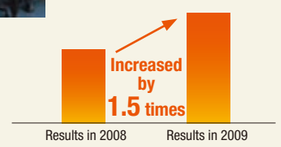
FinePix A170 selling more in emerging economies

FUJIFILM is rapidly increasing the sales of its digital cameras by developing entry models and selling them widely in emerging economies such as the BRICs. We have achieved substantial cost reductions for these entry models by focusing on basic functions. Moreover, we are expanding the market by providing a variety of localized models.

In Brazil, we began knockdown production in partnership with a local manufacturer to establish a system to respond promptly to local market needs and changes. As a result, sales quantities in emerging economies including the BRICs increased by 1.5 times compared with the previous year.

Digital camera marketing team of FUJIFILM do Brasil Ltda.

Sales quantities of digital cameras in emerging economies



FUJIFILM FinePix REAL 3D System[*1] developed for capturing, viewing, and printing 3D images

FUJIFILM is committed to developing digital cameras that allow anyone to easily take pictures of subjects just as they appear, and has been providing a range of high value-added products to the market by the use of its proprietary technologies for lenses, CCDs, and image processing technologies.

The FinePix REAL 3D W1, which was released in August 2009, incorporates 3D technology and is the first innovative camera in the world with which you can capture and record 3D images. Using the FinePix REAL 3D V1 viewer,[*2] you can enjoy watching 3D still and animated images on a screen larger than the camera LCD without wearing special 3D glasses. We also began a FUJIFILM 3D printing service,[*3] which enables users to store the 3D images captured by the camera as photo prints.

While further improving our technologies and services for 3D images, we are also cooperating with other manufacturers that have 3D products. In April 2010, we released our HDP-L1 player, which enables users to watch 3D images captured with the FinePix REAL 3D W1 on a 3D TV.

FUJIFILM will continue to develop and research 3D technologies to provide society with products and services that will ultimately enable users to capture images of subjects as they actually appear.

*1. The FUJIFILM FinePix REAL 3D System is an integrated system composed of the FinePix REAL 3D W1 digital camera, FinePix REAL 3D V1 viewer, and the FUJIFILM 3D print service.

*2. A 3D viewer is a digital photo frame product that enables users to enjoy 3D still and animated images with the naked eye.

*3. The 3D print service is available at Fuji Color stores and through the following website: http://fujifilmmall.jp/shop/contents2/3dprint.aspx (in Japanese only)

The FinePix REAL 3D W1 digital camera, the FinePix REAL 3D V1 viewer, and a sample photo printed by the FUJIFILM 3D print service

Part 4 Activities in the Graphic Systems Business (Reducing CO_2 Emissions through LCA)

Becoming the First Company[*1] to Indicate Carbon Footprints[*2] on Print-Related Materials

—Initiatives to Visualize and Reduce CO_2 Emissions

We are visualizing CO_2 emitted throughout the lifecycles of thermal CTP plates for offset printing and indicating their carbon footprint.

Indicating the carbon footprint of products

FUJIFILM has been proactively participating[*3] in the pilot project on carbon footprint promoted by the Japanese Ministry of Economy, Trade and Industry with the aim of contributing to higher environmental awareness in the printing industry.

As a result, we obtained approval from the Ministry to show the carbon footprint of our aluminum-based thermal CTP plates, and now the plate's carbon footprint is indicated on its packaging, as shown below. The image development system for the ECONEX XP-F thermal CTP plate has achieved the world's lowest generation levels of wastewater, and compared with FUJIFILM's conventional product (the HP-F thermal CTP plate), the amount of developing solution refilled can be reduced by up to 40%.

Indicating the calculated CO_2 emissions

Environmentally friendly design of ECONEX XP-F plate

Related page:
Page 38 (Environmentally friendly thermal processless CTP plate)

Reducing CO_2 emissions more effectively through LCA —Reusing scrap aluminum for PS plates[*4]

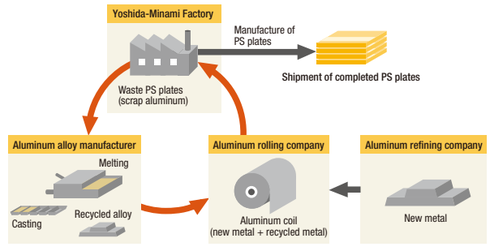
The Fujifilm Group identified the entire Group's environmental impact through LCA[*5] and in April 2010 set a target of reducing the CO_2 emitted throughout the lifecycles of its products by 30% from fiscal 2005 levels by fiscal 2020. As a result of converting the environmental impact that the materials and components used in the Group's products would have throughout their lifecycles to CO_2 emissions, the following fact was revealed: the impact is highest in the procurement stage (see page 30) and in particular, the aluminum used for PS plates has a large environmental impact.[*6] In response, we have been trying to reduce the environmental impact of aluminum used in the graphic systems business.

FUJIFILM Yoshida-Minami Factory, where PS plates are manufactured, has been doing closed-loop recycling by reusing scrap aluminum from the manufacture of PS plates to reduce CO_2 emissions in the procurement stage of the material since 2007.

In the closed-loop recycling system, the factory reuses scrap aluminum for PS plates, keeping the purity as high as for virgin aluminum (99.5% or higher) in cooperation with the aluminum alloy and aluminum rolling companies. With the introduction of this system, the factory reduced its CO_2 emissions by 120,000 tons in total over the period from 2007 to March 2010.

Related page:
Page 30 (Responses to the climate change problem)

► Flow of the closed-loop recycling system for scrap aluminum



CO_2 emission reduction from 2007 to March 2010: 120,000 tons
(Equivalent to CO_2 emissions from about 24,000 normal households in Japan)

URL For details of the closed-loop recycling of scrap aluminum, please visit:
http://www.fujifilmholdings.com/ja/sustainability/qol/graphic/activity.html (in Japanese only)

*1. As of February 1, 2010, for printmaking and plate materials and other printing-related materials used in the printing process, such as printing paper for industrial use and inks

*2. Clear indication of greenhouse gas emissions throughout the lifecycle of the product from procurement of materials, production, distribution and sales, use and maintenance, to disposal and recycling in CO_2 equivalent, on the package of the product

*3. Participation details: Participation in the plan to formulate a draft Product Category Rule (PCR) by defining the targeted products and product parts and setting the requirements and range for data collection

*4. PS plates (including CTP plates): Pre-sensitized plates used for offset printing; computer to plates are used for filmless digital printing.

*5. Life cycle assessment (LCA): Method to evaluate the environmental impact of a product from the procurement of materials, manufacture, transport, use and disposal to recycling

*6. Aluminum is a power eater and consumes a lot of electricity in the refining process.

Part 5 Activities in the Document Solutions Business

Creating More Value for Customers under the concept "Come and Encounter for Innovation"

Fuji Xerox R&D Square, which opened in April 2010, is designed to conduct a new R&D style or "urban R&D," where specific R&D themes are tackled and new inspirations are bursting forth.

Searching for a new means of communication via documents

Fuji Xerox has been renovating its means of communicating information and contributing to the dramatic progress of communication since it released the first Xerography-based plain paper copier in 1962. Even now, communication by documents plays an important and indispensable role in corporate activities.

Thus Fuji Xerox believes that it can help customers find solutions to their increasingly difficult management problems by providing them with new value in communication and with documentation services.

Fuji Xerox R&D Square is a progressive and innovative place where a range of knowledge and technologies is concentrated. Here, Fuji Xerox can tackle challenges, develop solutions, and create new value through a customer-oriented viewpoint.

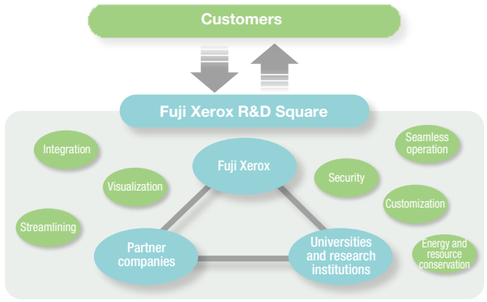
Concept of new R&D from the customers' viewpoint

As customers expand their business operations on a global scale, they face more complex management challenges with limited time to solve those challenges.

To help them overcome these difficulties, we opened an urban R&D base where people, information, and things are exchanged dynamically, under the key concept of "Come and Encounter for Innovation."

Listening to our customers' specific management challenges, Fuji Xerox conducts R&D at the base in partnership with research institutions and other companies, thereby fostering new, even more practical R&D.

►Concept of Fuji Xerox R&D Square



At Fuji Xerox R&D Square, Fuji Xerox conducts R&D in partnership with universities, research institutions, and other companies to help customers solve a range of issues and provide them with new value.

Related page: Page 47 (Fuji Xerox R&D Square)

R&D Square as a base to create new value

Fuji Xerox concentrated its R&D bases in the following two sites: the R&D Square (for value creation) and the Ebina Center (for manufacturing).

The R&D Square, which is designed for value creation, is located in the Minato Mirai 21 district of Yokohama, near the center of Tokyo. There are a number of universities in its vicinity, and is also near Haneda Airport, one of Japan's gateways to Asia. With a long history as an international port, the city is expected to achieve further growth in a dynamic manner. We will energetically foster R&D in this location in open partnership with other companies, universities, and research institutions.

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

TOPIC

»Realigning and integrating development and production functions into new companies

Related pages: Page 34 (Reducing the environmental impact of digital color multifunction devices)
Page 43 (Improving quality)
Page 67 (Takematsu Center, Fuji Xerox Co., Ltd.)

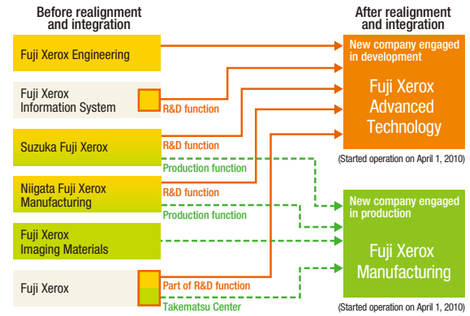
In order to respond more speedily and efficiently to the rapidly changing business environment and also to enhance its corporate structure, on January 29, Fuji Xerox restructured and integrated its dispersed development and production functions into two new companies: Fuji Xerox Advanced Technology and Fuji Xerox Manufacturing and the new companies started operations on April 1.

By establishing these subsidiaries, Fuji Xerox accelerates its growth in new business fields such as the service and solution businesses, and transform its management structure into one that is more cost-competitive.

Fuji Xerox Advanced Technology integrated the development functions of Fuji Xerox Engineering which is engaged in the development of copiers and printers on commission and part of the development functions of Fuji Xerox, and the hardware and software development functions of Niigata Fuji Xerox Manufacturing, Suzuka Fuji Xerox, and Fuji Xerox Information System. Accordingly, the development department of Fuji Xerox is now concentrating on the development of products as well as of its platform, marking and other new technologies, while Fuji Xerox Advanced Technology is developing technologies for image reading and paper feeding while engaging in the development of modules such as peripheral devices. It also fosters customized developments to meet customers' needs in a prompt manner.

Fuji Xerox Manufacturing integrated the production functions of Fuji Xerox Takematsu Center which manufactures pulverized toners and photoreceptors, Fuji Xerox Imaging Materials which produces EA toners, Suzuka Fuji Xerox which manufactures electronic parts and key parts for optical devices, and Niigata Fuji Xerox Manufacturing which manufactures printers.

►Realignment and integration of R&D and production functions



»Recycling site in China certified by the Chinese government as a model remanufacturing enterprise for electric products

Fuji Xerox Eco-Manufacturing (Suzhou) Co., Ltd., a recycling site wholly owned by Fuji Xerox, was certified as a model remanufacturing enterprise for electric products by the Chinese Ministry of Industry and Information Technology. As part of its environmental policies, the Chinese government launched this certification program to promote the development of the remanufacturing industry and to build a society dedicated to energy conservation and environmental protection. In the program, the government certifies industry-leading companies as model remanufacturing enterprises, aiming to foster the development of environment-friendly companies. Out of 35 companies certified this time, including three IT equipment companies, Fuji Xerox Eco-Manufacturing (Suzhou) is the only Japanese-based company.

Fuji Xerox Eco-Manufacturing (Suzhou) completely disassembles, sorts, and recycles used products including copiers, multifunction devices, and cartridges recovered by Fuji Xerox (China) from all over China (excluding Hong Kong, Macao and Taiwan). This recycling company started operation in January 2008. It has the capacity to disassemble and recycle 15,000 devices and 500,000 cartridges per year, and had achieved a device recycling rate of more than 98% as of March 2010.

External view of Fuji Xerox Eco-Manufacturing (Suzhou) Co., Ltd.

As a responsible manufacturer, Fuji Xerox aims to achieve zero landfill, no pollution, and no illegal disposal, and the certification by the Chinese government demonstrates that the company's efforts are understood and valued in China. Prior to the establishment of the recycling system in China, Fuji Xerox built a recycling system for zero landfill, no pollution, and no illegal disposal in Japan in 1995 and in the Asia-Pacific region in 2004. The recycling site in China also received the *Monozukuri*, Special Environment Award at the 19th (2009) Nikkei Global Environment Technology Awards sponsored by Nikkei Inc.

Part 6 Development and Exchange of Human Resources by the Fujifilm Group

New Challenges for the Development and Exchange of Human Resources

The Fujifilm Group is focusing on awareness raising and cultural reform and valuing the development of management (core) and global human resources across the Group.

New challenges for human resources development and exchange

In personnel affairs, FUJIFILM Holdings gives first priority to awareness raising and the development of management (core) and global human resources across the Fujifilm Group, based on its new management plan for 2014, when the Group will celebrate the 80th anniversary of its foundation. In fiscal 2009, we set the medium-term strategies for human resources and are now implementing specific measures based on those strategies.

In awareness raising and cultural reform, we have been planning and holding an overnight Seminar for Leaders (part II) since two years ago, targeting about 220 departmental managers who will lead FUJIFILM and Fuji Xerox into the future. For middle-ranking managers, we expanded the range of the synergy training for FUJIFILM and Fuji Xerox leaders, which we held seven times in fiscal 2008. In fiscal 2009, we gave this training specifically to 144 middle-ranking managers as an opportunity to create synergies within the Fujifilm Group and raise their leadership awareness.

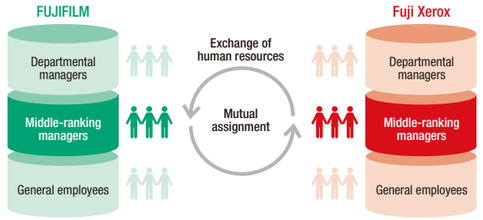
In the development of management (core) and global human resources, members who are in charge of personnel affairs at FUJIFILM and Fuji Xerox—two operating companies within the Group—regularly meet to frankly exchange opinions and discuss specific measures for the mutual exchange and assignment of human resources toward further growth of the Fujifilm Group. Also to expand business in markets in emerging economies, the two companies recruited human resources internally across the Group and had more than the expected number of applications for those jobs. Employees are becoming increasingly interested in the development and use of human resources in the Group.

FUJIFILM Holdings was established with certain missions, one of which was to enable the Fujifilm Group to create more synergy by utilizing its human assets flexibly across the Group for the creation of new business. However there is no "miracle drug" available to achieve this target, and we must constantly provide Group employees with a range of educational opportunities and encourage them to have higher motivation and passion. FUJIFILM Holdings will continue to take on the challenge of achieving more specific results on higher levels in human resource development, based on trust and cooperation among the members of the Group.

►Points and details of FUJIFILM Holdings' human resource development and exchange

1. Awareness raising and cultural reform
- Provision of the overnight Seminar for Leaders to about 220 departmental managers
- Provision of FUJIFILM/Fuji Xerox synergy training to about 144 middle-ranking managers

2. Development of management (core) and global human resources
- Mutual assignment of human resources between FUJIFILM and Fuji Xerox
- Internal recruitment within the Group



Kouichi Suematsu
Corporate Vice President,
General Manager of
Corporate Personnel Division
FUJIFILM Holdings Corporation

TOPIC

FUJIFILM/Fuji Xerox Human Exchange Meeting

Outline

On June 4, 2010, the Personnel Division of FUJIFILM Holdings held a human exchange meeting between FUJIFILM (FF) and Fuji Xerox (FX). These two companies are exchanging human resources to achieve the Fujifilm Group's new medium-term management plan by making a concerted effort using their respective business features.

Since the establishment of FUJIFILM Holdings three years and nine months ago, human resources have been gradually but steadily exchanged between FF and FX toward the creation of new business.

The meeting was held for members with diversified job experience and expertise to frankly exchange opinions about the perceived differences between the two companies, points to be improved in the future, and possible synergies.

Participants in the meeting

Type	Current Department (term of office as of June 1, 2010)	Former Department
Participants	Human Resources Development Group, Corporate Personnel Div., FUJIFILM (5 years and 6 months)	Human Resources Development, Fuji Xerox
	First Group, Corporate Planning Div., FUJIFILM Holdings (3 years and 2 months)	Corporate Strategy, Fuji Xerox
	Graphic Systems Business Div., FUJIFILM (8 months)	International Business Group, Fuji Xerox
	Corporate Market & Business Strategy Div., Fuji Xerox (8 months)	Corporate Public Relations Div., FUJIFILM
	Production Services Sales & Marketing/ Marketing, Fuji Xerox (4 years and 2 months)	Graphic Systems Business Div., FUJIFILM
	Research & Technology Group Opt & Electoronics Technology, Fuji Xerox (2 years and 6 months)	FUJIFILM Photonix
Host	Director, Corporate Vice President, General Manager of Corporate Personnel Div., FUJIFILM Holdings	
Observers	Corporate Personnel Div., Corporate Public Relations Div., and CSR Group, Corporate General Administration Div., FUJIFILM Holdings Corporate Personnel Div., FUJIFILM/Corporate Human Resources, Fuji Xerox	

Topics of the meeting

Differences between FF and FX

With regard to the differences, the following opinions were expressed at the meeting: FX seems to have successfully established a systematic operating process for its one trillion-yen business, while at FF, business operations are conducted in a dynamic manner by empowered individuals. These features themselves are very significant and useful, and through mutual supplement and learning, the two companies will gain more merits.

Expectations for synergy creation

From the viewpoint of human resource development, one participant said that through FX's internal recruitment system launched for young and middle-level employees this fiscal year, employees of FX were able to transfer the expertise they had accumulated at the company to FF, which in turn helped them grow, expand their possibilities, and become more motivated. Another participant said, "We were initially a bit suspicious about the exchange of human resources between FF and FX, but in fact we were able to learn a lot through the exchange and now have mutual respect for each other." The opinion was also expressed that the resources of the two companies (technologies, information and business details) must be made more accessible to employees of both companies to make them more aware of the merits of cooperation.

In overseas markets in particular, the companies might win greater business chances by reexamining their technology, business, and marketing systems for greater synergy.

Expectations for the future

All participants agreed that the exchange of human resources is now on a slightly higher level than initially, and needs to advance further and expand to include a wider range of employees, not only limited to general employees but also senior managers who are close to top management.

Lessons from the meeting

Participants in the meeting expressed very specific opinions and talked about how they experienced hardships, identified problems, and made responses and efforts to deal with problems. They were indeed strongly committed to devoting themselves to corporate growth, thinking how both FF and FX could take advantage of the Group's strength and win market competition.

We are now in an increasingly informatized society and a key to beating our competitors is to increase the synergy effects of the two companies by effectively integrating the business models of the companies to create new ones. To this end, it is critical for the companies to exchange human resources, for which proactive measures will be devised and implemented. It is also crucial for each and every employee to become more motivated and committed.

Flowers with a cat (left) and a white cockatoo (right) in a set of 11 hanging scrolls of birds, flowers, and animals

Painted by Shen Quan in 1750
Owned by Mitsui Memorial Museum

Shen Quan (1682 to ?) was a professional Chinese painter during the Qing Dynasty. Shen, born in the province of Zhejiang, came to Nagasaki, Japan in 1731. He was known for his graphic and dense depictions of flowers and birds, and his painting style spread across Japan through his disciple Yuhi and the disciples of Yuhi, having great influence on painters in the country in and after the middle of the Edo period. The two paintings above, exquisitely and vividly depicting flower and trees, were still in a set of 11 hanging scrolls at the end of the Edo period.

CSR Highlights 2009

In this section, we introduce the major achievements in fiscal 2009 for the Fujifilm Group's priority CSR areas and challenges. We also report on the Group's CSR activities in Europe.

The Fujifilm Group's CSR and medium-term CSR plan

Conducting CSR Activities in Linkage with the New Management Plan, Supporting the Achievement of Management Targets

The Fujifilm Group examines CSR issues from both corporate and stakeholders' viewpoints and moves forward with its CSR activities by setting priority CSR targets and implementing specific measures.

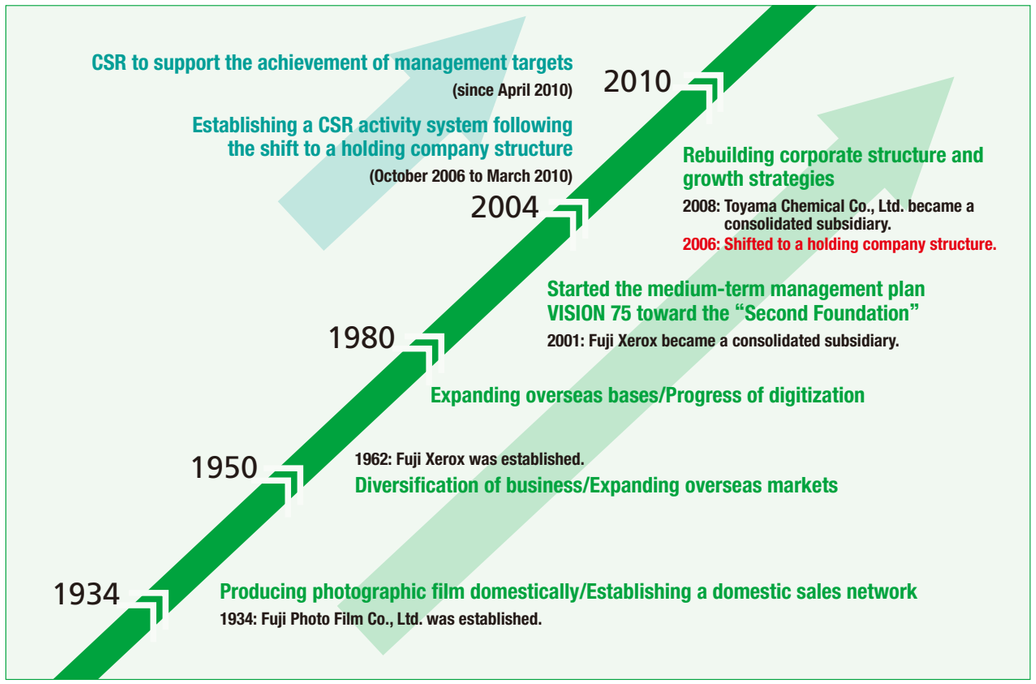
Supporting the achievement of management targets through well-established CSR activities

It is already three years since the Fujifilm Group shifted to a holding company structure in October 2006. During those three years, we have been endeavoring to become a corporate group that is really useful to society by strengthening our strategic management and governance systems across the Group, with FUJIFILM Holdings leading the efforts.

In fiscal 2009, FUJIFILM Holdings examined the Group's past CSR activities based on the results of reviewing the medium-term CSR plan (for fiscal 2007 to 2009) to identify what activities were particularly important for the Group. The company also set the V80-CSR Strategy as the Group's next medium-term CSR plan, resetting the direction and priority issues of its CSR activities, in light of the present situation, challenges, and aspirations for the future. Based on this, the new management plan for 2014, when the Group will celebrate its 80th anniversary, was formulated.

The V80-CSR Strategy is composed of the following four CSR promotional policies: strengthening the organizational basis; enhancing human resources; providing environmentally friendly products and services for higher QOL; and developing business from stakeholders' viewpoints (see page 29).

►The Fujifilm Group's history and CSR activities after the shift to a holding company structure



From fiscal 2010 onwards, the Fujifilm Group will link its CSR activities with the new management plan and move forward to a stage in which the achievement of management targets will be supported through a well-established CSR activity system. For the Fujifilm Group's history and CSR activities after the shift to a holding company structure, please see the illustration on the left.

Sharing a common philosophy and values across the Group

The Fujifilm Group describes its corporate philosophy and vision in the Group's Charter for Corporate Behavior and Code of Conduct. We believe the Group's CSR can be fulfilled only with the participation of all its organizations and employees. Based on this belief, we clarify our ideas about CSR and our policies on the environment, social contribution, biodiversity conservation, procurement, quality, and occupational health and safety so that all employees share the philosophy and values of CSR across the Group for stronger CSR governance.

►Fujifilm Group's Corporate Philosophy/Values

Fujifilm Group Corporate Philosophy and Vision

Fujifilm Group Charter for Corporate Behavior and Code of Conduct

The Fujifilm Group's Approach to CSR

* For "Corporate Philosophy/Vision," "Charter for Corporate Behaivior/ Code of Conduct," and "Approach to CSR"
See page 3

- **Fujifilm Group Green Policy (Environmental Policy)** See page 59
- **Fujifilm Group Social Contribution Policy** See page 47
- **Fujifilm Group Guidelines for Biodiversity** See page 37
- **Fujifilm Group Procurement Policy** See page 40
- **Fujifilm Group Quality Policy** See page 43
- **Fujifilm Group Occupational Health and Safety Policy** See page 56

CSR promotion system

The CSR Committee of FUJIFILM Holdings oversees the Fujifilm Group's system for implementing CSR.

The CSR Committee is a decision-making body chaired by the president of FUJIFILM Holdings to promote CSR activities across the entire Fujifilm Group. The CSR department of FUJIFILM Holdings, which serves as the CSR Committee secretariat, supports the CSR activities of FUJIFILM, Fuji Xerox, Toyama Chemical (and their affiliates), and FUJIFILM Business Expert by fulfilling five major functions. Each of the companies strives to improve its CSR activities, formulating and implementing a CSR activity plan in accordance with its operations, ensuring thorough compliance, conducting risk management, promoting communication with stakeholders, and cooperating with the FUJIFILM Holdings CSR Committee on CSR measures.

►The Fujifilm Group's CSR promotion system

FUJIFILM Holdings Corporation

CSR Committee
Regarding CSR issues of the Group:
- Deliberates and decides basic policies
- Deliberates and decides priority tasks and measures

Chairman: President of FUJIFILM Holdings

Shared Service Company

Operating Companies: FUJIFILM Corporation / Fuji Xerox Co., Ltd. / Toyama Chemical Co., Ltd. / FUJIFILM Business Expert Corporation

CSR departments of the operating companies
To fulfill CSR:
- Formulates and implements CSR action plans
- Ensure compliance and implement risk management
- Foster communication with stakeholders
- Report CSR activities to FUJIFILM Holding's CSR Committee

Secretariat of the CSR Committee
CSR Group, General Affairs Division, FUJIFILM Holdings
- Applies CSR governance to all Group companies (implementation of policies and strategies decided by the CSR Committee)
- Implements the measures decided for priority tasks by the CSR Committee and manage the progress
- Supports CSR activities conducted by the operating companies (Collects and analyzes information)
- Discloses information to society and communicates with stakeholders

- Audit of all Fujifilm Group's CSR activities

Self Evaluation of the Medium-Term CSR Plan (for Fiscal 2007 to 2009)

The following table shows our self evaluation of the progress made over the past three years in the implementation of the medium-term CSR plan (for fiscal 2007 to 2009).

Medium-term CSR plan

Self-evaluation ranking ○: Results achieved. △: Close to achieving results. ×: Further effort needed.

Priority Area	Key Issue	Achievement from Fiscal 2007 to 2009	Self Evaluation
1. Stronger Governance Pages 2-3, 23, 35-36, 54, and 66-73 http://www.fujifilmholdings.com/en/sustainability/	(1) Dissemination of the Fujifilm Group's Approach to CSR throughout the group inside and outside Japan	• Formulated the Approach to CSR in July 20, 2007. • Constantly introduced the principles over the intranet, sustainability reports, official website, and materials for external lectures and in-house education.	○
	(2) Enhancing PDCA management for compliance and risk management by integrating management systems (expansion of the IMS)	• FUJIFILM: Expanded the IMS to include four companies in 2007 and 2008 respectively and three companies in 2009. (A total of 19 companies have thus acquired IMS certification.) • Fuji Xerox: Integration of QEO management systems completed for two sites in 2007.	○
	(3) Enhancing internal control systems	• Conducted onsite surveys on CSR activities at six major Group companies in China (May 10 to 18, 2008).	△
	(4) Improved stakeholder dialogue and application of 3rd-party evaluation to group companies	• Formulated a three-year stakeholder dialogue promotion plan (Sept 18, 2008). • Formulated guidelines on the management of dialogue meetings (Jan. 9, 2009). • Held dialogue meetings four times in 2007, six times in 2008, once in 2009, and twice in 2010.	○
		• Third-party evaluation of Group companies: five cases in fiscal 2007, four in fiscal 2008, and four in fiscal 2009	○
2. Compliance with Environmental Laws and Regulations Pages 10, 49, 56, and 68 http://www.fujifilmholdings.com/en/sustainability/	(1) Compliance with REACH Regulation	• Began utilizing the mechanism of the Joint Article Management Promotion-consortium (JAMP).	○
	(2) Enhancement of an integrated system for chemical substance management	• Began operating the new chemical substances management system.	○
3. Stronger Measures to Prevent Global Warming Pages 11, 19, 30-36, 38, 49 and 70 http://www.fujifilmholdings.com/en/sustainability/	(1) Fostering CO_2 emission reduction activities	• Reduction of energy use and CO_2 emissions per unit of production Reduced as planned in fiscal 2007, increased due to a decrease in production volumes in fiscal 2008 (unable to attain the target), and substantially reduced almost as initially planned in fiscal 2009	△
		• Set a lifecycle CO_2 reduction target toward 2020.	○
		• Conducted awareness activities. FUJIFILM: Achieved a participation rate of 85% in the ICE Challenge. Fuji Xerox: Increased the number of participants in LEAF[X] by 1.73 times compared with fiscal 2008.	○
4. Improved Information Disclosure Pages 8-21, 42-43, and 54-71 http://www.fujifilmholdings.com/en/sustainability/	(1) Improvement of Sustainability Report and active PR on CSR activities	• Won awards for the sustainability report. 2007: Prize for excellence from Toyo Keizai, Inc. 2008: Three prizes • Disseminated CSR information within the company. Posted CSR information on the intranet: 36 times (from fiscal 2007 to 2009). Used the sustainability report as a sales promotion tool. • Improvement in CSR-related PR activities: Increased the number of news releases on CSR to 55 (from fiscal 2007 to 2009).	○
	(2) Effective internal use and disclosure of qualitative and quantitative CSR information in business results (technologies, products, and services)	• Tabulated data and information and improved their comparability by inserting a "Data and Information" section to the sustainability report.	○
	(3) Promotion of internal systems for rapidly collecting information on product liability, accidents and exporting issues	• Formulated the Fujifilm Group Quality Policy on Jan. 12, 2010. • Revised the rules on PL to clearly include directly-sold products and sales promotion goods in the target on Jan. 20, 2010 and clearly informed sales companies of the fact.	○
5. Responses to New Trends Pages 22-23, 37-39, 40-41, and 44-47 http://www.fujifilmholdings.com/en/sustainability/	(1) Strengthened efforts as a global corporation regarding diversity and work safety	• Formulated the Fujifilm Group Occupational Health and Safety Policy on Jan. 12, 2010. • Fostered the sharing of occupational safety information through the introduction of an occupational safety database. • Strengthened governance by holding a meeting of those in charge of occupational safety at affiliated companies. • FUJIFILM: Enhanced the early education of global human resources (through the dispatch of young employees overseas and the implementation of overseas educational programs), and implemented measures to help women display more of their abilities (through a specific project and the childcare support system and by increasing the ratio of female managers). • Fuji Xerox: Enhanced the global capabilities of human resources (through training programs and the dispatch of young employees overseas), made more use of diversified human resources, and supported their activities. (Employment of talent regardless of their nationalities; employment and promotion of more women; and expansion of childcare-related systems)	○
	(2) Creation and implementation of a framework for CSR procurement (collaboration with the materials department)	• Formulated the Fujifilm Group Procurement Policy on Oct. 13, 2009. • FUJIFILM: Asked suppliers of materials to check their own CSR activities on a trial basis (through an electronic survey) and fed the results back to them. • Fuji Xerox: Interviewed major partner transporters and identified the issues to be tackled based on the interviews and results of their own checks.	○
	(3) Formulating basic policies on biodiversity conservation and social contribution activities	• Established the Fujifilm Group Social Contribution Policy on April 2, 2008. • Established the Fujifilm Group Guidelines for Biodiversity on June 1, 2009.	○

Reviewing the results of the medium-term CSR plan (for fiscal 2007 to 2009)

We were able to achieve the priority targets set in the medium-term CSR plan almost as planned, except for the enhancement of anti-global warming measures and the internal auditing system. (The measures and the system were not enhanced as planned because of the recent economic downturn.) The review, however, also revealed that the achievement of the priority targets did not contribute sufficiently to achieving our management targets.

Next medium-term CSR plan V80-CSR Strategy

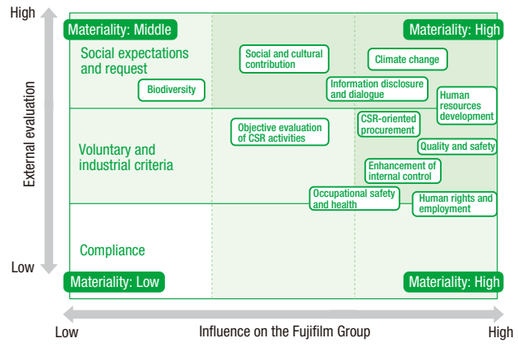
In fiscal 2009, we formulated our next medium-term CSR plan V80-CSR Strategy by resetting the direction of our CSR activities and priority CSR targets through a review of the medium-term CSR plan (for fiscal 2007 to 2009) (as described above) and the new Management Plan toward the 80th anniversary in 2014, based on our perceptions of the present situation and challenges and our aspirations for the future.

In fiscal 2010 onwards, the Fujifilm Group will move forward to a stage in which the achievement of its management targets will be supported through its well-established CSR activities to be conducted in linkage with the new management plan and business operations. To this end, the V80-CSR Strategy is composed of CSR promotion policies, priority issues, major measures and key performance indicators (KPI) and will be implemented from fiscal 2010 to 2012.

Identifying materiality

The Fujifilm Group decides the materiality of its priority CSR issues based on the following two criteria: (1) influence on the Fujifilm Group, and (2) external evaluation of the group measures. The figure below shows the materiality of the priority issues.

►Materiality of priority CSR issues



►Overall picture of the V80-CSR Strategy

Management Plan	V80-CSR Strategy (for fiscal 2010 to 2012)			
Aspirations for the future	Promotional policy	Priority issue	Major measure	KPI
1. Implement drastic structural reform plan to restructure the company into one that remains profitable even in a severe business environment	1. Ensuring sound corporate culture as the basis for structural reforms (Enhancement of the organizational basis)	1) Quality improvement in each Group company's compliance/risk management	(1) Continue to increase awareness of the Charter for Corporate Behavior and Code of Conduct (2) Improve the risk management system	・Number of Group companies included in the target
		2) Enhancement of communication with stakeholders	(1) Proactively and appropriately implement CSR-related PR activities (2) Improve the Sustainability Report (3) Make effective use of stakeholder dialogues	・Coverage by mass media ・Q.C.D. ・Improvements through dialogue
	2. Further use and development of human resources to increase the Group's comprehensive strength (Enhancement of human resources)	1) Use and development of diversified human resources	(1) Enhance leadership qualities (2) Develop core managers (3) Focus on the assignment of global human resources and expedite the development of these resources	・Educational opportunities (personnel exchange and training)
2. Restructure the growth strategy and input managerial resources intensively in business fields with high growth potential and in emerging economies to ensure continuous growth	3. Differentiation in the market through the pursuit of higher environmental performance (Provision of environmentally friendly products and services for higher QOL)	1) Group-wide efforts to prevent global warming	(1) Promote lifecycle CO_2 emissions reduction (2) Foster the development of new energy conservation technologies (3) Increase the awareness of employees and their families about CO_2 emissions reduction	・Achievement of reduction targets
		2) Promotion of environmentally friendly designs	(1) Visualize environmental friendliness (2) Pursue higher environmental performance	・Evaluation system
		3) Measures for biodiversity conservation	(1) Increase employees' awareness and understanding (2) Implement measures as part of daily business operations	・Frequency and evaluation of activities ・Concrete measures
		4) Effective use of resources	(1) Promote 3Rs (2) Reduce the input of resources	・Achievement of targets
		5) Better management of chemical substances	(1) Enhance management across the supply chain (2) Strengthen global governance to ensure compliance with laws and regulations (3) Continuously improve the risk assessment system	・Minimization of risk cases
	4. Social contribution that adds value to business (Business growth from stakeholders' viewpoints)	1) Linkage between business operations and social contribution	(1) Contribute to higher QOL through business operations (2) Cooperate with partner organizations (NGOs/NPOs) (3) Nurture voluntarism among employees	・Examples of measures ・Implementation of collaborative programs ・Number of volunteer initiatives

Responses to the climate change problem

Reducing Lifecycle CO_2 Emissions by 30% by Fiscal 2020

The Fujifilm Group's new long-term target

In April 2010, the Fujifilm Group set a long-term target of reducing its lifecycle CO_2 emissions by 30% (from the fiscal 2005 level) by fiscal 2020. Accordingly, we will work to reduce total CO_2 emissions from both our business operations and from our products and services throughout their lifecycles (from the procurement of materials to manufacture, transport, use, and disposal and recycling).

The following figures show the Group's products' and services' lifecycle CO_2 emissions in fiscal 2005 (baselines year; results) and in fiscal 2020 (target year; target values).

We will reduce global CO_2 emissions from our business activities from about five million tons in fiscal 2005 to about 3.5 million tons in fiscal 2020, by further promoting Design for Environment and by strengthening energy-saving activities at offices and factories.

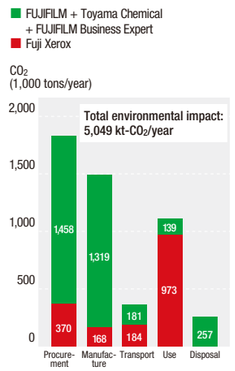
Also in a range of business fields in which the Fujifilm Group is engaged in and at its production and sales bases located across the world, localized measures will be implemented that take the local business features into account. The following table shows our major CO_2 emissions reduction measures.

CO_2 emissions in fiscal 2009 (from products and services throughout their lifecycles)

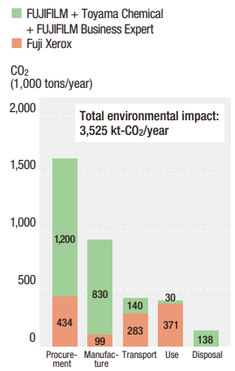
In fiscal 2009, we reduced our lifecycle CO_2 emissions by a total of about 730,000 tons compared with fiscal 2008 due to the recycling of aluminum in the graphic systems business (in the procurement stage), conversion of fuel to natural gas (in the manufacture stage), and also due to the release of energy-saving products (in the use stage).

Related page:
Page 19 (Recycling system for waste aluminum in the Graphic Systems Buisiness)

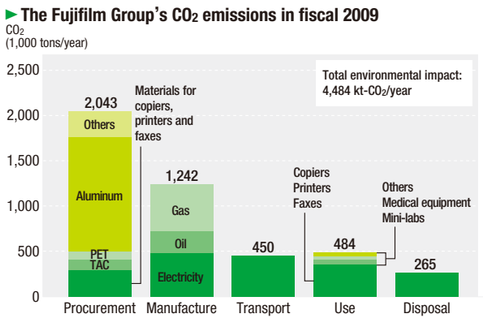
►The Fujifilm Group's CO_2 emissions in fiscal 2005 (baseline year)



►The Fujifilm Group's emission target for fiscal 2020 (target year)



►The Fujifilm Group's CO_2 emissions in fiscal 2009



►The Fujifilm Group's major CO_2 emission reduction measures

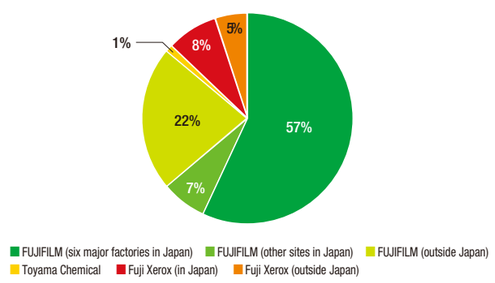
Area to be Tackled	Relevant Stage	Major CO_2 Emission Measures
Development and spread of products with low environmental impact	Procurement of materials, use, and disposal and recycling	● Completely processless CTP plates (in the graphic systems field) ● Office equipment that consumes 80% less electricity (in the document solutions field)
CO_2 emissions reduction at factories and offices	Manufacture	● Fuel conversion at private power generation facilities (Japan) ● Operation of wind power generation facilities (The Netherlands) ● Use of methane gas collected from landfill sites as fuel (U.S.A.) ● Development and introduction of energy-saving technologies in production processes
Proactive promotion of 3Rs	Procurement of materials, and disposal and recycling	● Expansion of the system to recycle aluminum waste from the PS/CTP plate production process (in the graphic systems field)
More efficient transportation	Transport	● Optimization of routes ● Improvement of loading efficiency ● Modal shift ● Lighter and compacter packaging ● Eco-friendly driving

Total CO_2 emissions and per-unit CO_2 emissions from the six major chemical factories in Japan*

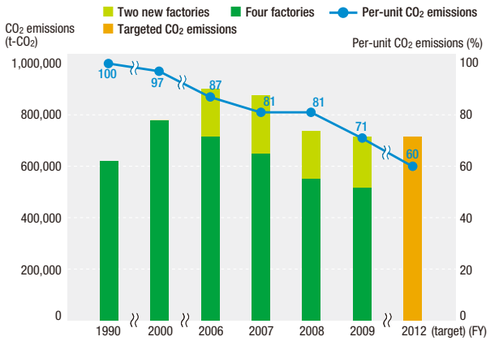
In fiscal 2009, our production amount increased by 10% from the fiscal 2008 level, but CO_2 emissions decreased by 3% (equivalent to about 22,000 tons). This is mainly attributable to the conversion of all fuel to natural gas at FUJIFILM Opto Materials and FUJIFILM Kanagawa Factory's Ashigara Site and also to the implementation of a range of energy-saving measures, including the recovery of waste heat from the distillation tower and the recovery and reuse of flash steam at the flat panel production facilities. In fiscal 2012, our production amount will increase from the fiscal 2009 level but our CO_2 emissions will be kept below the fiscal 2009 level, with per-unit CO_2 emissions kept at around 60% (of the fiscal 1990 level, as shown in the figure on the right).

* CO_2 emissions from the six major chemical factories in Japan (FUJIFILM Kanagawa Factory's Ashigara and Odawara Sites, FUJIFILM Fujinoiya and Yoshida-Minami Factories, FUJIFILM Opto Materials Co., Ltd., and FUJIFILM Kyushu Co., Ltd.) account for 57% of the total emissions from the entire Fujifilm Group (including the Fuji Xerox Group and Toyama Chemical).

►Breakdown of CO_2 emissions (fiscal 2009)



►CO_2 emissions at FUJIFILM's six major factories in Japan



* Per-unit CO_2 emissions: shown as indices, with CO_2 emissions per unit of production in fiscal 1990 set at 100
* CO_2 emission coefficient for electricity: For fiscal 2008 and subsequent years, the power industry's adjusted emission factor announced by the Japanese Ministry of the Environment in December 2009 is used.

External evaluation

FUJIFILM Holdings answered questions on its management policies and emissions of greenhouse gases under the Carbon Disclosure Project (CDP) and was included in the Japanese CDLI for two years in a row in 2009.

►Evaluation for the Japanese CDLI

	Score	Ranking
2008	88 points	Third highest among 149 companies (No. 3 among manufacturers and No. 1 in the chemical industry)
2009	71 points	Third highest among 201 companies (No. 2 among manufacturers and No.1 in the chemical industry)

Examples of the Fujifilm Group's activities (See pages 19, 31 to 36, 49, and 70)

Economic approach

Participation in the Japanese emission credit system

FUJIFILM Kyushu (in Kikuyo Town, Kumamoto Prefecture) derives heat and electricity necessary for the entire factory from the highly efficient private power generation facilities operated by an energy supplier. At the municipal hot spring facilities adjacent to the factory, kerosene boilers were used to heat the hot spring water. The factory began supplying its surplus heat to the hot spring facilities in April 2010, expecting that this would help the facilities reduce its use of fuel, which would in turn lead to the reduction of CO_2 emissions from the facilities by about 320 tons annually.

With regard to the heat supply, FUJIFILM and Kikuyo Town concluded an emission credit transfer agreement under the Japanese emission credit system in December 2009. As a result, the company can contribute to the town's CO_2 emissions reduction efforts, while emission credits equivalent to the amount of CO_2 emissions reduced by the heat supply will be transferred from the hot spring facilities to FUJIFILM.

Sansan-no Yu hot spring facilities operated by Kikuyo Town

Supply of heat to the hot spring facilities (from April 2010)

● **CO_2 emissions reduction: 320 tons** (annual estimate)

Manufacturing site 1 Proactive introduction of energy-saving technologies

FUJIFILM Opto Materials Co., Ltd. (FOM), which is a production base for LCD film materials, converted its energy source from heavy oil to natural gas in 2008. It also introduced a highly efficient 17,000 kW turbine-type cogeneration system (CGS), which reduced annual CO_2 emissions from the factory by 45,000 tons. At the same time FOM implemented measures to increase the energy efficiency of its manufacturing process by proactively introducing energy-saving technologies (mainly through the three initiatives described below). Through its new energy conservation committee* established in April 2010, FOM is meticulously fostering energy-saving activities to achieve the target of reducing the entire factory's energy use by 5%.

* The energy conservation committee is composed of the following two teams: (1) a steering team that proposes the FOM activity guidelines and (2) an ECOFOM team to conduct activities to increase the energy efficiency of manufacturing and find and implement new energy conservation themes.

TOPIC

» CO_2 emission reduction through steam recovery

FOM has been striving to increase the energy efficiency of its equipment since 2008 in cooperation with the Production Engineering & Development Center.*1 FOM has built a system to recover and recycle flash steam.*2 The system enables the recovery of flash steam which was emitted into the air for use in the solvent adsorption process, thereby reducing annual CO_2 emissions by 900 tons.

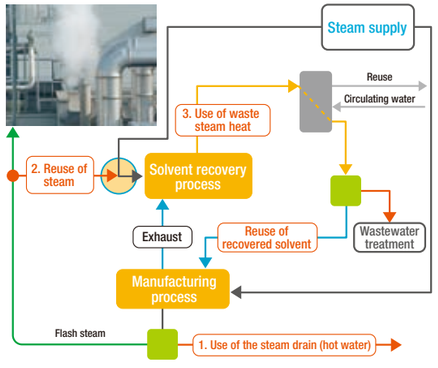
Project members of the flash steam recovery and recycling system

FOM will implement additional measures to increase the recovery rate of flash steam and introduce the recovery system also to other lines to further increase the energy efficiency of the factory.

*1. FUJIFILM's organization which develops and designs energy-efficient equipment

*2. The important technological point of this system is to recover steam at atmospheric pressure so as not to impact the manufacturing process and then raise its pressure to ensure the stable mixing of the recovered steam with pressurized steam supplied from the boiler.

► Conceptual diagram of the flash steam recovery and recycling system



» Planning to deploy a technology to achieve both environmental improvement and energy conservation

FOM recovers and reuses almost 100% of the solvent used in the manufacture of TAC films to minimize the emissions of chemical substances into the air. A lot of energy, however, is used to recover and reuse the solvent, and it is a great challenge for the company to reduce the energy used in the solvent recovery process.

To meet this challenge, FOM is planning to deploy technology proven to be effective for CO_2 emissions reduction at the FUJIFILM Kanagawa Factory and FUJIFILM Kyushu,*3 with a view to reducing its CO_2 emissions by at least 4,000 tons a year.

*3. Refers to the innovative process technology to achieve both environmental improvement and energy conservation developed by the Production Engineering & Development Center. This technology enables the efficient recovery of waste solvent by improving the cooling process and helps achieve a 20% to 40% reduction in energy use. By using this technology, FUJIFILM Kanagawa Factory and FUJIFILM Kyushu reduced their annual CO_2 emissions by 10,000 tons in total.

» Visualization of energy-related information

FOM has introduced an energy conservation support system*4 to enable its process managers to centrally manage energy-related information. The managers can now check the changes in each facility's energy use (electricity and steam) in graphs. Using this system, they can visually compare the energy used by similar facilities on the same screen and check for differences in their energy efficiency, which allows them to plan energy saving measures without taking much time for data collection and processing. Thanks to this, it has become possible for FOM to compare and check energy loads in the wastewater treatment process and make improvements to related systems.

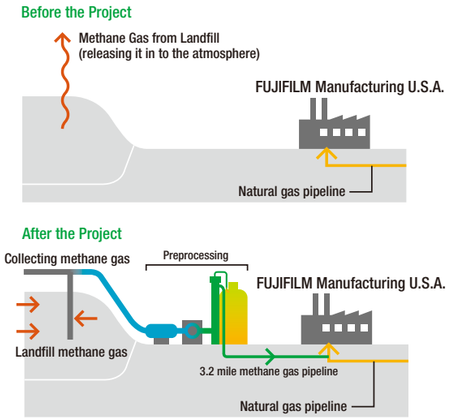
*4. The system developed by the Production Engineering & Development Center to minimize and optimize the total energy consumption.

Production site 2 Implementation of a project for the effective use of methane gas (United States)

FUJIFILM Manufacturing U.S.A., Inc. (South Carolina) has been using methane gas generated from the neighborhood landfill site as fuel since May 2009. The supply and concentration of methane gas vary depending upon various environmental conditions and complex ecosystems, such as underground gas accumulation, and the supply and concentration are therefore unstable compared with natural gas, but improvements will be made to stabilize this supply thanks to cooperation from the gas supplier and the company managing the landfill site. This fiscal year, the supply amount was a bit lower than planned but the use of methane, a substance that contributes to global warming by about 21 times compared with CO_2 but produces more heat than kerosene and heavy oil, had a great effect both on the environment and the budget (as shown in the following table).

The project was highly evaluated for its contribution to local environmental conservation and the company received many commendations for the project from the local government and industry organizations.

► Before and after implementing the project



► Effect of the project for the effective use of methane gas

	Numerical Effect (annual estimates based on actual data)	Effect
CO_2 emissions reduction	5,180 tons/year (Total GHG emitted into the air if this project had not been implemented: 49,100 tons/year in CO_2 equivalent)	By using methane gas (with average concentration of 57%) generated from the landfill site as fuel: ● Methane, which has a high global warming potential is incinerated and not emitted into the air. ● The use of fossil fuels is reduced.
Cost reduction through CO_2 emissions reduction	67,500 euro/year (EUA price as of March 14, 2010: 13.04 euro/t-CO_2)	● The purchasing price of methane gas generated from the landfill site: Fixed and lower than the price of natural gas

Offices and households Implementing the ICE Project

FUJIFILM and its affiliates in Japan have been engaged in the Ideas for Cool Earth (ICE) Project as FUJIFILM's global corporate citizen activity to be conducted during the commitment period (2008 to 2012) of the Kyoto Protocol for the promotion of anti-global warming measures at offices and households.

At their offices, the companies are continuing awareness activities for energy conservation, including the "cool biz," "warm biz," and "lights off" activities while encouraging employees to take on the "ICE Challenge" to reduce their CO_2 emissions by one kilogram per day, as proposed in the Team Minus 6% project implemented by the Japanese Ministry of the Environment.

For details (and for activities conducted continuously in fiscal 2010), please see the following website.

URL http://www.fujifilm.co.jp/corporate/environment/preservation/reduction/iceproject/
(in Japanese only)

(Left) Members of FUJIFILM Opto Materials, the winner of the ICE Awards* 2009

(Right) Poster for the ICE Challenge 2010

► Outline of the ICE Challenge 2009 campaign

Aim	Reduce CO_2 emissions from households. Encourage employees to review their lifestyles for low-carbon living.
Target	Employees of FUJIFILM and its 32 affiliates (23,179 employees in total)
Period	July to September 2009 (three months)
Results	Participation by 19,803 employees (85%) and CO_2 emissions reduction by 1,075 tons
Commendation*	FUJIFILM Kyushu, FUJIFILM Simple Products, FUJIFILM Human Resource Development Center, FUJIFILM Techno Service, FUJIFILM Digital Techno, FUJIFILM Logistics, FUJIFILM Computer System, FUJIFILM Media Crest, FUJIFILM Opto Materials, Fuji Technis, and the Sendai Site of the Electronic Imaging Products Division of FUJIFILM

* ICE Awards: Fujifilm Group sites that achieved participation by all employees are commended as excellent sites.

Marketing and services

Promoting eco-driving

FUJIFILM Holdings has been promoting eco-driving across Fujifilm Group companies in Japan since June 2008, aiming to improve fuel economy by 10%* and reduce CO_2 emissions annually by about 2,560 tons. We will continue to implement a range of measures to decrease the emissions, improve driving manners, and prevent traffic accidents.

* Estimation by the Energy Conservation Center, Japan

► Outline of the eco-driving campaign

Aim	・Improve fuel economy and reduce CO_2 emissions ・Improve driving manners and prevent traffic accidents
Target	・About 10,000 vehicles used by Fujifilm Group companies in Japan* *FUJIFILM, Fuji Xerox, and affiliates: 67 companies
Measures	・Distribution of the Fujifilm Group's unique "eco-driving stickers" (A total of 16,300 stickers were distributed as of the end of March 2010) ・Organization of eco-driving seminars (81% of the target attended the seminars as of the end of March 2010) ・Revision of the vehicle introduction criteria for the entire Group and strict compliance with the criteria

VOICE

» Eco-driving helps promote traffic safety

Fuji Xerox Osaka has 348 vehicles and has been proactively engaged in the eco-driving campaign. In fiscal 2009, the number of vehicles increased by four vehicles and the annual running distance increased by "475.6 km or 6.4% per car" per year due to the promotion of sales activities. Fuel economy, however, improved by 0.12 km per liter to 10.76 km, up 21% from fiscal 2006, when the eco-driving activity was started. The number of one-car accidents also decreased to 59.3% of the previous fiscal year's level. In recognition of these achievements, we received a prize from the chairman of the Environmental Restoration and Conservation Agency of Japan at the eco-driving competition held by the Ministry of the Environment and the Agency.

We will continue to hold safe driving seminars and internal eco-driving competitions in which our drivers can easily participate.

Manager **Norihiko Sakai** (left) and **Mitsunori Gouda** (right), General Affairs Department General Affairs Division Fuji Xerox Osaka Co., Ltd.

Products

Reducing the environmental impact of digital color multifunction devices (energy-saving design)

Fuji Xerox has been operating its business with the goal of decreasing average power consumption per unit by half in 2005 against 1997 levels. As a way to confirm the results, the company has been participating in the Energy Conservation Awards held by the Japanese Ministry of Economy, Trade and Industry (initially by the Energy Conservation Center, Japan) since 1999. The company received an award from the Director-General of the Agency for Natural Resources and Energy at the fiscal 1999 (10th) competition, and since then it has been winning awards at the event consecutively for 11 years.

In fiscal 2009 in particular, Fuji Xerox won the award from the Minister of Economy, Trade and Industry, the highest prize in the Energy Conservation Awards, for the ApeosPort-IV/DocuCentre-IV C 5570/C 4470/C 3370/C 2270 digital color multifunction device series.

The series has achieved the lowest TEC values* in the class and recovers from sleep mode in 10 seconds (for 25/35 prints per minute), thereby substantially increasing convenience for customers as well as energy efficiency.

* TEC value: value of one week of standard electricity consumption as applied in the International Energy Star Program.

► Features of the introduced technologies

❶ IH fixation device using Fuji Xerox's unique technology to achieve the world's fastest "three-second start-up" (for 25/35 prints per minute)

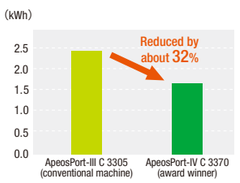
❷ EA-Eco toner with the lowest fixation temperature (about 20 degrees Celsius lower than conventional products)

❸ Newly developed energy-efficient controller with a fencing circuit that prevents low-voltage/leakage current caused by finer semiconductor process technologies

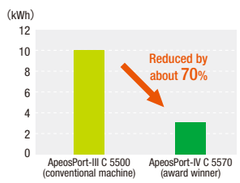
❹ Manuscript reader using energy-efficient LED lamps, which are brighter and more responsive to input voltage than conventional xenon lamps

ApeosPort-IV C 5570 winning an award from the Minister of Economy, Trade and Industry at the Energy Conservation Awards

► Comparison of TEC with a conventional machine (for 35 prints per minute)



► Comparison of TEC with a conventional machine (for 55 prints per minute)



Communication

Opinions expressed at the dialogue meetings for the successful achievement of targets

The Fujifilm Group has been holding stakeholder dialogues since 2004. The dialogue meetings held focusing on environmental protection, one of the CSR activities, provided us with the opportunity to summarize our ideas, identify and share problems, probe them, find solutions, and also to verify the solutions in an objective manner. In particular for anti-climate change measures, in response to the establishment of a global greenhouse gas emission reduction framework, Group employees and experts discussed from various viewpoints and agreed on the following: to improve the Group's activities and expand them across the board, and to devise effective information disclosure measures (disclosure of specific examples and visualization of the entire Group's environmental impact through LCA, as detailed on pages 19, 30-34, 49, and 70).

In April 2010, the Fujifilm Group set the target of reducing lifecycle CO_2 emissions from its products and services by 30% from the fiscal 2005 level by fiscal 2020, adopting the idea of reducing total lifecycle CO_2 emissions. We were able to set the long-term target based on this idea as a result of repeated discussions at the dialogue meetings to narrow the gap between internal and external perceptions.

TOPIC

Stakeholder Dialogue 2010

On May 12, 2010, we held Stakeholder Dialogue 2010 on the theme of anti-global warming measures, inviting external experts. Through the meeting, we aimed to raise awareness of employees about the Fujifilm Group's long-term environmental target established based on the new idea of reducing total lifecycle emissions and encourage them share the target and pursue it in their daily operations. At the meeting, after an employee of FUJIFILM Holdings explained the long-term target, the activities of FUJIFILM and Fuji Xerox were outlined to participants. Then discussion began.

Participating external experts highly evaluated the Fujifilm Group's proactive anti-global warming measures. They also expressed their expectations for the Group, including cooperation with local communities and other companies, development of forward-looking measures and business, creation of innovative businesses, promotion of measures for the whole of society, and further education and clarification for employees and customers. For details, please refer to the next page.

Participants at the dialogue meeting

VOICE

» Comment on the stakeholder meeting on anti-global warming measures

At the meeting, we continued intensive discussion for three hours without a break and differences in the focus of effective anti-global warming measures were identified between FUJIFILM and Fuji Xerox. The discussion confirmed for me the fact that if two companies having such differences are able to achieve the target of reducing greenhouse gas emissions by 30% from the fiscal 2005 level by fiscal 2020, it shows that their products and services must actually be used by customers. I believe all participants were able to understand the importance of expanding environmental solutions through business. At the meeting I also made the following comments: specific measures seem to be just starting, there is room for more synergy effects between the two companies, and they need to communicate to the public what kind of society they are aiming to achieve in a more visionary manner. Finally I would like to thank the two guests and the employees participating in the meeting for actively expressing their opinions, which greatly helped me fulfill my role as facilitator at the meeting.

Mr. Eiichiro Adachi
Head of ESG Research Center
The Japan Research Institute, Limited

TOPIC

▶ Summary of the Stakeholder Dialogue 2010

Recommendations from External Experts		Future Direction of the Fujifilm Group
Collaboration with local communities and other companies	Conduct activities based on mutual understanding and cooperation between companies and local communities	Foster communication through dialogue meetings on the environment held at the production sites
	Conserve energy through corporate alliances	Reduce CO_2 emissions from offices not only by using energy- and resource-saving PC servers and printers but also by introducing LED lamps
Promotion of forward-looking measures and business	Implement measures on the premise of depletion of natural resources	Examine the introduction of renewable energy sources (wind and solar power)
	Build a system to change work styles	Create a system under which employees can work with security at places other than offices, to support CO_2 emissions reductions and a better work-life balance
Creation of business based on new ideas	Reduce CO_2 emissions through a paradigm shift	Reduce the use of resources by shortening the printing process through digitization, and encourage remote medical care by the use of electronic medical records
Implementation of measures for the whole of society	Provide products and services that can offset an increase in CO_2 emissions in the production process by energy conservation in the use stage	Visualize the lifecycle environmental impact of products and services and use the results to develop new products and services
Provision of more education and clarification for employees and customers	Change the ideas of employees and customers as an important measure	● Employees: Encourage them to be more eco-friendly through the ICE Challenge, LEAF[X], and other programs ● Customers: The Graphic Systems Business Division will cooperate with Group companies to hold eco seminars for customers on a continual basis.

▶ Participants

Facilitator	● Mr. Eiichiro Adachi, Head of ESG Research Center, The Japan Research Institute, Ltd.
Two external experts	● Mr. Soichi Ueda, Producer, Think the Earth Project ● Professor Norio Fukao, Nagasaki University
10 participants from the Fujifilm Group	● CSR Group, Corporate General Administration Division, FUJIFILM Holdings ● CSR Promotion Division and Ecology & Quality Management Division, FUJIFILM ● New Business Group, Graphic Systems Business Division, FUJIFILM ● Technological Strategy Division, R&D Management Headquarters, FUJIFILM ● Power Supply Section, Business Affairs Department, Fujinomiya Factory, FUJIFILM ● CSR Division, Fuji Xerox ● Solution Development Department, Solution Headquarters, Fuji Xerox ● Strategic Planning Group, R&D Planning and Management Division, Fuji Xerox ● Production Planning and Innovation Division, Production Group, Fuji Xerox ● Environment and Safety Department, Toyama Chemical

VOICE

» Creating a new market for the solution of environmental problems

I was most impressed to find out that the Group is proposing new work styles and lifestyles with low environmental impact, in addition to making efforts to reduce the environmental impact of its business operations. The Group is committed to creating a new market for the solution of environmental problems in cooperation with employees and consumers. I expect that the Group will successfully develop remarkable new innovative business on a global scale.

Mr. Soichi Ueda
Producer,
Think the Earth Project

VOICE

» Expecting a lot from the proposal for new work styles

I would like to pay respects to the very ambitious policy that FUJIFILM and Fuji Xerox, which have fundamentally different business structures, have set as their common target, which is to reduce the lifecycle CO_2 emissions of their products by 30% by fiscal 2020. At the dialogue meeting, I strongly felt the commitment of the Fujifilm Group to supporting social reform. In order to promote the anti-global warming measures as requested by the IPCC, it is necessary to review the work styles of individuals, and I expect that the two companies will propose new work styles through their products and services.

Mr. Norio Fukao
Professor,
Nagasaki University

Conserving biodiversity

Starting with What We Can Do to Conserve the Ecosystems That Sustain Humankind

Conserving biodiversity recognizes differences in internal and external perceptions

The Fujifilm Group has been conducting a range of environmental conservation activities based on the idea that environmental consideration and conservation are an integral part of corporate activities, recognizing the fact that the natural environment brings benefits and influences to all its business activities. Conserving biodiversity means conserving the ecosystems that sustain us into the future. FUJIFILM Holdings encourages Group companies to continue their environmental conservation activities and urges them to listen to the opinions of experts and the younger generation through stakeholder dialogue meetings[*1] and the opinions of employees through in-house questionnaire surveys,[*2] in order to recognize and minimize differences in internal and external perceptions of biodiversity.

*1. Held on the theme of biodiversity in 2005, 2006, 2007, and 2008

*2. Held in 2008 to collect opinions about perception, involvement, influence, and collaboration with society, and 22 organizations replied to the questionnaire.

Fiscal 2009 activity report (1) Formulating the policy

In June 2009, FUJIFILM Holdings established the Fujifilm Group Guidelines for Biodiversity to clarify the Group's policy on conserving biodiversity.

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, including climate change issues such as global warming, is biodiversity loss that is occurring at critical speed due to 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 or minimize negative impacts on it, 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

❶ To avoid destruction of biodiversity
Biodiversity is the "web of life." In business activities, the Fujifilm Group avoids or minimizes negative impacts on this web of life, and gives due consideration not to have anything to do with destruction of the web.

❷ To preserve biodiversity
In business 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.

❸ 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.

❹ To act globally
The Fujifilm Group strives to recognize impacts on biodiversity to reduce environmental burdens in domestic and overseas value chain frameworks when performing business activities.

❺ To meet social requirements
The Fujifilm Group complies with international laws and regulations regarding biodiversity, and values collaboration and harmony with public bodies, NPO/NGOs, and other companies.

❻ To share information
The Fujifilm Group proactively discloses information on activities regarding biodiversity. The Fujifilm Group also makes efforts to raise employees' awareness of biodiversity issues to improve the quality and effectiveness of the Group's activities for such issues.

Fiscal 2009 activity report (2) Specific initiatives
(FUJIFILM and its affiliates)

Adding "biodiversity conservation" to the design criteria for all products

In February 2010, FUJIFILM added biodiversity conservation to the design criteria of all its products. By adding biodiversity conservation to the criteria, which included prevention of global warming and reduction of environmental impact, effective use of resources, safety and compliance, and information disclosure, the company will be able to provide products and services with higher environmental quality in a continuous manner.

Specifically, the following two evaluation items for biodiversity conservation were added:

❶ Prevention and minimization of the impact of products on ecosystems to conserve the natural environment and biodiversity

❷ Risk management concerning the sustainable supply of biological resources from a long-term view

TOPIC

Related page: » Page 19 (Activities in the Graphic Systems Business)

» Initiative in the graphic arts business
—Giving consideration to biodiversity in the development of products in response to market needs

FUJIFILM supplies PS plates (including CTP plates) and processing liquids used in offset printing to the printing industry. We have been developing and designing products and services (printing systems including PS plates, processing liquids, and waste liquid treatment equipment) to meet the needs of customers in the industry not only in terms of quality but also for higher environmental performance with no extra cost. Printing generally consumes a lot of water and chemical substances, and in order to help customers reduce the use of these substances and the release of waste liquids, we are implementing initiatives for the effective use of important resources without giving adverse impact on customers, the local environment or on ecosystems, including the two shown below.

ECO & FREE SYSTEM ET-SH

Product: Environment-compatible thermal processless CTP plate
Usage: PS plate (printing plate)
Environmental performance: Space- and energy-saving (no need for an automatic processing machine)
No waste (no need for processing and developing liquids)

User's voice (Japan)

Using the environment-compatible thermal processless CTP plate

We have adopted processless technology, which will replace conventional CTP just as we witnessed the dramatic shift from "film and conventional PS plate" to CTP plates. The adopted system does not need processing, developer and gum and we have been able to reduce waste liquid to zero, which has led to a substantial reduction in our cost and maintenance burdens as well as in our environmental impact.

As the use of processless plates expands, even greater environmental benefits and cost reduction will be gained. I very much hope that the use of the processless CTP plate, which represents a new challenge with new technology, will motivate employees.

Mr. Taikichi Tsunoda
President, Sankodo Co., Ltd.

Brillia HD PRO-V lo-chem

Product: Brillia HD PRO-V plate
Usage: PS plate (printing plate)
Environmental performance: No need to refill chemicals
80% reduction of waste (because the washing process is no longer necessary)

User's voice (Belgium)

Leen print reduces waste and costs with the Brillia HD PRO-V plate

All the expected benefits of FUJIFILM's low-chemistry solution were proven within a short time. In fact, we do not replenish with any wash or solvent, we keep the bath level stable with just pure water, there is no need to control the pH or conductivity. The only waste we generate during the plate processing is the used fluid in the finishing unit which equates to 2,000 m^2. This means that we have reduced our chemical waste by 80%. And, as there is no water involved, we will save an additional €4,000 each year in water charges. In our experience, FUJIFILM can definitely classify the PRO-V system as a bona fide "increased quality, reduced cost" solution.

Mr. Jörg Hamm
Manager, pre-press,
Leen print (Belgium)

Fiscal 2009 activity report (3) Specific initiatives
(Fuji Xerox and its affiliates)

Starting the "One Company, One Theme" Movement

In October 2009, Fuji Xerox launched its "One Company, One Theme" Movement. Since then, employees of both its sites and subsidiaries of Fuji Xerox have been conducting localized social contribution activities both within and outside Japan, based on the common theme of "biodiversity conservation." Through this movement, Fuji Xerox will expand its measures for biodiversity conservation beyond national boundaries and make more contributions through borderless social contribution activities as well as through its businesses.

In fiscal 2009, the company established a platform to register and share information on the "One Company, One Theme" Movement conducted at each site and subsidiary through the intranet and by other means, and employees are now sharing information, as shown in the following photos.

In fiscal 2010, Fuji Xerox will create a guidebook on the movement as a means of providing both internal examples and know-how to promote the activity, post the guidebook on the intranet, and encourage employees to raise their awareness and do more for conscious activities of biodiversity.

Example of information sharing on the intranet
(list of registered subthemes)

Example of information sharing on the intranet
(wetland conservation activities conducted by Fuji Xerox Taiwan)

Beginning on-site survey on land use for biodiversity conservation at production bases both in and outside Japan

We conducted on-site survey on land use and local living creatures at five production bases[*1] in Japan (in Mie, Niigata, Toyama, and Kanagawa) from March to May 2010. We will conduct the same on-site survey also at four of our production bases[*2] in China and Thailand from September 2010. We will complete the on-site survey and plan and implement countermeasures by the end of fiscal 2010, and will incorporate biodiversity conservation items into our environmental management system (EMS) during the next fiscal year.

*1. The Suzuka, Niigata, and Toyama Centers of Fuji Xerox Manufacturing, and the Takematsu and Ebina Centers of Fuji Xerox
*2. Fuji Xerox of Shenzhen, Fuji Xerox of Shanghai, Fuji Xerox Eco-Manufacturing (Suzhou), and Fuji Xerox Manufacturing (Thailand)

Fiscal 2009 activity report (4) Social contribution activities

In August 2009, we held an exhibition of animal photos at FUJIFILM SQUARE, a showroom in Tokyo Midtown, where the head offices of FUJIFILM Holdings, FUJIFILM, and Fuji Xerox are located. A total of about 60,000 people visited the exhibition, through which we provided visitors with an opportunity to think about the environment and ecosystems.

Large numbers of children and their parents visited the exhibition of animal photos held during the summer vacation season.

Developing a CSR-oriented procurement framework

The Fujifilm Group Will Pursue CSR-Oriented Procurement in Partnership with Suppliers

Formulation of the Fujifilm Group Procurement Policy

In October 2009, FUJIFILM Holdings established the Fujifilm Group Procurement Policy (shown below) to improve its CSR-oriented procurement, which had been fostered by each operating company in the Group. We will foster such procurement in cooperation with our suppliers by sharing the Policy across the Group and proactively exchanging relevant information with the suppliers.

The Fujifilm Group Procurement Policy is applied not only to the Fujifilm Group but also to its entire supply chain and is designed to help the Group build fair relations with its suppliers. Accordingly, the Policy shows the Group's commitment to dealing with suppliers in compliance with laws and in consideration of the human rights, environment and other CSR issues. The Policy is composed of two parts: I. Basic Procurement Concepts and II. Procurement Guideline. The second part shows the 10 principles of the Group that were formulated in line with Nippon Keidanren's Charter for Corporate Behavior. The Group deals with a range of suppliers from different industrial fields because it is engaged in a wide spectrum of business fields, including chemicals, pharmaceuticals, and precision equipment. The principles are intended to help these suppliers understand the Group's approach to procurement. For suppliers who do not meet the Procurement Guideline, we will ask them to make necessary corrections and give support as required to ensure their compliance with the Guideline.

Fujifilm Group Procurement Policy

In this policy, "procurement" includes not only procurement of parts and materials used for products but also various trade activities such as procurement of indirectly related materials, maintenance and management of facilities, etc.

I. Basic Procurement Concepts

As a responsible member of the international community, the Fujifilm Group seeks to contribute to the development of society and enhancement of the quality of life of people throughout the world by providing top-quality products and services. In order to achieve these objectives, we perform procurement activities based on the following basic concepts:

❶ Rational selection standards

We will select suppliers based upon rational and clear standards, such as quality, price, delivery assurance and operating stability, so as to procure superior goods and services from the most competitive sources. Decisions on procurement are made by the Procurement Division, which is independent from other divisions.

❷ Openness and fairness

We will impartially provide all Japanese and overseas suppliers with opportunities to supply their products and services to us. In addition, we will vigorously strive to procure these not only from suppliers involved in past transactions, but from newcomers as well.

❸ Corporate social responsibility (CSR)

In conducting our procurement activities, we will seek to proactively fulfill our role as a good corporate citizen contributing to the society by taking into consideration CSR related factors such as compliance to regulations, product quality/safety, environment conservation, information security, fair trade, ethics, workers' safety/hygiene, human rights, and fair labor practices.

II. Procurement Guideline

Fujifilm Group requests all suppliers related to our procurement activities to follow the ten principles below:

❶ Suppliers, by the development and provision of socially beneficial goods and services in a safe and responsible manner, shall strive to earn the satisfaction and confidence of consumers and customers, while taking necessary measures to protect personal data and customer related information.

❷ Suppliers shall promote fair, transparent, free competition and sound trade. They shall also ensure that their relationships and contacts with government agencies and political bodies are of a sound and proper nature.

❸ Suppliers shall engage in communication with members of society at large, including active and transparent disclosure of corporate information.

❹ Suppliers shall strive to respect diversity, individuality, and differences of their employees to promote safe and comfortable workplaces.

❺ Suppliers shall recognize that a positive involvement in resolution of environmental issues is an essential part of their activities and existence, and shall therefore approach these issues more proactively.

❻ As "good corporate citizens," suppliers shall actively engage in philanthropic activities, and other activities of social benefit.

❼ Suppliers shall reject all contacts with organizations involved in violation of the law or accepted standards of responsible social behavior.

❽ Suppliers shall observe laws and regulations applying to their overseas activities and respect the culture and customs of other nations and strive to manage their overseas activities in such a way as to promote and contribute to the development of local communities.

❾ Senior management executives of suppliers shall assume the responsibility for implementing this guideline and for taking all necessary action in order to raise awareness in their corporation, and inform their group companies and business partners of their responsibility. Senior management executives shall also heed the voice of their stakeholders, both internally and externally, and promote the development and implementation of systems that will contribute to a greater understanding of business ethics.

❿ In the case of incidents contrary to the principles of this guideline, senior management executives of suppliers must investigate the cause of the incident, develop reforms to prevent recurrence, and make information publicly available regarding their intended actions for reform. After the prompt public disclosure of information regarding the incident, authority and responsibility for the event should be clarified and disciplinary action should be taken in all areas responsible including the highest levels of management where necessary.

Starting pilot surveys on CSR-oriented procurement
(Initiative at FUJIFILM)

FUJIFILM has been fostering green procurement for environmental conservation since 2000. In 2006, the company began conducting a questionnaire survey of suppliers also on their compliance, quality and safety, information security, fair trade, ethics, occupational safety and health, human rights, and the environment, with a view to fostering CSR-oriented procurement. Following the establishment of the Fujifilm Group Procurement Policy in October 2009, FUJIFILM asked 32 suppliers of materials to self-check their CSR activities on a trial basis through electronic means, aiming to utilize the results as the basis to expand CSR-oriented procurement across FUJIFILM and its affiliates. In response the suppliers participated in the self-check survey, which in turn helped them understand the FUJIFILM's ideas about procurement. The company tabulated and evaluated the results and summarized them into a report to give feedback to the respondents.

In fiscal 2010, we will review the survey content based on the results of the trial survey and expand the target of the CSR self-check survey.

FUJIFILM will continue to ensure the transparency and soundness of its management and move forward with measures toward the achievement of a sustainable society while improving the quality of its dealings with suppliers.

Screen for the electronic survey

Helping suppliers make improvements through the self-check survey
(Initiative at Fuji Xerox)

Fuji Xerox has been continuing the CSR-oriented procurement of materials since August 2007. The company sends a self-check list to its major suppliers (having a 90% or more share in the supply of a specific material) and asks them to self-check and improve their CSR activities.

Fuji Xerox fosters CSR-oriented procurement to share CSR-related values and targets with suppliers, learn and grow mutually with them, and prosper together by minimizing the risks related to the environment, human rights and labor, and corporate ethics. After collecting the self-check lists from suppliers, the staff members in charge at Fuji Xerox visit the suppliers to confirm the self-check details, understand their problems, and discuss solutions for improvement. In turn, the suppliers point out the improvements to be made to the self-check system to the visiting staff.

In fiscal 2009, against the target of 90%, 96.9% of the suppliers achieved the important numerical targets that should be met to avoid serious risks.

In addition to the CSR-oriented procurement of materials, Fuji Xerox is also committed to CSR-oriented transportation. Since fiscal 2008 the company has been sending a self-check list to each of its major partner carriers jointly with FUJIFILM Logistics and asking them to self-check and improve their activities. In fiscal 2009, Fuji Xerox interviewed some of the leading partners and identified the challenges to be tackled based on the results of the self-check survey and the interviews.

In fiscal 2010, Fuji Xerox will foster CSR-oriented procurement more efficiently while giving even more support to suppliers to increase the achievement rate of the important targets to 100% at all the suppliers.

Briefing sessions held for new suppliers in fiscal 2009

Improving quality

Wining Trust from Stakeholders by Improving Quality

The Fujifilm Group began its operation in the Minami-Ashigara area blessed with rich water resources and clean air in 1934, aiming to manufacture photographic films in Japan. We began our manufacturing activities to provide the market with products that had both high quality and high environmental performance. Toward the 80th anniversary of our foundation in 2014, we will further improve the quality of our products, operations, and management to win even more trust from stakeholders.

Pursuing higher quality for products, operations, and management

In early days of our history, Fuji Photo Film, the predecessor of the Fujifilm Group, repeated trials and errors to develop photographic films and improve the manufacturing process by making use of its own technologies. As a result, the company succeeded in providing the market with photographic films comparable to those made overseas in terms of quality.

In recovering business after the end of the Second World War, the company adopted the statistical quality control approach from the United States ahead of others to provide the market with photographic films having the world's top-level quality. It also conducted the total quality control (TQC) activity. In recognition of these efforts, the company received the Deming Prize in 1956, being appreciated for its comprehensive quality control activities which were conducted in line with the management philosophy and business environment.

Subsequently in the 1990s, our production department acquired the ISO 9001 certification and in 2003 we began introducing an integrated management system consist of quality, environment, occupational health and safety, and information security gradually to our sales and staff departments and also to our affiliates. We are aiming to be higher quality of the management style through an extending system to cover development, production, quality assurance, and marketing with each of our business divisions to improve operational process and outcome.

Responding to changes in the business environment and creating high-quality business and products

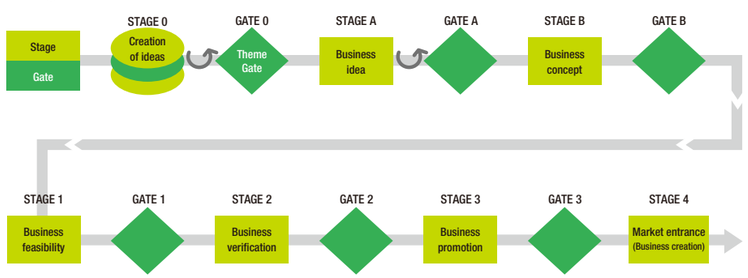
Since the latter half of the 1990s, FUJIFILM has been applying the base technologies that had accumulated in the fields of photographic sensitive materials and xerography to create new business in response to the progress of digitization. In developing new business and products, the company judges not only their quality achievement but their environmental performance and safety, legal compliance and customer's requirement at each stage gate of the development process from planning to final product review (figure below). The company thus ensures high quality also in the fields of highly functional materials,*1 optical devices and systems,*2 and information systems and solutions,*3 in addition to the fields of photographic films.

Also in the field of generic drugs, in which FUJIFILM began participating in April 2010, the company ensures the safety of its products to customers based on the recognition that the quality of pharmaceuticals could give great impact on human lives. Specifically, FUJIFILM manages the quality of raw materials, the manufacturing process and design, and products released in the market, applying its expertise in quality control systems.

*1. Field of highly functional materials: Flat panel displays, semiconductors, recording media, cosmetics and life science
*2. Field of optical devices and systems: medical life science-related devices
*3. Information systems and solutions: document solutions and digital imaging

►Conceptual diagram showing FUJIFILM's "gates" for each process stage

FUJIFILM generally divides its process to develop new business and products into six stages. In each stage, hypothesis are formed and verified for uncertain factors to decrease the level of uncertainty, and at the end of the stage ("gate meeting") the level of achievement is checked for each predefined target items to decide whether to proceed to the next stage. The company reviews its strategies based on the new challenges identified at each stage to develop new business and products that can competitively meet the needs of customers.



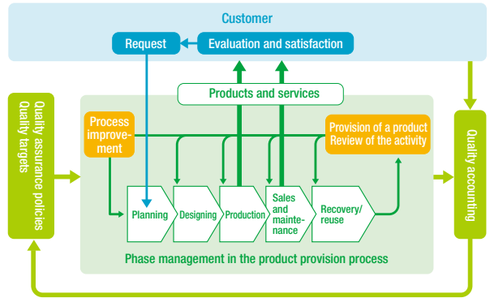
Improving quality throughout the product lifecycles

Fuji Xerox adopts the "phase management" approach to ensure the lifecycle quality of its products and services. Specifically, it sets the conditions to be met from the viewpoint of customers at each phase of its product provision process.

In the quality management activity to improve the quality of its operations, the company conducts "quality accounting" to review customer satisfaction, and incorporates the results into the quality assurance policies and targets of the following year.

By continuing these activities, Fuji Xerox is improving its total quality assurance level.

►Fuji Xerox's quality assurance activity



Related page:
Page 34 (Reducing the environmental impact of digital color multifunction devices)

TOPIC

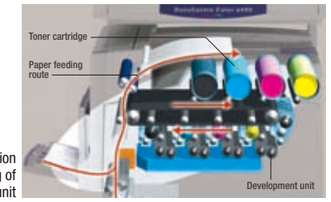
»To develop ideal products that do not need maintenance or inspection—Long-life design

Fuji Xerox is committed to promoting long-life design to make it possible for customers to use its products consistently for the long term.

Copiers and printers are composed of a number of driving parts, and their friction accounts for a large percent of the causes of machine troubles.

In the life-long design of copiers and printers, materials for the parts are carefully selected based on the reviewed designs, and improvements are made to the parts including the marking (printing) unit—the "heart" of a copier and the paper feeding unit, to extend their functional lives and substantially reduce the frequency of technical issues.

Also, by decreasing the frequency of necessary machine maintenance through reducing the frictions of the driving parts, Fuji Xerox is minimizing the downtime during which customers cannot use their machines, and will continue to develop technologies to ensure high quality and longer lives for its products.



Cross-section drawing of the marking unit

Fujifilm Group Quality Policy

The Fujifilm Group operates its businesses based on this policy in order to provide the highest quality of products and services to customers.

1. We will seek to ensure customer's satisfaction and trust in response to the demands of society.
2. We will pursue the highest standard quality in the market by taking advantage of our leading-edge, proprietary technologies. We will also strive for the highest quality of safety and environmental friendliness.
3. We will thoroughly comply with laws and regulations regarding our products and services.
4. We will correctly and properly disclose information regarding the quality, safety, and environmental friendliness of our products and services.
5. We will listen carefully to market opinions and commit to further sustainable quality improvement continuously.

►Major commendations received in fiscal 2009

Recipient	Commendation and awarding entity	Reason for the commendation
FUJIFILM Holdings	Ranked second among 225 companies in the fifth survey on the quality management level of companies (Conducted by the Union of Japanese Scientists and Engineers and sponsored by Nikkei Inc.)	• System building (Commitment by management; quality education and human resource development; and standardization and quality control system) • Actual activities (Onsite management and improvement; responses to customers and quality assurance; and development of new products)
FUJIFILM Electronic Materials U.S.A. (FUJIFILM's subsidiary manufacturing semiconductor materials)	Selected as a Preferred Quality Supplier (PQS) Award winner (by Intel Corporation)	• Achievement of 80% or higher on the scores as a result of implementing drastic measures for the cost, quality, supply system, deadline, technologies, customer satisfaction, and other improvements
FUJINON (FUJIFILM's subsidiary engaged in the optical device business; integrated into FUJIFILM on July 1, 2010)	The Emmy Award (by the Academy of Television Arts & Science)	• Product and service quality (For the world's first autofocus system "Precision Focus" jointly developed by NHK)

Social and local contribution though business

Contributing to More Advanced and Efficient Local Medical Care by Establishing a Medical Imaging Network

FUJIFILM makes social contributions through business, for example through its medical systems business. In addition to providing a range of diagnostic imaging equipment and pharmaceuticals, the company is also engaged in building a medical care network by the use of IT, which is attracting much public attention.

SYNAPSE receiving high evaluation by enabling the central management of medical images

The quality of medical care, which directly gives impact on the lives of people, cannot be compromised. FUJIFILM has long been supporting the medical facilities mainly in the diagnostic imaging field, and is now expanding the range of its business to sophisticate and raise the efficiency of medical activities across individual and regional medical institutions.

As a core tool for the business expansion, FUJIFILM released the SYNAPSE information system to centrally manage a range of diagnostic images from radiographic, endoscopic, and ultrasound testing in the United States in 1999. This system was highly evaluated in the country and was also released in Japan in 2000. At present, 1,300 or more medical institutions in Japan has introduced the system, making it the most-selling information system for medical images.

FUJIFILM also began providing the C@RNA service in 2005 and has been improving the network environment to connect general hospitals with clinics for better local and remote medical care services.

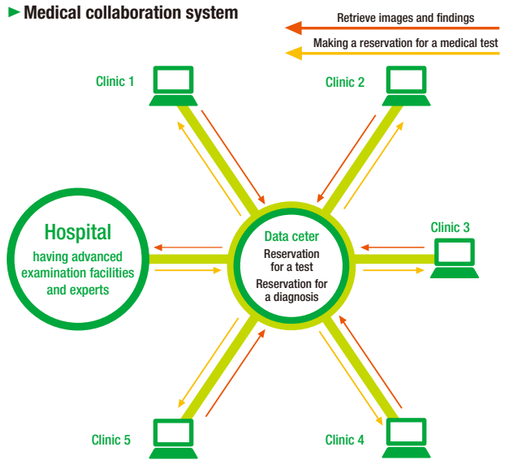
Strong demand for role-sharing and cooperation between medical institutions in Japan

In the United States, it was and is usual for patients to be first treated by their “home doctors” and then referred to general hospitals as required by the doctors. Medical institutions are thus well sharing roles and cooperating with each other. SYNAPSE became popular in the country because it proved to be useful for medical institutions to share necessary information.

In Japan, patients tended to consult with their home doctors for any diseases regardless of their expert fields and also to visit general hospitals even for the treatment of a cold. Medical institutions were thus not sharing roles in an efficient and effective manner.

Recently, however, the necessity of role sharing and cooperation between medical institutions has been increasingly recognized in Japan, because the following problems became obvious, which might lead to the corruption of the national medical system: insufficiency of doctors and resulting overwork by doctors working in hospitals; more financial burdens on medical institutions because of the need of introducing more advanced medical equipment; and management risks caused by errors in medical treatment. As a result, medical institutions are having greater expectations for SYNAPSE and C@RNA.

► Medical collaboration system



Various merits brought about by the introduction of a medical information system

Before networking was started on a full scale at medical institutions, images captured in radiographic and ultrasound testing were recorded in photographic films and stored in a room within the hospital. Doctors and radiologists therefore had to visit the room to search for the images they needed.

Subsequently, with the digitization and progress of IT, information systems to centrally manage medical images began attracting attention, and SYNAPSE, which adopted the WEB technology—the leading-edge technology of that time, was released as a base system for medical operations including the management of images. With this system, doctors and radiologists no longer need to visit the film storage room and instead can retrieve and view the necessary data instantly via their desktop PCs. This has also created a new work style: doctors can now discuss with others by phone, with each viewing the images on their own PC screens. Moreover, various medical information pieces can be centrally managed through the system, including electronic medical records, which promotes communications within the medical facilities and leads to the formation of a patient-oriented cross-functional medical team.

As for the C@RNA system, clinics networked by the system with general hospitals can ask the hospitals to do advanced testing that they themselves cannot do and share the images and results of the testing all online using PCs. This is greatly boosting regional medical cooperation.

FUJIFILM will continue to make efforts to support doctors and other medical staff working at the forefront of medical care and to provide people with safe medical services.

Use of the system at Saitama National Hospital

Related page: Page 12, 13 (Activities in the Healthcare Business)

TOPIC

SYNAPSE adopted for a large-scale medical project in Sao Paulo, Brazil

The local government of Sao Paulo, Brazil decided to adopt FUJIFILM’s SYNAPSE medical image information network in the government’s large-scale new-generation regional medical infrastructure establishment project (SEDI-I).

This project aims to network a diagnosis center with general hospitals and out-patient clinics to improve the diagnostic efficiency by the centralization of diagnostic functions and to introduce the management know-how of private hospitals to public ones to raise their management efficiency. SYNAPSE was adopted as the core system for the network in recognition of its speed, reliability, and stability.

At the diagnostic center newly established in Sao Paulo in October 2009, a party was held to celebrate the full-scale launch of the project, inviting the state governor and the head of the state’s health and welfare department as well as a lot of people from the medical industry. SYNAPSE will be introduced to a total of 20 medical institutions by the end of 2011, and the diagnostic center will deal with two million medical examination cases per year.

At the celebration party: Members of FUJIFILM do Brasil Ltda. (from left)., the chief of the secretariat of SEDI-I (second person from right), and the chief of the secretariat of Santa Catarina Hospital (on the right)

VOICE

Medical cooperation network to promote the physical and mental health of local people

Saitama National Hospital opened its new hospital with 350 beds on January 1, 2010. By providing medical services at this new hospital, the opening of which was long coveted by our staff and local residents, we will further fulfill our roles as a hospital designated as core facilities for the treatment of circulatory diseases, support of regional medical care, regional cooperation for the treatment of cancers, and for local care for hepatic diseases. I believe the regional medical care support system using IT will be quite useful for the fulfillment of the aforementioned roles. We will implement this system based on the face-to-face communication.

In 2005, through a joint research project with FUJIFILM and four medical associations, Saitama National Hospital began building a C@RNA Connect system as part of measures to promote a new type of regional medical cooperation. Eventually a medical networking system has been established, which allows patients to make reservations for medical treatment by doctors specializing in each medical field at the hospital via their home doctors 24 hours a day. For example, they can make reservations for MRI, MDCT, ultrasound diagnostics, endoscopic testing, physiological function testing, and counseling on nutrition. The results of the testing are sent to the clinics of their home doctors together with important images by the next day of the testing. The doctors are highly evaluating this system, which enables their patients to receive a “virtual hospital service” at their own clinics. In the future, we will expand the network with clinics and other hospitals to improve the quality of regional medical care, including the maintenance of local people’s health, preventive medicine, and nursing care. As a result, we will be able to provide all necessary medical services within the region or establish a “regional virtual total care system.”

Dr. Eiichi Sekizuka
Director of
National Hospital Organization
Saitama National Hospital

Social and local contribution as a corporate citizen

Contributing to Society and Local Communities by Providing Opportunities for Education and Cultural Exchange

Providing children living in poor areas with educational opportunities

Fuji Xerox of Shenzhen regards the fulfillment of CSR and environmental protection as one of its management priorities and conducts social contribution activities as part of its CSR-oriented management. Specifically, the company had been engaged in cleanup activities in neighboring rivers and beaches and planted trees near its premises. In order to conduct social contribution activities on an even higher level, the company formed a volunteer organization with an approval of the relevant municipal entity. Through this in-house volunteer organization, which is expected to promote the understanding of Fuji Xerox of Shenzhen by Chinese society and local inhabitants and increase voluntarism among employees, employees volunteer to visit the elderly and the weak, collect money for the victims of disasters, protect the environment, and provide community services after work and on weekends.

A number of young people from rural areas are working in cities in South China, and also at Fuji Xerox of Shenzhen there are many young employees who are from rural areas. In consideration of these employees, the company is giving support to particularly poor rural areas for the solution of social problems peculiar to the areas. For example in 2005, when it celebrated the 10th anniversary of its foundation, the company made a donation for the establishment of an elementary school in Dunhuang, wanting to provide local children with an educational opportunity. Subsequently two more elementary schools were established by the support of the company each in Hebei and Yunnan. Since after the establishment of the three schools, the company has been continuously donating money (both from the company and the labor union) and goods such as PCs to the schools and also annually sends about five employees to the schools to encourage pupils there.

Students in the Dunhuang Elementary School

Mika Ryu
CSR Division
Fuji Xerox of Shenzhen Ltd.

►Details of support given to the three elementary schools

Name	Dunhuang Elementary School	Heibei Elementray School	Yunnan Elementary School
Location	Dunhuang, Gansu Province	Luanping, Hebei Province	Huizexian, Yunnan Province
Establishment	June 2005 (242 pupils and 10 teachers)	July 2007 (140 pupils and nine teachers)	July 2008 (391 pupils and 13 teachers)
Investment	About 300,000 yuan + printers	300,000 yuan	300,000 yuan
2006	● Visit to the school and donation of 20,000 yuan (by volunteer employees + labor union staff) ● Establishment of a PC room (by donating 40 PCs)		
2007	● Acceptance of a visit of 10 people to the factory ● Donation of 20,000 yuan for the library (including donation from the labor union)	● Donation of 20 second-hand PCs	
2009	● Donation of a printer ● Visit to the school (by a total of five people from both the company and labor union), and donation of 20,000 yuan to the school and 100 yuan each to 12 excellent pupils ● Donation of copying paper for use in school tests	● Visit to the school (by a total of five people from both the company and labor union) and donation of 40,000 yuan (20,000 from the labor union)	● Donation of 10 second-hand PCs ● Visit to the school (by a total of four people from both the company and labor union), donation of 40,000 yuan (20,000 from the labor union), and visit to the families of poor pupils (to give 400 yuan, a bag of rice and oil to each family)
2010 (Plan)	● Visit to the school (by a total of four people from both the company and labor union) ● Donation of 40,000 yuan (20,000 from the labor union) for the school to buy new desks and chairs ● Donation of copying paper for use in school tests	● Visit to the school (by a total of five people from the company and labor union) and donation of 30,000 yuan (20,000 from the labor union) ● Visit to the families of poor pupils and planting of trees (100,000 yuan) ● Donation of copying paper for use in school tests ● Provision of training on PC operation to teachers	● Visit to the school (by a total of five people from both the company and labor union), donation of 30,000 yuan (20,000 from the labor union) ● Visit to the families of poor pupils and planting of trees (100,000 yuan) ● Donation of copying paper for use in school tests ● Donation of 14 second-hand PCs and provision of training on PC operation to teachers

TOPIC

Related page: Page 20 (Activities in the Document Solutions Business)

Providing opportunities for cultural exchange at Fuji Xerox R&D Square

Fuji Xerox opened Fuji Xerox Art Space in 2003, wanting to provide more people with an opportunity to enjoy watching prints, which belong to an artistic category that is closer to our core businesses, copying and documents.

In 2010, Fuji Xerox R&D Square was completed in Yokohama City as a new comprehensive R&D base of Fuji Xerox, and we have moved the aforementioned gallery to the first floor of this new building to provide general public with an opportunity to make exchanges with employees of Fuji Xerox and enjoy watching the Fuji Xerox Print Collection. We believe that the new location of the gallery is really suitable for displaying art works, which are common social assets, to a lot of citizens.

Fuji Xerox R&D Square is an R&D base for creative manufacturing, while art works can be said to be "documents through which artists express their unique wisdom and emotions." Both art and science create things, and we want to make the Square a place where a lot of employees and citizens are inspired by excellent artistic works and make exchanges to become more creative.

Yokohama City has been recently committed to becoming a city for cultural and artistic creations, and Fuji Xerox wants to work as a member of the city and create synergies and achieve more growth with it. We would be happy if a lot of citizens visit the Square and enjoy watching art works.

We also have a display space named "Ten Thousand Years of Recorded Information" on the third floor of the Square, where we show how information has been recorded by people by displaying the media in which a range of information was recorded. When you visit the Square, please enjoy watching both exhibitions on the first floor and the displays on the third floor.

Fuji Xerox Art Space

Fuji Xerox Art Space

Opening hours: 9:00 a.m. to 5:00 p.m. on weekdays
Admittance free
Frequency of exhibitions: Three to five times a year
Collection of prints: More than 900 works created by more than 200 artists

* For details about the closing time and location of the gallery, please visit the official website.

URL http://www.fujixerox.co.jp/company/event/hanga/map.html
(in Japanese only)

Yoshie Hayashi
Corporate Social Responsibility Department
Fuji Xerox Co., Ltd.

TOPIC

Volunteer planting in China in fiscal 2009

The Fujifilm Labor Union started a volunteer planting activity in China in 1998 and has been conducting it in cooperation with FUJIFILM (China) Investment Co., Ltd., a Chinese subsidiary of FUJIFILM since 2006. In fiscal 2009, the union sent its 12th mission (24 employees) to the country in May and held the Eco Planting Dialogue in July. At the dialogue meeting, the union discussed the desirable future of the activity inviting experts and the staff of Green Network, one of its partner organizations for the activity.

Discussion at the dialogue

URL http://www.fujifilm.co.jp/corporate/environment/socialcontribution/plantgreenery/index.html
(in Japanese only)

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 the demands and expectations of those communities. The Group has established the following action plan for implementing this policy.

1. Main activities

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

2. Importance of these activities

(1) Undertake these activities through cooperation and collaboration
In implementing these activities, the Fujifilm Group places importance on communication and partnerships with NPO/NGOs, local communities and others.

(2) Active support for volunteer activities
The Fujifilm Group values living in harmony with local communities and contributing to society through the voluntary participation of employees and fully supports these activities.

CSR activities in Europe

Fulfilling CSR in the European Market and Contributing the Quality of Life in Various Industries

It has been about 50 years since FUJIFILM established a German subsidiary in 1966. FUJIFILM now operates various industries with more than 50 companies and employees more than 5,100 people.

Fujifilm Group in Europe

Fujifilm Group first penetrated into overseas markets primarily through its Imaging Solutions business. The company established a German subsidiary in charge of the comprehensive management of its European operations in 1966 and a manufacturing company in the Netherlands which was tasked with manufacturing color paper and color films in 1982.

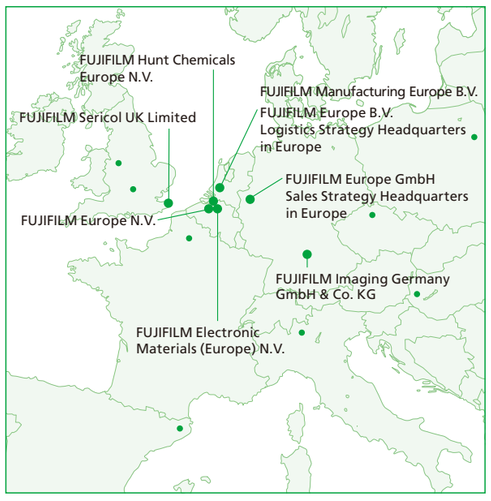
Today, FUJIFILM Europe GmbH (Duesseldorf, Germany) acts as Strategic Headquarters for the region and supports its group companies in Europe by formulating marketing and corporate strategies. In addition, FUJIFILM Europe B.V. (Tilburg, The Netherlands) covers the logistics, finance and procurement control functions for the entire European market.

FUJIFILM also operates a number of manufacturing sites throughout the region, among them FUJIFILM Manufacturing Europe B.V. in Tilburg, The Netherlands, as a flagship manufacturing base in Europe for the production of color paper and offset plates as well as FUJIFILM Hunt Chemicals Europe N.V. (Kruibeke, Belgium), a manufacturer of chemicals for the photographic and graphic arts markets.

Nowadays Fujifilm companies in Europe operate in more than 54* group companies and employ more than 5,100* people engaged in R&D, manufacturing, sales, and service support. Throughout Europe they serve a range of industries including medical, chemical, graphic arts, electronic materials, optics, recording media, motion picture, and photographic technologies.

* As of March 2010.

► Fujifilm Group in Europe



► Business fields in Europe

● Imaging: Active in 40 countries

Production and sales of Color Paper and Inkjet Materials, Supply of Digital Cameras (FinePix), Online Photo Services, Photo Book and digital camera prints and other value added print services.

● Medical Systems: Active in 34 countries

Sales and service of Medical film, digital X-Ray systems, medical networking, and endoscopy equipment.

● Graphic Systems: Active in 32 countries including northern Africa

Sales and service of products for the printing industry including Print-on-Demand and Wide Format Inkjet, production and sales of CTP plates.

Organizational restructuring in Europe and the reinforcement of compliance for products and chemical substances (FUJIFILM Europe GmbH, Germany)

Today environmental regulations on one hand enhance economic performance and innovations but on the other hand regulations generating cost.

Non-Compliance generates substantial risk, including inability to sell in global markets, unmet customer mandates, blocked shipments and the associated revenue loss, means finally Environmental- and Quality-Compliance Strategies are essential to support profit growth.

In today's consumer marketplace being "green and ethical" are no longer options but a necessity. New legislation, voluntary standards and customer expectations are making us as a company more and more accountable for the impact of our products on the environment and society. Consumer demand for "eco-friendly" (better less eco-impacting) and ethically made products continues to grow.

Therefore FUJIFILM Europe GmbH works hard on product compliance and chemical compliance.

Johann Zauner
Head of Environment & Compliance
Corporate Division

Related page: Page 68 (Greater Environmental Governance)

Product Compliance

- CE Marking and ISO standards
- RoHS (the restriction of hazardous substances in electric and electronic equipment)
- WEEE (Waste of Electric and Electronic equipment)
- Packaging regulation (European Packaging Ordinance)
- Battery regulation
- REACH (Article 33 related to substances in articles)
- PS (Product Safety) and PL (Product Liability)
- EuP

Chemical Compliance

- Classification, labeling and packaging (CLP) and GHS (Material Safety Data Sheets)
- REACH (Registration, Evaluation and Authorization of Chemicals)
- CLP (Registration)
- Restriction of Chemical Substances (REACH)
- Safety handling of chemical products
- Transport of dangerous goods

FOCUS 1

Examples of environmental conservation activities

Reducing energy consumption (FUJIFILM Sericol UK Limited, England)

FUJIFILM Sericol UK Limited (name changed to FUJIFILM Speciality Ink Systems Limited on July 1st) is following a commitment to reduce energy consumption in its Manufacturing Site in Broadstairs UK and also in the office environments of administration buildings.

A specific energy management system has been incorporated within the ISO 14001 guidelines and a Project Team was established in the year 2008. A crossfunctional Project Team has been set up from several departments, involving Engineering, Accounting, Purchasing, Quality Assurance and others.

Employees are encouraged to reduce their energy consumption, which involves to turn off equipment unless necessary to use, audits on electricity use and respective progress reports.

As a result of this, an overall reduction in energy consumption by 15% has been reached. This represents 460 tons of CO_2.

Ongoing Initiatives

1. Gaining customer satisfaction and reliance to contribute social responsibilities
   - Lack of individual lighting control switches
   - Too many fittings
   - Too many tubes
2. Monitoring of light levels conducted
3. Motion sensors investigated
4. More efficient lighting options under consideration
5. Monitor, Review & Report
6. Look for ways to improve
7. Keep communication with employees

Encouragement poster

Colin Boughton (left) and Elaine Campling (right)

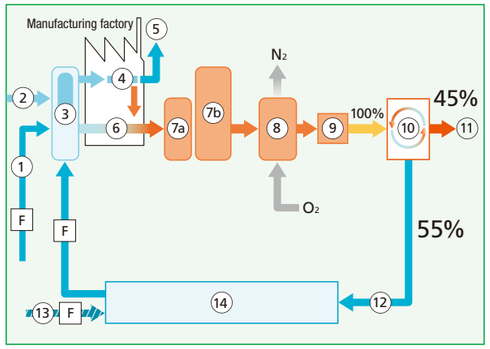
Introducing a water recycling system to substantially decrease water use and the discharge of wastewater
(FUJIFILM Europe N.V., Belgium)

FUJIFLM Europe N.V. uses a lot of water to manufacture chemicals for photography and printing. In order to maintain the water quality and reduce water use, the company has installed a water recycling system to its waste liquid treatment equipment, as shown in the figure on the right.

By introducing the water recycling system, the company reduced its water consumption to about 25% of previous levels in 2009. Specifically, the annual use of industrial water was reduced from 4,000 m³ to 1,000 m³ and the use of underground water from 61,000 m³ to 21,000 m³. The recycling system installed in the factory chemically processes water used in the production system and stores the processed water in a tank so that there is a stable supply that can be reused in the production process.

Moreover, thanks to the water recycling system, the amount of wastewater discharged outside the factory has also been substantially decreased from 22,000 m³ to 10,000 m³.

►Waste liquid treatment equipment and the water recycling system



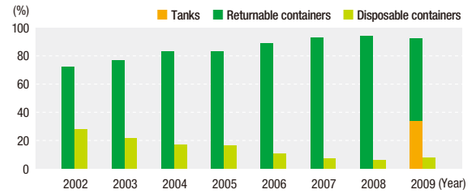
1 ..... Annual use of underground water: 21,000 m³
2 ..... Tap water (used only as backup)
3 ..... Storage tank (80 m³)
4 ..... Desalinated water
5 ..... Water contained in products (15,000 m³)
6 ..... Water used for cleaning products (22,000 m³)
7a ..... Neutralization tank (30 m³)
7b ..... Storage tank/homogenizer
8 ..... Bioreactor (denitrification unit) (30 m³)
9 ..... Filtration membrane
10 ..... Reverse osmosis
11 ..... Annual discharge of wastewater: 10,000 m³
12 ..... Annual recycling of water: 12,000 m³
13 ..... Annual use of rainfall: 4,000 m³
14 ..... Rainfall and recycled water storage tank: 430 m³
F ..... Filter

Introducing returnable containers to substantially decrease the use of containers and waste
(FUJIFILM Electronic Materials (Europe) N.V., Belgium)

FUJIFILM Electronic Materials (Europe) N.V., which manufactures and sells photo resists and flat panel display materials, has been fostering the use of returnable containers in the delivery of products to customers since 2002. The use rate of returnable containers, which was about 72% in 2002, increased to about 94% in 2008. In 2009, the company also began using tanks to deliver products more efficiently in large amounts. Now in terms of weight, out of those products delivered to customers in returnable containers, about one-third is delivered in tanks.

Returnable containers are not suitable for delivery to customers who buy only small amounts of products, but for customers who constantly purchase products from the company, delivery in returnable containers is useful, because it helps reduce the cost of disposing of containers and cardboard, and products can be sold at lower prices in returnable containers than in disposable ones. What is more, customized barcode management and labeling services can be provided for products delivered in returnable containers.

►Use rates for returnable containers



►Examples of containers used for OPD, HPRD, and PPD (water-based) developing liquids

Disposable container and its cardboard package


Returnable container


Tank

FOCUS 2

Examples of social contribution activities

Related page:
Page 17 (Pink Ribbon Campaign)

Landscape recovery and supporting regional activities
(FUJIFILM Manufacturing Europe B.V., The Netherlands)

The rural estate, Huis ter Heide, close to the FUJIFILM Manufacturing Europe B.V. in Tilburg, has been under construction since 1993. The company has been offering financial support to Dutch nature preservation organisation Natuurmonumenten for four years now and will continue to do so at least for two more years. Woodland and agricultural ground is being transformed into a landscape of heathland and fens.

The first stages of this recovery have been completed. The Tilburg plant also supports many regional and local projects like photo exhibitions, volunteer work, sports events, and many other activities and events. This is done with donations and with photographic support.


Recovered heathland and fens

Supporting education in photographic imaging
(FUJIFILM Imaging Germany GmbH & Co. KG, Germany)

FUJIFILM Imaging Germany GmbH & Co. KG provided a Frontier 330 Minilab to the “Photo + Medienforum Kiel,” a wellknown school which specializes in the education of young people to work in the photographic area. Over the years teachers and students made use of the system and integrated it in their teaching schedule. They liked it so much that they decided to rent an additional new Dry Lab DL 410 system in 2009.

FUJIFILM continues supplying the material for both systems free of charge and on top of this gives technical support and answers all questions regarding functionality and new applications.

“We believe it is important for our students to get acquainted with state of the art technology” says Ute Nolte, Managing Director of Photo + Medienforum Kiel. “We appreciate the year-long support from FUJIFILM.”

Supporting Nature Photography
(FUJIFILM Europe GmbH, Germany)

For 12 years, the world famous nature photo competition is being carried out with participation of photographers from more than 40 different countries through the years. FUJIFILM is supporting this state of the art event since the beginning in 1999. As one of the core events of photography, the “Internationale Fürstenfelder Naturfototage” are being carried out each year. FUJIFILM is among the main sponsors and supports the event also through the production of high quality prints.

VOICE

»Sponsor who supports the event through high quality
—Message from the founder of the competition and well-known nature photographer

We are happy to know that FUJIFILM is supporting our initiative from the beginning. FUJIFILM was since more than 20 years my personal film—till today I work analog with Velvia 50 with middle-format. For me FUJIFILM has a special focus on quality, and that really matches our approach. So I was very happy to win FUJIFILM as a main sponsor of our events, first reason of the quality and second reason of the very personal and friendly cooperation with the staff of FUJIFILM. Each person we work together is helpful and engaged to our project. And my hope will be: this will go on till we get retired!

For details: http://www.glanzlichter.com

Ms. Mara Fuhrmann

Rice plant, Hemp, and Cotton

Painted by Maruyama Okyo (1791)
Owned by Mitsui Memorial Museum

Each of the plants was depicted at one stroke with a Japanese ink brush. All the plants grow out dynamically and give fresh impression. Each leaf is drawn without lifting the brush from the paper and without an outline, but the plants look so full of life and have three-dimensional appearance.

Data and Information

This section contains basic information on the Fujifilm Group's CSR activities and quantitative information on its personnel and labor affairs and environmental performance.

Communication with Stakeholders/ Labor Environment and Social Benefit Accounting

Communication with stakeholders

Employees

Employees play a central role in the promotion of FUJIFILM's CSR activities.

Methods for sustaining dialogue: Consulting centers of the Personnel Department and personnel interviews; Compliance and Sexual Harassment Helpline; Labor union and regular company meetings; Stakeholder Dialogue; Awareness surveys related to making work more satisfying

Suppliers

Our suppliers are important partners who assist us in continuing to offer products that reflect proper regard for safety and the natural environment.

Methods for sustaining dialogue: Procurement Division (For responding to inquiries); FUJIFILM Business Expert (For responding to inquiries); Ecology and Quality Management Division (For responding to inquiries); Information meetings for suppliers (green procurement, management of chemical content) and corporate environmental survey; Periodic discussion meetings with our suppliers; Operation of a materials procurement website

Community (Regional societies)

We believe that symbiosis with the community and the preservation of the natural environment are key elements of our CSR as a corporation, especially at those places of business for production operation. We, therefore, promote communication with the community.

Methods for sustaining dialogue: Consulting centers at each of our factories and offices (For responding to inquiries); Meeting related to environmental policy; Factory visits; Volunteer activities in the local community; Lectures and information meetings for community members; Periodic discussions with local governments (municipal governments and mayors, leaders of local government organizations, and others)

Shareholders/Investors

We are constantly aware of the need to promote a proper understanding of the Company's value, and work to provide timely disclosure of investor relations (IR) information in Japan and overseas.

Methods for sustaining dialogue: IR Office (For responding to inquiries); Information meetings for investors and visits with investors; Shareholder meetings; IR information section on the company website

Transaction partners

As we propose new creations worthy of merit, our transaction partners are vital, and we work with them and support them in the development of new products.

Methods for sustaining dialogue: Sales companies and marketing/sales divisions (For responding to inquiries); Periodic discussions with our transaction partners; Seeking advice in the creation of new products and materials and participating in joint development activities; Participation in exhibitions, events, and academic meetings

NGOs, NPOs

We provide continuing support for NGOs and NPOs that engage in educational and enlightenment activities related to the natural environment.

Methods for sustaining dialogue: Corporate General Administration Division (For responding to inquiries); CSR Division (For responding to inquiries); Secretariat of the Public Trust FUJIFILM Green Fund; Stakeholder Dialogue

Customers

Reflecting the opinions and requests of customers in our products, services, and corporate activities is one of the most important issues for a manufacturing company.

Methods for sustaining dialogue: Customers Communication Center (For responding to inquiries); FUJIFILM SQUARE (Showroom); Technical Support Centers; Service Centers; Usability evaluations, advice on production development, preparation of user reports, and other activities; CS survey, VOC, Photo contests, photo exhibitions, photography classes; Events, exhibitions and seminars

Future generations

We believe that one of our most vital social responsibilities is to conduct educational activities for future generations who will be responsible for the future. We, therefore, are placing special emphasis on educational support activities.

Methods for sustaining dialogue: Providing instructors to conduct school courses and participating in events held in schools; Sponsoring factory visits as part of extracurricular and other activities; Working with NGOs in environmental education activities

Industrial associations, government organizations and business partners

We are actively communicating and cooperating with industry groups to respond to laws and ordinances such as the RoHS Directive and REACH Regulation.

Methods for sustaining dialogue: Participation in the creation of industry guidelines; Statement of public comments through industrial associations; Pink Ribbon Campaign, joint research with hospitals and universities, and establishment of sponsored lectures

Labor Environment and Social Benefit Accounting

Expenses that have been necessary for developing the labor environment and for social contributions have been tabulated and categorized by stakeholder. Great effort has been directed toward improving the workplace for employees, including safety (barrier-free environment for disabled persons) and employee welfare (improvement of cafeteria facilities). Expenses in social contributions in the form of promoting culture and the arts include the cost of running FUJIFILM SQUARE and organizing photography contests. In contributions to the international community, assistance has been provided in the form of relief funds and shipment of X-ray film for victims of the major earthquakes that took place in Haiti and Chile in January and February 2010.

Period covered

Fiscal year 2009 (April 1, 2009 to March 31, 2010)

Range of information sources

The 69 domestic companies in the Fujifilm Group (FUJIFILM Holdings, FUJIFILM and 19 affiliates, Fuji Xerox and 46 affiliates, and Toyama Chemical)

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.

►Breakdown of labor environment and social benefit accounting

(¥ million)

Stakeholder	Goal	Cost totals	
		Fiscal 2008	Fiscal 2009
Employees	Health and safety	1,865	1,540
	Personnel training	2,297	1,112
	Protect diversity	148	1,976
	Develop a workplace in which employees can work comfortably	2,304	1,569
Customers	Ensure appropriate customer response and safety	570	572
Future generations	Education for future generations	21	5
Communities (local society and government)	Harmony with the local community	158	122
	Promote culture and the arts in society (in Japan)	1,386	1,221
International community	Consideration for the international community and international cultures	63	34
NGOs and NPOs	Cooperation with NGOs and NPOs	10	128
Suppliers	Consideration for products	50	51
Total		8,872	8,329

►Volunteer activities in on-the-job hours

(¥ million)

	Fiscal 2008*1	Fiscal 2009
Hours spent on volunteer activities	2,035 hours	2,236 hours
Volunteer cost*2	5	5

*1 Data for fiscal 2008 has also been reviewed and revised.
*2 Calculated based on the hours spent on volunteer activities, such as area clean-up, in on-the-job hours, the salary equivalent to that of those hours, and cost of the activities.

Communication with Customers

►System for responding to customers (FUJIFILM and its domestic affiliates)

ISO 10002 (International Standard for Complaints Handling Management Systems)

Customers' opinions

- Inquiries
- Requests
- Proposals
- Remarks

Interactive Communication

Letters, telephone calls, e-mails, company visits and in retail outlets

Number of customer inquiries: About 380,000 inquiries a year

Consultation facility (only B to C)

The Customers Communication Center organizes information such as comments and inquiries from customers into a database

- Customers Communication Center — About 30 personnel
- Call Center for the Healthcare Laboratory — About 30 personnel
- Technical Support Center — About 50 personnel
- Service Station — 5 service centers in Japan/about 70 personnel
- Domestic marketing divisions/Domestic sales companies

Reports

Consideration

- Top management
- Division heads
- Consideration by related divisions
- Marketing and sales Design R&D

Feedback

Reflection of customers' opinion

- Improvements to products and services
- Adoption of new products and new services
- Back to "Customers' Opinions"

►System for responding to customers (Fuji Xerox and its domestic affiliates)

Customers

Phone/e-mail			Mail/e-mail	Internal research division/research firms	Person in charge (sales/CE/SE)
General	Maintenance	Delivery	CS surveys	Various market researchers	VOC
Customer Information Center (general contact)	Telephone Center (machine maintenance)	Customer Service Center (consumables)	1. Comparison to competitors' CS surveys 2. User CS surveys	Macroeconomic market trend surveys	VOC (Voice of Customer) Comprehensive system for collecting information from customers
About 30,000 inquiries	About 2.6 million inquiries	About 2.79 million inquiries	About 33,000 inquiries	Implemented timely	About 487,000 inquiries

VOICE

»Packaging for generic drugs that reflect the views of people in the medical workplaces, with focus on clarity of identification

In April 2010, FUJIFILM Pharma commenced sales of 178 generic drug products. In entering this new market, the company's design center cooperated with other relevant divisions to develop a package design with a new image and clarity for the product identity.

Designers and personnel from various divisions visited to medical workplaces where the products are to be used in order to study conditions for pharmaceutical product displays and to interview medical personnel and pharmacists who are the actual users of the products. The packaging requirements identified were organized and trimmed down to the key requirement of "easy identification from a wide range of items."

In order to satisfy this requirement, packaging for all items was unified in a simple design format, with the drug name, quantity (or concentration) of the active ingredients and dosage form (tablets, capsules, injection solution, etc.) made easily identifiable with large icons based on a unified design. Also, in order to emphasize reliability, which is the most important factor for a pharmaceutical product, and to clearly state the fact that FUJIFILM has entered the market, emphasis was placed on prominent green, reflecting a strong sense of trust and safety for the FUJIFILM brand that had been established in the photographic film business for many years. (See illustration below.)

We plan to continue to pay careful attention to the opinions of our customers, identifying what is really needed, applying the findings in product and design development and contributing to the growth of FUJIFILM Pharma.

Generic pharmaceutical product packaging design that gives excellent product identification and promotes the FUJIFILM brand

Mikito Todokoro (left)
Planning & Business Department,
FUJIFILM Pharma Co., Ltd.

Akihiko Ikegami (right)
Design Center,
FUJIFILM Corporation

Occupational Health and Safety

Building workplaces where safety comes first

In order to ensure employee safety and stability, both physically and mentally, the Fujifilm Group is promoting workplace development where worker safety comes first and careful attention is paid to the tasks involved in each work operation.

Application of our very own MSDS

Many of the products used in photographic developing chemicals and semiconductor photoresist solutions contain chemicals. In supplying these products to customers, Fujifilm Group submits material safety data sheets (MSDS*1) as well, as a means of providing customers information to prevent accidents with chemicals and to assure safety for human health and the ecosystem.

Inside the corporate group, FUJIFILM has developed its own unique MSDS (known as FMSDS) in its drive to implement exhaustive labor safety and environmental protection management. With this data sheet, employees in manufacturing workplaces are able to access information on methods of handling chemical substances and important details that require attention in handling at any time.

First introduced in 2000, FMSDS includes not only safety information from MSDS and other data issued by the company's business partners, applicable laws and regulations, handling methods, etc., but also is updated with all revisions to laws and regulations. Furthermore, the latest regulatory updates are added from FUJIFILM's database, and safety data that is necessary but not available is obtained by conducting internal safety experiments, based on the company's chemical control standards,*2 and the data is provided to workplaces handling chemical substances.

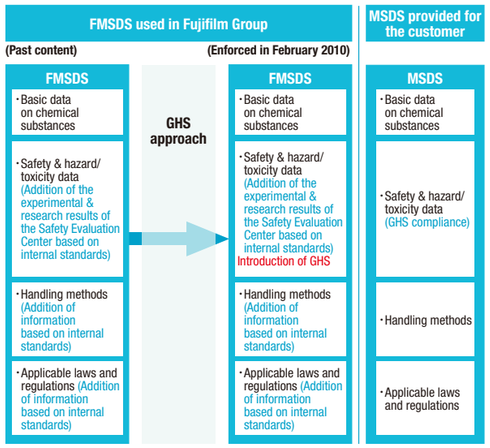
FMSDS has also adopted the UN Globally Harmonized System of Classification and Labeling Chemicals (GHS*3), the international standard on chemical safety, in order to build a management system in compliance with the 2006 guidelines issued by Japan's Ministry of Health, Labour and Welfare on the hazards, toxicity, etc., of chemical substances. At the same time, action has started in February 2010 on applying FMSDS in the global organization. The entire group will continue to pursue improvements in occupational health and safety through the pursuit of environmental and safety management that is both exhaustive and of a higher caliber.

*1 Material Safety Data Sheet: Information sheet showing data related to chemical substance safety

*2 Fujifilm Group's management standards regarding laws and regulations, important notes on chemical hazards and handling and storage of chemical substances, measures to prevent exposure, measures in case of emergency, warnings regarding disposal and transport, etc., that are more rigorous than the laws of Japan.

*3 GHS: Action taken by the United Nations to promote classification standards and labeling of the hazards and toxicity of chemical substances to be shared on a global scale.

►Comparison between FMSDS and MSDS



TOPIC

»Safety Evaluation Center evaluation for labor safety in the handling of chemical substances

In addition to information obtained from MSDS issued by its business partners, FUJIFILM checks the information necessary for environmental and safety management of chemical substances that are developed, manufactured and purchased, by means of laboratory testing and research in its Safety Evaluation Center. The laboratory and research findings are added to the FMSDS database for information sharing. Approximately 6,300 chemical substances are registered in the database.

The Safety Evaluation Center is the facility that comply with GLP*. The Center not only conducts chemical safety evaluations for FUJIFILM, but also receives commissions for evaluation from Fuji Xerox, Toyama Chemical and other members of the corporate group, administrative authorities and other organizations.

* GLP (Good Laboratory Practice) is an international standard established to define the organization, facilities, procedure manuals, etc., that are necessary for a test facility to assure the reliability of its chemical substance safety testing performance. The Safety Evaluation Center has been certified as compliant with the act on the evaluation of chemical substances and regulation of their manufacture, etc., by the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare and the Ministry of the Environment.

Principal evaluation items in safety assessments by the Safety Evaluation Center

Objective	Evaluation Item
Development of safe chemical substances	Toxicity screening (cytotoxicity test and gene expression analysis); Quantitative structure-activity relationship; toxic mechanism analysis based on the evaluation of chemical disposition (absorption, distribution, metabolism, and excretion)
Management of labor safety, etc.	Ames test; chromosome aberration test; acute oral and dermal toxicity test; skin irritation test; skin sensitization test; explosibility test
Product safety management	Acute oral toxicity test; skin irritation test; eye irritation test; skin sensitization test; Ames test
Statutory tests (GLP)	Biodegradation test; Bioaccumulation test; partition coefficient test; Ames test; chromosome aberration test; repeated dose toxicity test; ecotoxicity test (algal growth inhibition test, daphnia acute immobilization test, and fish acute toxicity test)

Fujifilm Group Occupational Health and Safety Policy

The Fujifilm Group operates its businesses based on this policy, considering that the securing of employees' occupational health and safety is the most important basic element in its corporate activities.

1. We will consider the employees' occupational health and safety as top priority.
2. We will proactively support the maintenance and promotion of employees' health.
3. We will realize the highest standard quality of employees' occupational health and safety in response to the demands of society.
4. We will establish smooth communications between all FUJIFILM-related companies and their employees regarding occupational health and safety.
5. We will actively provide employee education and training on occupational health and safety.

Fujifilm Group's major activities on the Occupational Health and Safety Policy

FUJIFILM Corporation
URL http://www.fujifilm.co.jp/corporate/environment/employee/workplace/index.html
(in Japanese only)

Fuji Xerox
URL http://www.fujixerox.co.jp/company/public/sr2009/stakeholder/employee/condition.html
(in Japanese only)

Personnel and Labor (FUJIFILM)

►Composition of the FUJIFILM workforce

As of March 31, 2010

Regular employees	7,541	<Breakdown> General employees: 5,966 (Male: 4,801, Female: 1,165) Managerial personnel: 1,575 (Male: 1,556, Female: 19)
Non-regular employees	652	<Breakdown> Temporary employees: 482, Part-timers: 19 Employees re-employed after retirement: 49 Other (Contract employees, etc.): 102

►Status of regular employees

As of March 31, 2010

Average age	Average length of employment (Years)	Average number of dependents	Utilization of paid leave*1	Turnover rate*2
41.1	Male: 17.4 Female: 18.2	1.42	75.5%	2.91%

*1 Data on utilization of paid leave is calculated based on data for the period between October 1, 2008 and September 30, 2009.

*2 Turnover rate: Numerator: Attrition + Retirement + Transfer + New Start for Senior Employees program (excluding voluntary retirement due to structural reform)
Denominator: Annual average number of employees at FUJIFILM (non-consolidated)

►Recruitment

New graduate recruitment (Fiscal 2010)	139*1	<Technical positions> Male 82, Female 14 <Administrative positions> Male 35, Female 8
Mid-career recruitment	26*2	Male: 22, Female: 4

*1 As the number of new graduated recruited for the fiscal year is confirmed at the beginning of April, the number in the chart above represents new graduate recruitment at the beginning of April 2010.

*2 Number of mid-career recruitments represents those from April 2009 to March 2010.

►Employment

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Employment of persons with disabilities*1	1.89%	1.87%	1.72%
Re-employment*2	38	40	18

*1 Data up to March 31 in each fiscal year

*2 Re-employment means employees who were re-employed after their retirement.

►Number of employees taking leaves of absence*

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Leave of absence for nursing care	0	6	5
Leave of absence for childcare	44	32	30
Leave of absence for volunteer work	0	0	0

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

►Labor accident ratio and labor accident severity

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Labor Accident Ratio*1	0.09	0.00	0.05
Labor Accident Severity*2	0.02	0.00	0.00

*1 $\text{Labor Accident Ratio} = \frac{\text{Number of labor accident victims}}{\text{Gross number of hours worked}} \times 1{,}000{,}000$

*2 $\text{Labor Accident Severity} = \frac{\text{Number of workdays lost}}{\text{Gross number of hours worked}} \times 1{,}000$

►Composition of labor union membership

As of March 31, 2010

Union members	Proportion of union membership	Average age of union members
5,835	77.4%*	39.2

* Ratio to the number of regular employees (7,541)

►Revisions to systems conducted according to agreements between the labor union and the company

As of March 31, 2010

Fiscal year	Item
Fiscal 2007	• Revisions to the support system for encouraging lifestyles conductive to both work and family life • Revisions to policy on providing condolence money
Fiscal 2008	• Revisions to the support system for encouraging lifestyles conductive to both work and family life • Introduction of work regulations adapted to the citizen judge system
Fiscal 2009	• Transition from approved retirement annuity system to defined benefit corporate pension system • Revisions to retirement benefits • Revisions to some of employee systems

►Respect for human rights and elimination of discrimination

Founded on the principles of the Fujifilm Group Charter for Corporate Behavior, FUJIFILM respects basic human rights and will not engage in any act whatsoever that unfairly infringes the human rights of its employees. We do not discriminate on the basis of gender, age, nationality, ethnic origin, beliefs, religion, social position, physical condition, or other characteristics and respect the privacy of our employees. To prevent sexual harassment, we have continuously implemented activities to raise awareness and disseminate information within the company, including the revision and distribution of sexual harassment prevention guidelines based on the revised Equal Employment Opportunity Law, that took effect in 2007, to all employees of FUJIFILM and its affiliates. We also defined the prohibition of power harassment in our company regulations.

In addition, we have provided a telephone consultation service (the compliance and sexual harassment helpline) where arrangements have been made for external specialized counselors to receive requests for consultation from employees. While respecting the privacy of individuals receiving consultation, we work toward the resolution of these issues. Other related activities include periodic training sessions for personnel in managerial positions in FUJIFILM and its affiliates on the subjects of respect for human rights and the elimination of discrimination.

►Systems for work-life balance

- All of these systems provide for more generous leave than is required by law.
- Stock Leave is a system enabling employees to accumulate unused leave time up to 60 days. Accumulated leave days may be used for the treatment of personal health problems, rehabilitation, childcare, nursing care and volunteer activities.
- The existing scheme is presently under review in order to upgrade support for its employees in encouraging lifestyles conductive to both work and family life, in time with the enforcement of the Amended Child Care and Family Care Leave Act starting on June 30, 2010.

Giving birth, Childcare	1. Systems catering for pre- and post-birth requirements 2. Leave of absence for childcare 3. Use of stock leave for childcare 4. Systems for employment while raising children 5. Leave of absence for taking care of sick children 6. Shortened working hours 7. Use of stock leave for fertility treatment 8. Leave of absence for fertility treatment 9. Exemption from extended working hours and working on holidays
Nursing care	1. Leave of absence for caring for a family member 2. Use of stock leave for caring for a family member 3. Systems for employment while caring for a family member
Other	1. Leave of absence for volunteer work/Use of stock leave for volunteer work 2. Use of stock leave for self-development 3. Use of long-service holidays 4. Flextime working hours 5. Discretionary labor system 6. Leaving offices on time (one day a week)

Personnel and Labor (Fuji Xerox)

►Composition of the Fuji Xerox workforce

As of March 31, 2010

Regular employees	10,285	<Breakdown> General employees: 7,743 (Male: 6,479, Female: 1,264) Managerial personnel: 2,461 (Male: 2,402, Female: 59) Executive officers, contract employees, secondment employees: 81
Non-regular employees	1,093	<Breakdown> Temporary employees: 438, Part-timers: 203 Employees re-employed after retirement: 445 Other (Contract employees, etc.): 7

►Status of regular employees

As of March 31, 2010

Average age	Average length of employment (Years)	Average number of dependents*1	Utilization of paid leave	Turnover rate*2
43.8	Male: 19.8 Female: 14.6	1.36	60.5%	3.84%

*1 Average number of dependents per family under the Income Tax Act
*2 Turnover rate: Numerator: Attrition + Fixed-age retirement + Transfer + New Start for Senior Employees program (excluding employees transferred to sales companies based on new sales strategies in October 2007).
Denominator: Annual average number of employees at Fuji Xerox (non-consolidated) + Average number of seconded employees.

►Recruitment

New graduate recruitment (Fiscal 2010)	229*1	<Technical positions> Male 145, Female 13 <Administrative positions> Male 27, Female 32
Mid-career recruitment	40*2	Male: 34, Female: 6

*1 As the number of new graduate recruited for the fiscal year is confirmed at the beginning of April, the number in the chart above represents new graduate recruitment at the beginning of April 2010. Also the total includes employees who are graduates of high-school, college of technology or specialized training college.
*2 Number of mid-career recruitments represents those from April 2009 to March 2010.

►Employment

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Employment of persons with disabilities*1	1.96%	1.88%	1.89%
Re-employment*2	246	352	423

*1 Data up to March 31 in each fiscal year
*2 Number of reemployed workers revised to real figures up to the day following the end of each fiscal year

►Number of employees taking leaves of absence*

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Leave of absence for nursing care	5	5	2
Leave of absence for childcare	49	54	40
Leave of absence for volunteer work	1	0	0

* Number of employees who took newly each fiscal year.

►Labor accident ratio and labor accident severity

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Labor Accident Ratio*1	0.18	0.23	0.24
Labor Accident Severity*2	0.00	0.00	0.00

*1 $\text{Labor Accident Ratio} = \frac{\text{Number of labor accident victims}}{\text{Gross number of hours worked}} \times 1{,}000{,}000$

*2 $\text{Labor Accident Severity} = \frac{\text{Number of workdays lost}}{\text{Gross number of hours worked}} \times 1{,}000$

►Composition of labor union membership

As of March 31, 2010

Union members	Proportion of union membership	Average age of union members
7,684	74.9%*	41.3

* Ratio to the number of full-time workers excluding executive directors (10,265)

►Revisions to systems conducted according to agreements between the labor union and the company

As of March 31, 2010

Fiscal year	Item
Fiscal 2006	• Revisions to human resource systems • Implementation of SLP*
Fiscal 2007	• Implementation of comprehensive secondment system
Fiscal 2008	• Revisions to travel expense regulations
Fiscal 2009	• Introduction of work regulations adapted to the citizen judge system

*Second Life Program

►Respect for human rights and elimination of discrimination

In fiscal 2009, provisions on respect of human rights, prohibition of discrimination, prohibition of harassment, protection of privacy, etc., were established based on the principle of "respect for basic human rights" in the ALL-FX Code of Conduct (applies also to affiliates and sales companies). Based on this code, various training programs for new employees, new managerial employees, etc., have been organized, and activities have been organized to inform and promote wider awareness, collect signatures to petition for the legislation of the human rights violation relief law (tentative name), solicit slogans to promote human rights awareness and to circulate *Ashita-e* (To Tomorrow), a newsletter on human rights, among general managers (distributed twice).

We are also a member of the Tokyo Corporate Liaison Society Promoting Human Rights Awareness and worked in collaboration with other members in order to exchange of information and promote awareness.

►Systems for work-life balance

• All of these systems provide for more generous leave than is required by law.

Giving birth, Childcare	1. Leave of absence for childcare 2. Reemployment system for employees who left company for childcare 3. Accumulated unused paid leave for family health care (Accumulated paid leave*) 4. Shortened working hours for childcare (until third grade of elementary school) 5. Exemption from overtime work (in principle) (until sixth grade of elementary school) 6. Limited late-night work (until sixth grade of elementary school) 7. Special leave (5 days for subsequent babies: 2 days as now)
Nursing care	1. Leave of absence for caring for a family member 2. Shortened working hours for caring for a family member 3. One-day nursing care leave 4. Accumulated unused paid leave for caring for a family member
Other	1. Flextime working hours 2. Refresh holidays 3. Social Service system 4. Accumulated unused paid leave for volunteer activities 5. Leave of absence for education 6. Senior theme leave 7. Flexible work schedules 8. Double job program

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

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.
The Fujifilm Group companies around the world aim to stay at the forefront of efforts to attain this goal in terms of environmental, economic, and social aspects. We will strive for customer satisfaction as well as our contribution to "sustainable development" by achieving high "environmental quality" in products, services, and corporate activities.

Action Guidelines

❶ We will promote environmental burden reduction and product safety assurance with the following four items in mind:
(1) Our efforts are pursued throughout all corporate activities.
(2) Our efforts are pursued throughout the entire product life cycle.
(3) We give overall consideration to economic and social implications.
(4) Biodiversity conservation
❷ We will improve our management of chemical substances and the chemical content of products to reduce environmental risks.
❸ We will comply with legal regulations as well as Fujifilm Group regulations, standards, and requirements that are individually agreed on.
❹ We will strengthen partnerships with our business partners, collaborate in government and industrial activities, and actively participate in community activities.
❺ We will actively give full disclosure of the information regarding our involvement in and accomplishment of various environmental activities to all associated individuals, including local communities, governments, and Fujifilm Group company employees, to facilitate open communication.
❻ We will heighten the environmental awareness of every Fujifilm Group employee through employee education, so that we can fortify our infrastructure to face the challenges posed by environmental issues in the future.

►FUJIFILM Priority Targets

(Revised January 2010)

Priority Targets		Specific Activities
1. Countermeasures against global warming	[Six main production sites in Japan]*1 30% improvement in energy intensity in FY 2012 (vs. FY1990) 40% improvement in CO_2 emissions intensity in FY 2012 (vs. FY1990) [Other Group member companies] Establishment of individual targets	❶ Promoting reductions in energy consumption in activities not coordinated with manufacturing, further energy conservation, new technology development, etc. ❷ Promoting technology development and measures that contribute to CO_2 reduction in raw materials procurement, distribution, waste disposal, etc. ❸ Continuing organization of CO_2 reduction awareness activities targeting employees and their families (ICE Project)
2. Promotion of environmentally friendly design in new and revised products		❶ Reconstruction of environmentally friendly evaluation system and effective utilization ❷ Promotion of environmental superiority
3. Efficient use of resources	Doubling Eco-Efficiency*2 in FY 2010 (vs. FY 2000) A. Waste Generation B. Consumed Natural Resources C. Atmospheric Emissions of Volatile Organic Compounds (VOCs) D. Water Consumption E. Consumed Packaging Materials	A. Reducing waste through increased yields, reuse of loss portions, and conversion of loss portions into valuables B. Reducing consumed natural resources through promotion of recovery and reuse C. Reducing VOC emissions from the filmmaking process D. Reducing water volumes used through promotion of reuse; for example, coolant water E. Sustained efforts to reduce the size of packaging and switch to packaging materials of lower environmental burden
4. Improving the chemical substance control		❶ Stronger action on chemical substance control including in the supply chain ❷ Enhancing global governance to comply with product-related laws and regulations ❸ Update current risk assessment systems
5. Enhancing the infrastructure for achieving environmental targets	(1) Environmental protection at production sites	❶ Steadfastly maintaining a system of compliance with legal requirements and self-directed control objectives Enhance the current system of compliance with legal requirements and company objectives ❷ Improving systems and processes to ensure proper management of wastes ❸ Maintaining "Zero Emissions" (Zero Waste Disposal) and improving quality of resource recycling
	(2) Risk management through management systems	❶ Adherence to IMS and EMS and effective use of IMS and EMS ❷ Expanding IMS adoption at production facilities ❸ Enhancing product-safety risk management
	(3) Information disclosure, provision of information, communication	❶ Proactively disclosing information in various ways (e.g., sustainability reports, websites) ❷ Appropriate consideration of outside views through dialogue with stakeholders
	(4) Employee education	❶ Education and training related to the environment, quality, and safety ❷ Greater recognition for preserving biodiversity

*1 Six main sites in Japan: Kanagawa (Ashigara, Odawara), Fujinomiya, Yoshida-Minami, FOM, FFQ
*2 Eco-Efficiency (environmental efficiency) = revenue divided by environmental burden

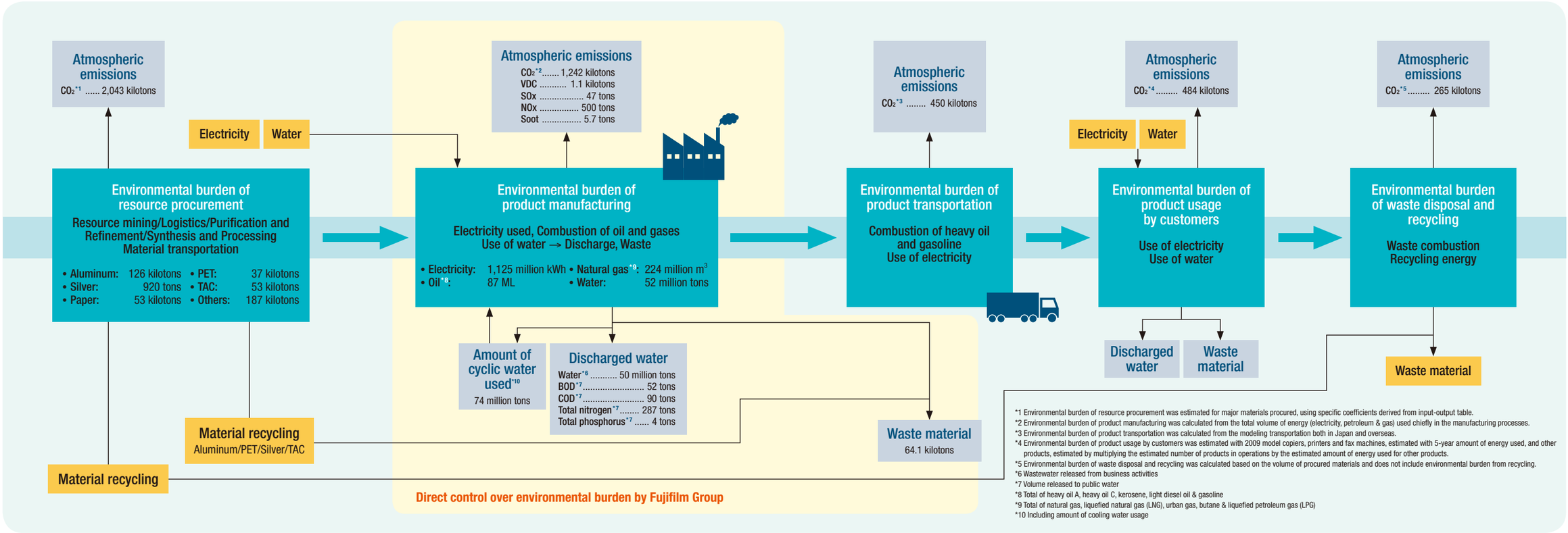
►Fuji Xerox Priority Targets (Environmental Medium-Term and 2010 Targets)

Controlling Global Warming				Preservation of Natural Resources				Reduction in Environmental Risks from Chemical Substances			
Management Items		2010 Targets	Medium-Term Targets (2012)	Management Items		2010 Targets	Medium-Term Targets (2012; 2011 for some figures)	Management Items		2010 Targets	Medium-Term Targets (2012; 2011 for some figures)
Products	Conservation of resources	CO_2 emission reductions through parts reuse: 30 kt-CO_2	CO_2 emission reduction through parts reuse: 33.5 kt-CO_2	Products	3R*1	Reduction in consumption of new resources through parts reuse: 2,400 tons Recycling rate for recovered parts: 99.9% in Japan; 99.7% in Asia-Pacific; 98.6% in China	Reduction in consumption of new resources through parts reuse: 3,300 tons Recycling rate for recovered parts: 99.9% for Japan; 99.5% for Asia-Pacific; 98% for China	Products	RoHS compliance: Establishment/revision of CCC compliant system	RoHS compliance: Completion of CCC compliance
Facilities & factories	Development & Manufacturing	Absolute CO_2 emissions: 135 kt-CO_2 (new conversion) *Due to partial increase in number of operations	Absolute CO_2 emissions: CO_2 emission level for production/development facilities to decrease to the 2005 level by 2010		Paper	Active use of environment-conscious raw materials: Used paper content of 60%; 5% more FSC certified paper sales (compared with 2009)	Increased use of used paper: Used paper ratio of 70% Increased FSC-certified products: 20% more sales volume (compared with 2009)		REACH compliance: Design of chemical substance registration & issue analysis database system	REACH compliance: Establishment of research & control system for chemical substances found in parts & components
	Offices	Absolute CO_2 emissions: 3% reduction over 2007	Absolute CO_2 emissions: 1% reduction from domestic and overseas offices (compared with 2007)	Facilities & factories	Production facilities	Reduced water use: Activity to maintain level with achievement of target at an earlier date	Decrease in water consumption: 25% reduction (compared with 2005)	Facilities & factories	VOC*2 emission monitoring	VOC*2 reduction (20 substances designated by four electrical/electronic industry organizations): 30% reduction for 20 VOC substances (compared with 2000) (in 2010)
Distribution		CO_2 emission control and product shipping: 254 kt	CO_2 emission control and product shipping: 417 kt-CO_2		Offices	In Japan: Realization of zero emissions in fiscal 2010 Overseas: Planned development for achievement of zero emissions in fiscal 2011	Achievement of zero emissions by the sales headquarters, affiliates & OPCOS: In Japan; 2010; overseas OPCOS: 2011		Elimination of certain parts and materials: New asbestos research on overseas manufacturing facilities completed	Elimination of certain parts and materials: Complete elimination of exposure risks for employees at overseas manufacturing facilities (2011)
Sales	Hardware	Wider sales of energy-conserving products	Wider sales of energy conserving products	Distribution		Development of a recycling-based packaging system: Reduction in new resource consumption by 10% (based on 2005 level)	Reduction in new resource consumption by 14% (based on 2005 level)		Soil & groundwater contamination countermeasures: Completion of soil remediation at Takematsu Center; PCB treatment costs survey/ budget application	Soil & groundwater contamination countermeasures: Reduction of contamination risks (four locations) in 2012 Hi-concentration PCB treatment starting in 2011 (up to 2016)
	Services	Establishment and implementation of a data calculation scheme for carbon balance indicators	Continued integration of CO_2 emission control effect into carbon balance								

*1 3Rs: Environmental approach to "reduce" consumption of resources, "reuse" what can be used repeatedly and "recycle" raw materials when no longer usable.
*2 VOC: Acronym for volatile organic compounds that are released from production processes. At Fuji Xerox, the elimination targets are the 20 chemical substances (including seven substances regulated under the PRTR law) designated by four industry organizations including Japan Business Machines and Information System Industries Association (JBMIA).

Environmental Burdens of the Fujifilm Group

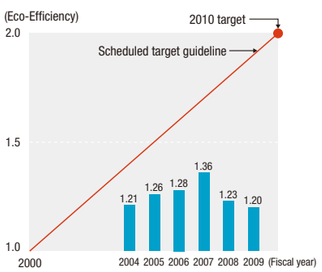
Environmental burdens of the Fujifilm Group (Fiscal 2009) LCA-Based Analytic Findings



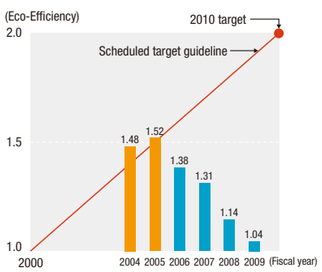
Eco-Efficiency from Fiscal 2004 to Fiscal 2009 (Fiscal 2000 as base year)

Eco-Efficiency: (Eco-Efficiency=Revenues/Value for Environmental Burden):
■ On target (above scheduled target guideline) ■ Additional effort required to meet target (below scheduled target guideline) ● Target

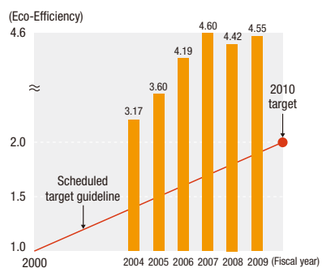
A. Waste Generation



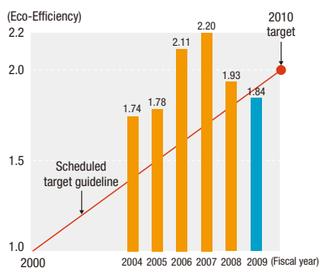
B. Consumed Natural Resources*1



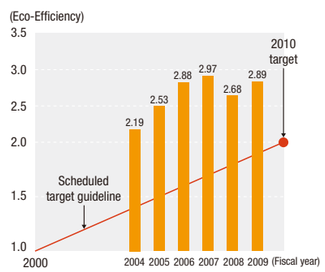
C. Atmospheric Emissions of VOCs



D. Water Consumption



E. Consumed Packing Materials*2 (FUJIFILM only)



[Notes]
- Waste generation: Action has been taken on converting plastics into valuable resources, especially at production plants in Japan.
- Consumed natural resources: TAC consumption volume has grown with expansion of the FP display business.
- Atmospheric emissions of VOCs: Reduction effort is continuing chiefly at domestic production plants with the largest output.
- Water consumption: Effort is being made to reduce water consumption through multistage cascaded system, despite the impact of the economy.
- Consumed packaging materials: Measures are being implemented to reduce package size, to package in larger units, reduce consumption of resources and substitution with materials with less environmental impact.

*1 Materials: Aluminum, TAC, PET, silver and gelatin
*2 Materials: Carboard boxes, paper materials, paper containers, metals, formed plastics, plastic film & sheet and glass

Overview of fiscal 2009

The worldwide recession failed to deliver significant progress in recovery in fiscal 2009, except for certain markets. However, the Fujifilm Group was actively involved in improving production efficiency, reducing environmental burden and many other activities. As a result, the environmental burden (in CO_2 equivalent) of product lifecycles related to the Fujifilm Group fell at every stage. In addition, output of waste and VOCs, as well as water consumption, dropped below the levels for the preceding fiscal year. On the other hand, sluggish sales failed to bring noticeable improvements in Eco Efficiency.

Environmental Aspects

►CO_2 emissions*

(thousand tons-CO_2/year)

	Fiscal 2005	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010 (forecast)
Japan/manufacturing	1,061	1,106	923	884	967
Japan/nonmanufacturing	28	33	30	29	29
Overseas/manufacturing	348	362	326	298	315
Overseas/nonmanufacturing	27	34	34	31	35
Group total	1,465	1,534	1,312	1,242	1,346

* Calculation method:
Japan: Calculation employing the coefficients specified in the Ministerial Ordinances on the Act on the Promotion of Global Warming Countermeasures. Emission coefficient by electric power utility used for purchased power.
Overseas: Retroactive calculations in compliance with the GHG protocol. Purchased electric power calculated with the coefficient found in *CO_2 Emissions from Fuel Combustion (2009 Edition)* published by OECD.

►Breakdown of CO_2 emissions by region (Fiscal 2009)*

(thousand tons-CO_2/year)

		CO_2 emissions
Japan		913
Overseas	Americas (USA, Canada & Brazil)	136
	Europe (The Netherlands, Germany, Belgium, UK & France)	83
	China	96
	Asia (excl. China) & Oceania (Australia, South Korea, Singapore, etc.)	15
Group total		1,242

* Calculation as in "CO_2 emissions"

►Energy consumption*1

(GJ)

	Fiscal 2005	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010 (forecast)
Japan/electric power	7,946	8,554	7,131	6,477	7,065
Japan/heavy oil, etc.*2	8,081	6,082	4,365	3,482	3,798
Japan/gas*3	3,928	6,687	7,535	8,606	9,388
Overseas/electric power	5,130	5,377	4,871	3,922	4,278
Overseas/heavy oil, etc.*2	235	234	96	21	23
Overseas/gas*3	2,273	2,008	1,892	1,651	1,801
Group total	27,594	28,942	25,890	24,158	26,351

*1 Unit calorific value and energy consumption in compliance with the Energy Conservation Act
*2 Total of heavy oil A, heavy oil C, kerosene, light oil & gasoline
*3 Total of natural gas, liquefied natural gas (LNG), city gas, butane & liquefied petroleum gas (LPG)

►Breakdown of consumption of heavy oil, etc. (Fiscal 2009)*

(thousand kiloliters)

	Heavy oil	Kerosene	Light oil	Gasoline
Japan	80.6	5.4	0.1	0.0
Overseas	0.0	0.0	0.7	0.1
Group total	80.6	5.4	0.8	0.1

* Consumption in manufacturing only

►Total CO_2 emissions in domestic logistics*

	Units	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Total CO_2 emissions	tons CO_2/year	60,499	54,254	49,825	41,031

* Total CO_2 emissions are calculated as the amount of CO_2 emitted by FUJIFILM Logistics Co., Ltd. in its logistics activities for the Fujifilm Group companies. Since fiscal 2006, we shifted calculation method to the method based on revised Energy Conservation Law (travel distance of empty cars is not included in calculations, etc.).

►Amount of CO_2 reductions and reduction rates through transportation efficiency improvements* (Domestic distribution)

	Units	Fiscal 2007	Fiscal 2008	Fiscal 2009
Amount of CO_2 reductions	tons CO_2/year	3,550.1	5,810.1	6,691.0
CO_2 reduction rate (%)	%	6.1	10.4	14.0

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

* In the fiscal year 2009, we enforced our activities for CO_2 reductions in collaboration with a specified consigner. Major reduction initiatives, which proved effective, include improving carrying efficiency by double stacking during transport and enhancing gasoline mileage by eco-driving.

►Domestic transport volume*

(million tons-kilometers)

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Transport volume	230	182	162

* Range of transport volume calculation identical to the range of ownership in compliance with reporting under the amended Energy Conservation Act

►Reduction in export packaging material weight* (Cumulative total)

	Units	Fiscal 2007	Fiscal 2008	Fiscal 2009
Packaging material reduction rate	%	2.6	3.5	5.9

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

* Total weight of export packaging materials handled by FUJIFILM Logistics in fiscal 2009 was 3,604.8 tons. Weight was reduced by 214.2 tons, with yearly reduction rate of 5.9%.

►Container & packaging material* consumption by material type (Non-consolidated for FUJIFILM)

(thousand tons/year)

	Fiscal 2000	Fiscal 2007	Fiscal 2008	Fiscal 2009
Total consumption	35.5	24.6	23.3	19.4

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

►Water consumption, recycling & discharge as wastewater

(million tons/year)

		Fiscal 2000	Fiscal 2007	Fiscal 2008	Fiscal 2009
Consumption volume	Japan	56.1	49.2	48.1	45.2
	Overseas	4.2	7.3	7.0	6.4
	Group total	60.3	56.5	55.1	51.6
Recycled volume*	Japan	18.2	91.7	80.2	73.5
	Overseas	0.0	0.0	0.0	0.0
	Group total	18.2	91.7	80.2	73.5
Wastewater discharge	Japan	48.5	46.1	46.3	45.1
	Overseas	4.1	6.3	5.6	5.2
	Group total	52.6	52.4	51.9	50.3

* Includes cooling water usage

►Waste generation, recycling & final disposal

(thousand tons/year)

		Fiscal 2000	Fiscal 2007	Fiscal 2008	Fiscal 2009
Waste volume*1	Japan	36.2	40.7	34.3	29.5
	Overseas	12.7	29.8	29.7	34.6
	Group total	48.9	70.5	64.0	64.1
Recycled volume	Japan	28.6	39.7	33.1	28.9
	Overseas	1.0	20.6	21.9	24.8
	Group total	29.6	60.4	55.0	53.7
Final waste disposal*2	Japan	7.6	1.0	1.2	0.6
	Overseas	11.7	9.2	7.8	9.8
	Group total	19.3	10.1	9.0	10.4

*1 Processed by outside service providers
*2 Simple incineration or landfill disposal

►Valuable resources*

(thousand tons/year)

	Fiscal 2000	Fiscal 2007	Fiscal 2008	Fiscal 2009
Japan	43.0	59.7	55.4	51.9
Overseas	9.2	25.1	27.4	22.1
Group total	52.2	84.7	82.8	74.0

* Valuable resources are byproducts that have resulted from manufacturing which have been sold with compensation.

►Zero emissions

FUJIFILM achieved its zero emissions targets in fiscal 2003, yet is constantly striving to take waste management to the next level. Our issue for the future is to achieve zero emissions at FUJIFILM's overseas production affiliates and new companies that have joined the Fujifilm Group. Guidance is being provided chiefly to production sites generating large waste outputs. While the definition of 'zero emissions' differs at FUJIFILM and Fuji Xerox due to inherent differences in our respective lines of business, zero emission activities can be defined as "efforts to recycle all waste material from business operations, and to ensure no waste is processed by simple incineration or landfill."

►Main recycling methods for waste products

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

►Atmospheric emissions of VOCs*

(Hundred tons/year)

	Fiscal 2000	Fiscal 2007	Fiscal 2008	Fiscal 2009
Domestic consolidated	31.1	12.8	11.2	9.7
Overseas consolidated	1.7	1.9	1.9	1.6
Total	32.8	14.7	13.1	11.3

* 229 substances applicable in registered 697 substances

►Reductions in VOCs atmospheric emissions* (FUJIFILM non-consolidated)

(Fiscal 2009)

Category	Name of substance	Reduction (tons)	Reduction rate in comparison to fiscal 2000 (%)
Substances requiring reporting under the PRTR Law	Dichloromethane	254	71
Substances voluntarily controlled by the company	Methyl alcohol	1,441	82
	Ethyl acetate	310	76
	Methyl ethyl ketone	169	82
	Acetone	100	78

* Reduction in volumes in fiscal 2009 compared with actual levels in fiscal 2000.

►Response to the PRTR Law (FUJIFILM and its domestic affiliates)

In addition to those substances that must be reported under the PRTR Law (Pollutant Release and Transfer Register Law), FUJIFILM controls another 10 items on a voluntary basis, primarily substances specified by the Japan Chemical Industry Association as requiring autonomous monitoring, and has been endeavoring to reduce those emission on consolidated basis. 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 http://www.fujifilm.co.jp/corporate/environment/preservation/chemicalsmanagement/production/prtr.html
(in Japanese only)

►Storage and management of devices/equipment containing PCBs*

Types of equipment containing PCBs	Unit	Storing and managing amount	
		Domestic consolidated	Group total
High voltage transformers	Quantity	1	18
High voltage condensers	Quantity	366	456
PCB oil waste, etc.	kg	201.11	201.11
Sludge, etc.	m^3	10,400.1	10,400.1
Fluorescent lamp stabilizers	Quantity	15,301	18,301
Low voltage condenser excluding fluorescent lamps	Quantity	117,154	117,154
Low voltage transformer	Quantity	4	31
Rags	kg	919.5	919.5
Other devices	Quantity	14	14

* Not including items with trace levels of PCBs

Environmental Aspects

►Volume of atmospheric emissions

(tons/year)

		Fiscal 2007	Fiscal 2008	Fiscal 2009
SOx emissions	Domestic	84	66	45
	Overseas	6	3	2
	Group total	90	69	47
NOx emissions	Domestic	786	612	454
	Overseas	111	84	43
	Group total	897	695	497
Soot particle emissions	Domestic	8.8	6.4	3.6
	Overseas	0.2	4.1	2.1
	Group total	9.0	10.5	5.7
Atmospheric emissions of specified CFCs*	CFC-11	1.51	0.76	0.20
	CFC-12	0.01	0.01	0.00

* Group total

►Water contaminant burden & emission*1

(tons/year)

		Fiscal 2007	Fiscal 2008	Fiscal 2009
Total amount of COD*2	Domestic	76.2	85.6	76.4
	Overseas	20.3	13.5	13.7
	Group total	96.5	99.1	90.1
Total amount of BOD*3	Domestic	40.0	45.5	46.7
	Overseas	4.7	3.0	5.6
	Group total	44.7	48.5	52.3
Total amount of nitrogen emissions	Domestic	258.8	290.3	286.5
Total amount of phosphorous emissions	Domestic	4.3	5.0	3.7

*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 remediation soil and underground water pollution conditions

(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 http://www.fujifilm.co.jp/corporate/environment/preservation/site/leakage/ (in Japanese only)

URL http://www.fujixerox.co.jp/company/public/sr2009/stakeholder/environment/target.html (in Japanese only)

►Legal compliance and reports on complaints in fiscal 2009

In 2009, there were seven violations of environment-related laws and six customer complaints—all of them addressed immediately. Greater effort will be made to implement exhaustive controls and to prevent any recurrence.

	Domestic	Overseas	Total
Number of legal violations (number of cases solved)	1 (1)	6 (6)	7 (7)
Number of complaints (number of cases solved)	6 (5)	0 (0)	6 (5)

►Responses to environment-related complaints and legal violations in fiscal 2009*

< FUJIFILM Imaging Solutions Osaka Office >

(Violation: Effluent release)

Issues: Exceeded the limit (32 mg/liter) of Sakai City's emission control standards (38 mg/liter).

Response: Circulation volume in the active sludge tank was reduced to half, with inflow of chromogenic development solution into the active sludge wastewater pipe stopped. Action was taken under instructions from the administrative authorities. No written instructions have been received; no punitive action has been taken.

< FUJIFILM Hunt Chemicals Singapore Pte. Ltd. >

(Violation: Effluent release)

Issues: Effluent release into the commercial drainage conduit that leads to the public sewerage system exceeded the COD standard limit (600 mg/liter) established by regulations on sewage and effluent discharge (840 mg/liter).

Response: 1,000 Singapore dollars has been paid as a fine. A pump was installed at the waste solution treatment tank in order to prevent recurrence. Sedimentation that causes growth in the COD value is being removed once a week.

< FUJIFILM Asaka District >

(Complaint: Noise)

Issues: Complaint has been received about the noise of basketball pounding in the basketball court in the early hours on holidays.

Response: Rules on hours for the use of employee welfare facilities have been revised (restricting use to 10:00 to 17:00 on holidays). This has been announced within the facility, as well as to residents in the corporate dormitories, and the report has been submitted and accepted by the residents of the condominium building.

< FUJIFILM Kaisei District >

(Complaint: Noise)

Issues: Complaint has been received regarding noise and parking by construction services on the road north to the Advanced Research Laboratories.

Response: Instructions have been issued to the service providers once again for compliance.

< Toyama Chemical Toyama Factory >

(Complaint: Noise)

Issues: Complaint has been received on the noise of falling water.

Response: Inspection revealed that water noise was coming from water overflowing from fountains, etc., within the factory premises. The fountain and water supply to the fountain was stopped, a wastewater ditch created and a cover installed. Steel plates were installed over the water supply in order to insulate the water noise.

*Relatively minor violations have been excluded.

* Organizations covered in the environmental performance data are as a general rule those that are shown in 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.
And figures in Group total may not correspond with sum of each subtotal.

Environmental Accounting

►Overview of fiscal 2009

- Environment-related facility spending dropped dramatically in fiscal 2009, due to a drastic reduction and focus of investment into manufacturing-related facilities at production plants.
- Investments related to flat-panel display manufacturing facilities are aimed at energy-saving performance in the waste heat recovery facilities.
- The effect resulted in a reduction of roughly ¥500 million over the previous fiscal year, with a decline in energy consumption notwithstanding the growth in output over fiscal 2008. The effect value has decreased due to a drop in fuel costs in 2009 vis-à-vis 2008. CO_2 emissions have also declined by roughly 40 kilotons.

<Period of coverage>
Fiscal 2009 (April 1, 2009 –March 31, 2010)

<Scope of environmental accounting>
64 domestic companies in the Fujifilm Group (FUJIFILM Holdings, FUJIFILM and 20 FUJIFILM affiliates, Fuji Xerox and 40 Fuji Xerox affiliates and Toyama Chemical)

►Customer benefits

(¥ Million)

Product	Amount	
	Fiscal 2008	Fiscal 2009
1. High-density magnetic memory materials	4,114	4,141
2. Pre-sensitized aluminum plate not using plate-making film	26,295	21,086
3. Film for LCDs: WV films	18,151	23,263
4. Digital color multifunction device and printers	12,709	10,611
Total	61,269	59,101

The customer benefits were calculated in amounts through comparing the use of a new product purchased by the client with the environmental burden when the customer uses an older product. The total effect on customers in fiscal 2009 declined, due to a reduction in the product unit price over the previous year. The effect from PS plate not using films was reduced with a narrower price difference between old and new products. Effect of LCD display film increased with a growth of sales volume in 2009.

►Environmental accounting for fiscal 2009

(¥ Million)

Environmental Conservation Costs					Environmental Conservation Benefits					
	Capital investment		Expenses		Economic impact inside the Group			Economic impact outside the Group		
(Fiscal Year)	2008	2009	2008	2009	(Fiscal Year)	2008	2009	(Fiscal Year)	2008	2009
1. Costs incurred within the business site	9,759	1,487	14,680	11,831						
(1) Environmental damage prevention	7,476	850	7,920	6,073	Reduction of pollution levy	19	2	Reduction in SOx emissions*1	0.1	0.1
								Reduction in volume of SOx emissions	*18 tons*	*20 tons*
								Reduction in volume of NOx emissions	*174 tons*	*158 tons*
								Reduction in VOC emissions*2	56	55
								Reduction in volume of VOC emissions	*161 tons*	*156 tons*
(2) Global environmental protection	1,850	594	3,681	3,005	Energy conservation	2,593	545	Reduction in CO_2 emissions*3	251	62
								Reduction in volume of CO_2 emissions	*162 kilotons*	*39 kilotons*
(3) Resource recycling	433	43	3,079	2,753	Reduction of raw materials and resources used	10,032	7,363			
					Water resource consumption reduction*5	189	803	Reduction of waste materials through reuse and recycling*4	10,753	10,667
					Recovery and recycling			Reduced volume*6	*107.5 kilotons*	*106.7 kilotons*
					Silver	1,224	1,521			
					Polymeric materials	1,013	860			
					Aluminum materials	792	317	Reuse of aluminum materials	60	63
					Other recycling	1,523	331	Reduction in volume of CO_2 emissions	*40 kilotons*	*40 kilotons*
					QuickSnap recovery	99	—			
2. Upstream/downstream costs Recovery from the market	36	11	10,835	10,584	Recovery of parts from used equipment	10,477	10,069			
3. Cost of management activities	80	45	9,687	9,147						
4. Research and development costs	1,274	1,125	18,069	17,483				Customer benefits are shown in the table above.	61,269	59,101
5. Costs for social programs	0	0	154	86						
6. Costs for handling environmental damage Pollution levies	1	1	78	329						
Total	11,150	2,669	53,503	49,460		27,961	21,811		72,389	69,948

<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 SOx, VOCs, and CO_2. For recycling, the anticipated benefit in value terms has been shown for the year in question.

*1 SOx emissions reductions: ¥3,220/ton
Bidding price of SOx emissions credits offered by the United States Environmental Protection Agency in March 2010 (US$62/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 CO_2 emissions reductions: ¥1,579/tons
Trading price of EU emissions credit 2010 futures (€13.04/ton) at the end of March 2010.
*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

Sites Visited as Part of Independent Assurance Engagement

FUJIFILM Corporation Kanagawa Factory Ashigara Site

- **Location:** 210 Nakanuma, Minami Ashigara-shi, Kanagawa, Japan
- **Date of establishment:** January 20, 1934
- **Employees:** 2,523 (as of March 31, 2010, including FUJIFILM Photo Manufacturing Co., Ltd. etc.)
- **Business outline:** LCD protective films for plarizers, color film and paper for general and professional photographers, photographic materials for plate-making, medical, office, movie, and industrial use. IVDs and medical equipments.
- **Certification:** ISO 14001 (December 1996), ISO 14001 integration (December 2006), Integrated Management System (IMS) (November 2009)

* FUJIFILM Corporation Kanagawa Factory Sustainability Report 2010 (in Japanese only) will be issued in September 2010.

Nobuhisa Sekiguchi
Corporate Vice President,
General Manager of
Kanagawa Factory
FUJIFILM Corporation
(at that time)

Pushing for less environmental burden and coexistence with the local community

FUJIFILM's Kanagawa Factory (Ashigara & Odawara Sites) had been selected by my predecessors at the company for their abundance of clean water and air. The area is blessed with rich natural beauty, with the mountains of Hakone to the west, Tanzawa mountains to the north and a view of Karigawa and Sakawagawa rivers in the east. Although subsequent development has led to growth of built-up areas, we believe it is our foremost responsibility to preserve the natural environment and outstanding residential areas in the region, alongside our manufacturing activities as a business corporation.

The Ashigara Site manufactures flat-panel display materials such as FUJITAC, FUJIFILM's leading product, which is polarizer protection film used for LCD displays, as well as photographically sensitized materials and new functional performance materials, available for wide use by our customers. At the same time, there are activities to prevent environmental pollution, reduce CO_2 emission, save energy consumption, reduce waste and cut VOC (volatile organic compounds) emissions. Especially in the area of CO_2 emissions, the Ashigara Site has switched from the use of heavy oil to 100% use of city gas as fuel for its power generators. With the installation of the new boilers, etc., this started up in September 2009.

We plan to be actively involved in reducing environmental burden and in coexisting with the local community while pursuing development of our manufacturing activities in the future.

Principal activities in fiscal 2009

Mowing and weeding activities in the Harukimichi area

Mowing and weeding sponsored by the Harukimichi volunteer society is being conducted every year in cooperation with local citizens.

Environmental presentation meeting to the Nakanuma Community Association

Every year, the company gives a presentation on its environmental activities and engages in an exchange of views with members of the local community association living in the area around the plant.

Minami-Ashigara Environmental Fair

At the annual fair, the activities at the plant are being presented in conjunction with local citizens, business enterprises and administrative authorities, in order to foster a greater understanding of environmental protection to local citizens and to children who will become the driving force of society in the future.

Full conversion to gas fuel for the power utility facilities at the Ashigara Site, to reduce CO_2 emissions

A new gas boiler (boiler No. 7) has been installed at the Ashigara Site, commencing full operation on September 1, 2009.

Environment-related awards

Kanagawa Prefecture recognition of meritorious service in environmental protection (atmospheric, water and soil quality)—Odawara Site

The award is given to private individuals and organizations recognized for their outstanding efforts in protecting atmospheric, water and soil quality, based on a deep recognition of the importance of environmental protection, to serve as a model for the citizens of the prefecture as a whole. The recognition was received for the Site's aggressive efforts and achievements in drastically reducing VOC (volatile organic compound) emissions into the atmosphere.

Fuji Xerox Co., Ltd. Takematsu Center*

- **Location:** 1600 Takematsu, Minami Ashigara-shi, Kanagawa, Japan
- **Date of establishment:** Apirl, 1971
- **Employees:** 567 (as of March 31, 2010, 1,300 employees in total including participating companies)
- **Business outline:** Development and production of supplies for copiers and printers
- **Certification:** ISO 9001 (April 1995), ISO 14001 (March 1997), OHSAS 18001 (February 2005)

For the Sustainability Report, please visit
http://www.fujixerox.co.jp/company/eco/ (in Japanese only) Report on fiscal 2009 will be released at the end of August.

* The production division transferred to Takematsu Center of Fuji Xerox Manufacturing on April 1, 2010.

Yasuo Matsumura
Takematsu Factory
Director of
Fuji Xerox Co., Ltd.

Contribution to reducing environmental burden through conservation of energy and resources adapted to the product lifecycle, from technology development to after customer use

Fuji Xerox's Takematsu Center is the company's base for the development and manufacturing of imaging materials for copiers, multifunction office machines, printers, etc. With its cutting-edge development capabilities and manufacturing technologies, it supports the drive for energy conservation, outstanding resolution and the reliability of Fuji Xerox products. Through development of EA toner, which has made possible lower fusing temperatures and a finer grain diameter than had been impossible in past manufacturing methods, as well as IH fusing technology that delivers the world's top startup speed, it has contributed to reducing CO_2 emissions in the manufacturing process and to minimizing consumption of energy and toners by its customers. The Center is also the supply center for office equipment supplies such as photoreceptor drums and toners and has taken early action in the collection and recycling of used supplies. Through the reuse and material recycling of toner cartridges and units after disassembly, we have promoted recycling to conserve resources and energy and achieved "zero emissions" in January 1997. In March of the same year, the Center received ISO 14001 certification and plans to continue maintaining zero emissions and waste control under the ISO system.

In order to secure safety for the employees, the Center acquired OHSAS (Occupational Health and Safety Advisory Services) 18001 certification in February 2005 and received the Award for Excellence in Health and Safety from the Minister of Health, Labour and Welfare in 2006.

Principal environmental activities in fiscal 2009

Environmental report meeting

Regional environmental report meetings are held to foster communication with the residents in the area surrounding the Center and to improve the environment for the residents.

Soil cleaning activities

The contaminated land discovered in the soil survey was treated to prevent the spread of environmental contamination in 2001, and groundwater monitoring is continuing to confirm that contamination has not spread. With the disassembly of the plant building in fiscal 2010, soil remediation is under way with the replacement of soil on the land in question.

Social contribution activities in fiscal 2009

Kids ISO

The environmental education program for children named Kids ISO is organized in cooperation with Minami-Ashigara City.

Eco-Cap program

The Eco-Cap program has been organized at the Takematsu Center and also at six elementary schools in Minami-Ashigara City.

Cleaning activities in the surrounding area

Cleaning is conducted in the area surrounding the Center on a monthly basis.

Internal and External Communication—Greater Environmental Governance

Reinforcement of the regional headquarters functions and mobilization of Core Group Meetings and regional environmental meetings

With the expansion of the Fujifilm Group and the increase in the number of affiliated companies in various regions, consolidated control of environmental activities on a group-wide scale has become increasingly difficult. At the same time, the reinforcement of regional headquarters functions has made management in this area possible on a regional basis. For these reasons, the way that the environmental management organization has been implementing Fujifilm group's environmental activities has been revised since 2008. Under the organization, FUJIFILM head office is to develop a worldwide policy for environmental management and bear the responsibility of environmental governance. The regional headquarters in charge of the respective regions are to play the role of promoters of more detailed and careful environmental activities adapted to regional characteristics. At present, FUJIFILM Europe GmbH functions as the regional headquarters for Europe, and FUJIFILM Holdings America Corporation is its counterpart covering North America. In the future, similar action will be taken for Asia and other regions, with attention to developments in the days ahead.

Every year from 1991 to 2007, Fujifilm Group had been holding international meetings of environmental officers of the Fujifilm Group at FUJIFILM head office. The meeting has served as the venue for environmental management officers of affiliates in Japan and other countries to share information on environmental policies implemented and promoted on a worldwide scale, as well as to discuss action policies, with attention given to the key action items in the Group's environmental policy, Fujifilm Group Green Policy. Since 2008, regional headquarters has been now able to take action and promote environmental activities that are designed to adapt to regional characteristics, we have reconstructed into "Core Group Meetings" consisting of FUJIFILM head office and regional headquarters. The Core Group Meetings have begun to serve as the opportunity for in-depth discussion of the issues affecting the entire corporate group.

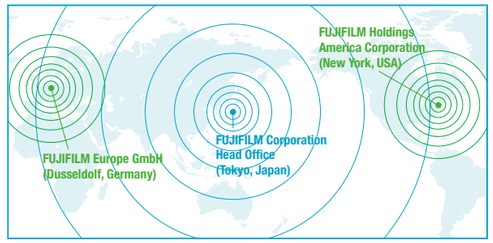
With the involvement of FUJIFILM head office in these regional environmental meetings as need arises, the company has been able to communicate the latest information, such as the key items in the Fujifilm Group Green Policy, directly to the representatives, aiding in the sharing of values and principles that apply to the entire group and in reinforcing environmental governance.

Related page: Page 49 (Organizational restructuring in Europe and the reinforcement of compliance for products and chemical substances)

Participants of European Regional Environmental Meeting (June 2010)

European Regional Environmental Meeting in progress

►Environmental governance system



VOICE

»Participating in the European Regional Environmental Meeting

In June 2010, I attended the European Regional Environmental Meeting held at FUJIFILM Manufacturing Europe B.V., in Tilburg, The Netherlands. Speaking on behalf of FUJIFILM head office, I reported that preservation of biodiversity had been added to the fiscal 2010 Fujifilm Group Green Policy and gave a presentation on reinforcement of global warming countermeasures that is a top action item and on promoting environmentally friendly design. The representatives of Europe and the various companies in the region reported on their respective state of action and shared information.

The leading manufacturing-related companies in Europe are planning to establish consolidated environmental targets, and the detailed presentations given by the European partners chiefly in the areas of global warning countermeasures and waste reduction had been extremely informative and productive. Also, information was exchanged in the area of chemical substance control, including REACH compliance in Europe. Through these discussions, we were able to confirm that our affiliates in Europe, including sales companies, are working in concert in this area.

By attending the meeting, I was able to confirm that our affiliates in Europe are working together as one by taking advantage of their regional characteristics and producing greater and more results. I sincerely look forward to further progress in their activities and, on behalf of FUJIFILM head office, will support their environmental protection activities in Europe.

Nobutaka Ohki
Operations Manager of CSR Division
FUJIFILM Corporation

Internal and External Communication—The Pink Ribbon Movement in Japan

Awareness promotion continuing since 2002 to contribute to early detection of breast cancer

Regular medical checkups are important for breast cancer, because there is more than a 90% probability of cure with early detection. However, breast cancer examination rates in Japan are extremely low, rating at roughly 20%*1 compared to approximately 70% in Western nations.

Fujifilm Group has directed great energy into the development of mammography (breast x-ray*2) technology that contributes to early detection with images that are clear and with minimal noise and is marketing its digital mammography system*3 worldwide. For this reason, it is actively involved in the Pink Ribbon Movement.

In 2002, the support slogan "Breast Cancer Examination Awareness Activity" was printed on Fujicolor print bags. Since 2004, the company is sponsoring the Pink Ribbon Smile Walk (the number of participants for 2004-2009 totaling 50,000).

Fiscal 2009 Pink Ribbon Movement

During the Pink Ribbon Month in October 2009, a photo exhibition featuring Ms. Kaori Kawamura, who passed away after a long struggle with breast cancer, was held at FUJIFILM SQUARE, a showroom complex located in Tokyo Midtown, drawing approximately 48,000 visitors. On October 3 when the Pink Ribbon Smile Walk Tokyo (participants: Approx. 6,000) was held, FUJIFILM's equipment*4 used for breast cancer examination was put on display, along with a section offering visitors the opportunity to learn how to examine for breast cancer with a breast mockup, offering people who have never experienced breast cancer examination information to encourage taking checkups without reluctance.

At the 2nd FUJIFILM Senior Championship golf tournament held at Hirakawa Country Club in Chiba City, participating golf pros all wore Pink Ribbon badges while playing. A mammography examination vehicle was set up on the grounds to encourage all interested persons and to communicate the importance of breast cancer checkups to everyone, regardless of gender.

For FUJIFILM employees, awareness promotion seminars and introduction of a gynecological cancer examination subsidy program*5 led to a dramatic increase in the number of employees undergoing breast cancer examinations in the past several years.

*1 Based on Fiscal 2007 Basic Survey on National Living (Ministry of Health, Labour and Welfare)
*2 AMULET, digital X-ray imaging system for breast cancer examinations, etc. (http://fujifilm.jp/business/healthcare/digital_xray_imaging/dr/amulet/index.html) (in Japanese only)
*3 Fujifilm Group's digital mammography system is being used at medical institutions chiefly in Japan and Western nations. With roughly 7,000 units in operation, it is the most widely used system in the world (as of Sep 30, 2009).
*4 AMULET, digital X-ray imaging system for breast cancer examinations, FAZONE M (ultrasonic diagnostic device), etc.
*5 Subsidies as high as ¥5,000 are provided for gynecological cancer examinations to employees and their female dependents who are over 30.

►List of awareness promotion seminars organized in the past

Year	Theme of Seminar (including guests)	Location	Participants
2007	① Pink Ribbon Movement (Ms. Tomoko Nakanishi, Asahi Shimbun) ② Basic information on breast cancer (Ms. Hideko Hiramatsu, Hiramatsu Ladies Clinic)	Tokyo	220
2008	① Basic information on breast cancer (Ms. Hideko Hiramatsu, Hiramatsu Ladies Clinic) ② Talk session with breast cancer examinees (3 employees)	Tokyo/ Kanagawa	150/180
2009	① The importance of breast cancer examination, based on experience of a breast cancer (Ms. Kuniko Yamada, entertainer)	Tokyo	150

Related page: Page 17 (Pink Ribbon Movement)

Presentation of AMULET, the digital X-ray imaging system for breast cancer examinations, to visitors

2009 Smile Walk

VOICE

»Fujifilm Group Cancer Examination Rate Improvement Project starts up, based on experiences in the Pink Ribbon Movement

Cancer is the No. 1 cause of death in Japan. However, cancer examination rates in Japan are extremely low—the lowest among OECD member nations.* For this reason, FUJIFILM as a medical care company started the Fujifilm Group Cancer Examination Rate Improvement Project in fiscal 2010, targeting employees of Fujifilm Group companies and their family. Based on its experience with the Pink Ribbon Movement, action will be taken to promote awareness of medical examinations for five cancer types—stomach, lung, intestinal, cervical and breast cancer.

The project began with the opening of the Cancer Examination Awareness Page on FUJIFILM's intranet in late May. The page features basic information on cancer and a list of medical hospitals. A booklet recommending cancer examination is also being circulated in workplaces. Starting in June, internal seminars on the various cancer types are being held to directly communicate to employees the distinctive characteristics of cancer and the importance of medical examinations. For breast cancer, examinations during work hours are scheduled to be held at all business sites and offices, making use of the mammography examination vehicles.

Furthermore, we plan to minimize the physical pain of examination by encouraging use of FUJIFILM's nasotracheal endoscopy system for stomach cancer examination and offer follow-ups to those undergoing secondary examinations, in order to achieve "quality of examination" along with improvements in the examination rate, and to contribute to the early detection of cancer for our employees and their dependents.

* From the Cancer Screening Booklet for Women (MHLW)

Ayako Hashiguchi
Medical Systems Business Division of Healthcare Business Headquarters
FUJIFILM Corporation

Internal and External Communication—Activities in Logistics

Integration of a domestic logistics network

As the company responsible for Fujifilm Group's logistics in Japan, FUJIFILM logistics has been working on consolidating the domestic shipping network in cooperation with Fuji Xerox since October 2007.

At present, configuration of the shipping networks for western and eastern Japan* is near completion, as a result of exhaustive safe driving and operation management in cooperation with the business partners responsible for Fuji Xerox merchandise distribution, cutting down shipping flow lines, boosting vehicle and loading efficiencies and consolidating freight, such as joint shipment of machinery and supplies. As a result, a cost reduction of roughly ¥250 million and a CO_2 reduction of roughly 750 tons have been achieved from December 2008 when the project started up until March 31, 2010. The changes made in shipping flow line reductions and joint machinery/supply shipments are shown on the right.

In the future, a greater Tokyo shipping network and central Japan shipping network linking western and eastern Japan are to be developed to complete consolidation. At the same time, the management organization for domestic shipping will be integrated as well. Furthermore, freight shipment logistics will be expanded from machinery and supplies to parts and procured supplies and parts, creating a logistics scheme that connect sales and manufacturing by end of fiscal 2011.

* Shipment network that efficiently connects cross dock centers, regional warehouses and manufacturing centers, centering around HUBs (hubs & spokes) in eastern and western Japan, which function as central warehouses for copiers, accessories and other machinery.

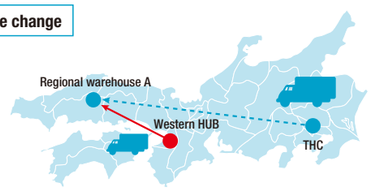
►Shipment network configuration/implementation performance and plan

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Western Japan shipment network	→	→	→		
Eastern Japan shipment network			→		
Greater Tokyo shipment network				⇢	
Central shipment network				⇢	→

►The image of machinery/supplies joint shipping

Supplies ⇠⇠⇠ Machinery ← Joint shipment of supplies and machinery

Before change

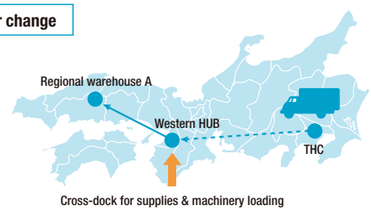


① Truck loaded with supplies coming from THC*
② Two trucks loaded with machinery from the Western HUB go out on delivery every day, both with low load rates.

* THC: Tomei Haiso (distribution) center, serving as a central warehouse for supplies

Number of trucks reduced to half
1.7-fold increase in load volume

After change



Supplies shipment truck headed to regional warehouse A with a full load, including supplies for regional warehouses in Osaka and other regions.

Cross-dock supplies headed for Osaka and other regional warehouses are unloaded at the Western HUB, machinery headed for regional warehouse A is loaded onto the vacated space, returning with a full load.

Delivery on the route connecting THC, Western HUB and regional warehouse A can be completed with a single truck, resulting in a 1.7-fold increase in the load rate.

VOICE

»Collaboration extending beyond divisions, organizations and companies is essential

An organization-wide project was formed in order to complete the consolidation of the domestic shipment network, and action was taken to resolve issues. However, it was necessary to solve many issues, including the lead time from order reception to shipment, synchronization of arrival times, unification of cargo load indicators, cost apportionment, compliance with laws, etc. In addition, activities were implemented through collaboration between FUJIFILM Logistics and its cooperating business partners and freight owners, because of the need to build a trunk route network that does not compromise our goals of full-load truck operation and connecting vehicles. Through this, we were able to achieve great success.

In the future, a network covering the entire country will be created and upgraded for the reorganization of the shipment network for the Fujifilm Group to contribute to logistics and a drastic reduction in CO_2 emission.

Members of FUJIFILM Logistics project team for consolidation of the domestic trunk route shipment network

Domestic and International Appraisals

►Ranking and status of SRI audit

FUJIFILM Holdings has received the following evaluations by external organizations as a corporate group that proactively promotes CSR actions toward sustainable development. It is included in the Socially Responsible Investment (SRI) indexed listed below. Also listed below are evaluations of FUJIFILM Holdings in domestic and international ranking surveys.

Dow Jones Sustainability Indexes Member 2009/10

Inclusion in the Dow Jones Sustainability Indexes 2009

FTSE4Good

Inclusion in the FTSE4Good Global Index

MS-SRI モーニングスター社会的責任投資株価指数 Morningstar Socially Responsible Investment Index

Inclusion in the Morningstar Socially Responsible Investment Index

Survey	Evaluation for FUJIFILM Holdings
13th Nikkei Environment Management Survey (sponsored by *Nihon Keizai Shimbun*)	9th out 1,792 manufacturers
5th Company Quality Management Survey (sponsored by the Union of Japanese Scientists and Engineers)	2nd out 225 companies
Eco Brand Survey 2009 CSR evaluation ranking (Nikkei Business Publications, Inc.)	43th out 560 companies (Eco-brandranking index/deviation: 63.8)
SAM Sustainability Year Book 2010 (Sustainable Asset Management AG)	SAM Silver Class
Toyo Keizai CSR Ranking (2010)	4th out 1,104 companies (533.4 points)

►Appraisal and awards in fiscal 2009

Related pages: Page 14, 21, 31, 33, 34, 43, 66, 67

Recipient	Name & Description of the Award	Awarding Entity
FUJIFILM Holdings Corporation	Investor Relations website wins "Best Business Award"	Daiwa Investor Relations Co., Ltd.
FUJIFILM Holdings Corporation	Investor Relations website wins "Best Website" award (for overall No. 8 ranking and No. 1 by industry)	Nikko Investor Relations Co., Ltd.
FUJIFILM Holdings Corporation	Annual Report 2009 wins honorable mention in the 12th Nikkei Annual Report Award	Nikkei Inc.
FUJIFILM Corporation	ETERNA-RDI, film stock for digital intermediate work in the motion picture industry, won the 2009 Science and Technology Award	Academy of Motion Picture Arts and Sciences, USA
FUJIFILM Corporation	Super CCD Honeycomb EXR, image sensor for digital cameras, wins Best Imaging Innovation 2009-2010	EISA Award
FUJIFILM Corporation	FinePix Z33WP, GF670 Professional and GX680III Professional win 2009 Good Design awards	Japan Industrial Design Promotion Organization
FUJIFILM Corporation (Kanagawa Factory)	Odawara Site: Certification for longest accident-free record for the industry	Kanagawa Prefecture
FUJIFILM Electronic Materials Co., Ltd.	The gold standard of silicon.	Intel
FUJIFILM Graphic Systems Co., Ltd.	Honorable mention in technology development	Technical Committee, Nihon Shinbun Kyokai
FUJIFILM RI Pharma Co., Ltd.	Safety Drivers Chiba 2009 Good Plant award	Chiba Prefecture Safety Driving Management Association
Fujinon (merged into FUJIFILM as of July 1)	"Precision Focus," auto-focus for broadcasting lens, wins 2009 Emmy Awards jointly with Nippon Hoso Kyokai	Academy of Television Arts and Sciences, USA
FUJIFILM Hunt Chemicals U.S.A., Inc. (Dayton)	Letter of Recognition	US Department of Energy
FUJIFILM Hunt Chemicals U.S.A., Inc. (Rolling Meadows)	1) 2007-2009 EPA Environmental Performance Track recertification award.	1) U.S. Environmental Protection Agency
FUJIFILM Hunt Chemicals U.S.A., Inc. (Rolling Meadows)	2) Dischargers Demonstrating Exemplary Compliance for 2008	2) Metropolitan Water Reclamation District of Greater Chicago
FUJIFILM North America Corporation CANADA Div.	Most Environmentally Progressive Process or Service, Vendor (Gold) and Most Environmentally Progressive Printing Technology, Hardware (Gold)	Environmental Printing Awards/Print Action (Canadian)
FUJIFILM Electronic Materials (Europe) N.V.	Preferred Quality Supplier Award	Intel
FUJIFILM Imaging Colorants Limited	Gold Medal for Occupational Health & Safety	The Royal Society for the Prevention of Accidents (RoSPA)
FUJIFILM FRANCE S.A.S	Imprim'Vert Certificate ("Green printing certification")	P2i / Chambre des M_tiers et de l'Artisanat des Yvelines (France)
FUJIFILM Hunt Chemicals Singapore Pte. Ltd.	Singapore Chemical Industry Council (SCIC) Responsible Care Award 2009	Singapore Chemical Industry Council (SCIC)
FUJIFILM (China) Investment Co., Ltd.	Wins recognition as model company in the Pudong business community	Pudong, Shanghai City
Fuji Xerox Co., Ltd.	Sustainability Report 2009 wins Gold Award in Sustainability Reporting Awards in 2010	Toyo Keizai, Inc.
Fuji Xerox Co., Ltd.	Wins Good Practice Special Award in the 11th Green Purchasing Award	Green Purchasing Network
Fuji Xerox Co., Ltd.	High-resolution LED print head wins Technology Award	Imaging Society of Japan
Suzuka Fuji Xerox Co., Ltd.	Wins 2008 Technology Award of the Imaging Society of Japan	Imaging Society of Japan
Fuji Xerox Korea Co., Ltd.	1st place in the 2008 Korean Customer Satisfaction Index (KCSI) Survey in the copier category	Korea Management Association Consulting (KMAC)

Independent Assurance Report

To the President and Chief Executive Officer of FUJIFILM Holdings Corporation

Purpose and Scope

We were engaged by FUJIFILM Holdings Corporation (the "Company") to provide limited assurance on its Sustainability Report 2010 (the "Report") for the fiscal year ended March 31, 2010. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:

1) the environmental and social performance indicators and environmental accounting indicators (the "Indicators") for the period from April 1, 2009 to March 31, 2010 included in the Report are prepared, in all material respects, in accordance with the Company's reporting criteria; and
2) the Company has applied the 'AA1000 Accountability Principles Standard (APS) (2008)' as described on page 4 and its website.

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment. We used these criteria to evaluate the Indicators. For the Company's alignment with AA1000APS (2008) principles, the criteria were those set out in AA1000APS (2008) for each of the principles.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, 'AA1000 Assurance Standard (AS) (2008)' by AccountAbility (Type 2 assurance engagement), and the 'Practical Guidelines of Sustainability Information Assurance' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS"). Limited assurance in ISAE 3000 is consistent with a moderate level of assurance as defined by AA1000AS (2008).

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- An evaluation of the results of the Company's stakeholder engagement processes. This included review of the Company's engagement strategies, and determination process of stakeholder identification and prioritization.
- An evaluation of the results of the Company's methodology for determining the material issues for key stakeholder groups. This included, as well as benchmarking, inputs from legal requirements etc., an observation of the Company's stakeholder dialogue, and an evaluation of the completeness and accuracy as to whether the significant issues identified from these inputs are duly considered and reflected in strategies, plans, actions and outcomes.
- A media analysis for references to the Company during the reporting period.
- Interviews with the Company's management and relevant staff at corporate level, concerning CSR strategy and policies, and a review of the Company's internal documentation to obtain an understanding of the control environment and evaluate the implementation of the AA1000APS (2008) principles.
- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviews of the Company's reporting criteria.
- Obtaining an understanding of the systems used to generate, aggregate and report the Indicators, and of the internal controls at corporate and site level.
- Analytical reviews of the Indicators aggregated at corporate level.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Visits to Ashigara site, Kanagawa factory of FUJIFILM Corporation and Takematsu Center of Fuji Xerox Co., Ltd.
- Reviews of drafts of the Report and relevant websites to evaluate whether the information presented corresponds with our overall knowledge and experience of sustainability management at the client.

Conclusion

1) On the Indicators:
Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

2) In relation to the AA1000APS principles of inclusiveness, materiality and responsiveness:
Based on our procedures, nothing has come to our attention that causes us to believe that the Company has not applied the AA1000APS (2008) principles as set out on page 4 of the Report and its website. As the Company has disclosed, the following aspects require further attention:

- In relation to the principle of 'Inclusiveness':
  The Company's corporate philosophy and approach to CSR should be spread more widely throughout overseas group companies not only those in Japan.
- In relation to the principle of 'Materiality':
  More specific performance indicators should be set for some material issues such as human resources development and human rights.
- In relation to the principle of 'Responsiveness':
  The Company's overseas group companies should further understand and respond to their stakeholders' needs based on the Company's approach to CSR, apart from issues regarding finances, compliance, environment and employment.

Independence and competence

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of the Japanese Association of Assurance Organizations for Sustainability Information. We conducted our engagement with a multidisciplinary team including specialists in AA1000APS/AS, environmental, social and financial aspects, and stakeholder engagement.

Comments

In addition to the points mentioned under 2) above, our assessment resulted in a number of findings and recommendations. Without prejudice to our conclusions presented above, we would like to draw attention to the following:

- Environmental performance data covers, in principle, entities that are shown in the Company's consolidated financial statements and are significant in terms of environmental impacts. Some sales and manufacturing subsidiaries in China and elsewhere are excluded, however. Boundary should be extended to include these entities.
- Calculation methods have not been fully integrated across different sites for some environmental performance indicators such as water consumption and water discharge. Calculation methods should be integrated for all environmental performance indicators.

KPMG AZSA Sustainability Co., Ltd.

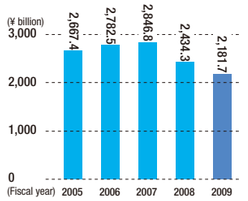
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
September 7, 2010

AA1000
Licensed Assurance Provider
000-66

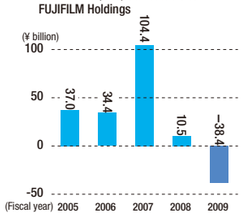
Fujifilm Group Business Overview

The Fujifilm Group aims to become a global enterprise, trusted by society and customers, by making broad contributions to the advancement of culture, science, technology and industry. In addition, we will contribute to the improvement of quality of life and conserve global resources, while making further contributions to society through active business operations in the Imaging Solutions Segment, Information Solutions Segment and Document Solutions Segment.

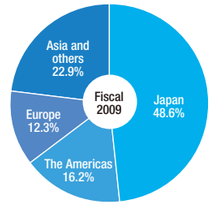
■ Consolidated Revenue



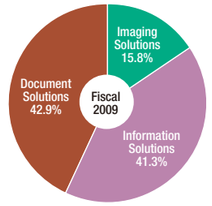
■ Net income (loss) attributable to FUJIFILM Holdings



■ Proportion of revenue by region



■ Proportion of revenue from operating segments

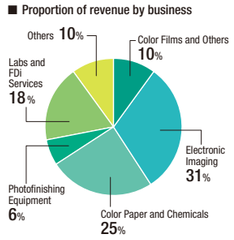


*Since the fiscal 2009, net income attributable to FUJIFILM Holdings represents net income for fiscal 2009.

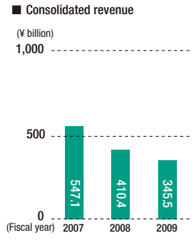
Imaging Solutions

The Imaging Solutions Segment handles color films, digital cameras, photo finishing equipment, and color paper, chemicals, services for photofinishing.

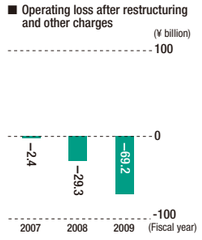
■ Proportion of revenue by business



■ Consolidated revenue



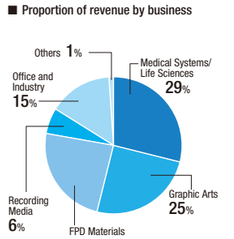
■ Operating loss after restructuring and other charges



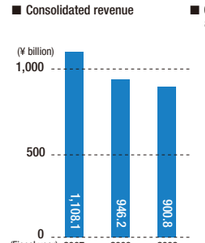
Information Solutions

The Information Solutions Segment handles medical systems and life sciences, equipment and materials for graphic arts, flat panel display (FPD) materials, recording media, optional devices, electronic materials and inkjet materials.

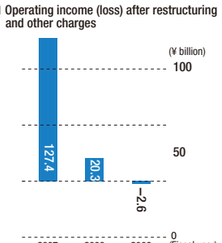
■ Proportion of revenue by business



■ Consolidated revenue



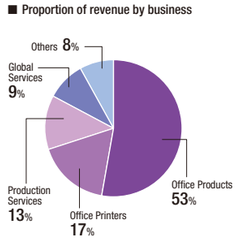
■ Operating income (loss) after restructuring and other charges



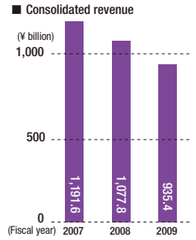
Document Solutions

The Document Solutions Segment handles office copiers/multifunction devices, printers, production systems and services, paper, consumables, and global services.

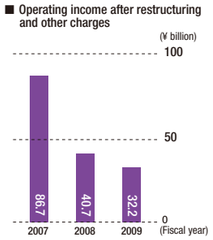
■ Proportion of revenue by business



■ Consolidated revenue



■ Operating income after restructuring and other charges



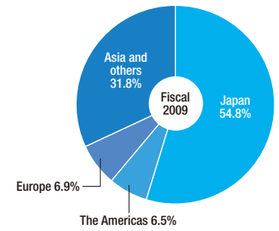
Fujifilm Group Organization Overview

The Fujifilm Group has been expanding its group management to from the FUJIFILM Holdings Corporation since October 2006.

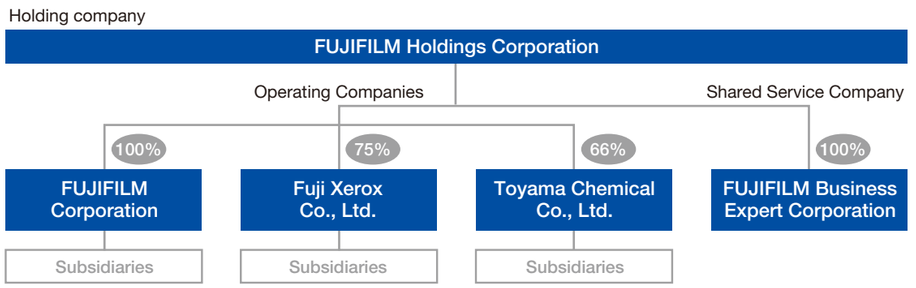
Holding Company FUJIFILM Holdings Corporation

- 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, 2010)
- Employees: 141 (as of March 31, 2010)
- Consolidated Employees: 74,216 (as of March 31, 2010)
- Consolidated Subsidiaries: 241 (as of March 31, 2010)

■ Composition ratio of consolidated employees by region (as of March 31, 2010)



Fujifilm Group (as of March 31, 2010)



For the Fujifilm Group Companies, please visit:

URL http://www.fujifilmholdings.com/en/business/group/index.html

Editorial postscripts

We hope you found this Sustainability Report useful. This year, the fourth year since the Fujifilm Group shifted to a holding company structure in October 2006, we completed our system to conduct CSR activities based on a common CSR philosophy and values across the Group and began supporting the Group's management targets through our CSR activities.

We planned and edited this report to introduce as many examples as possible of the CSR measures the Group has been implementing in its business operations.

We were very pleased to find that the business divisions we interviewed presented examples of their CSR activities to us, which demonstrates that the Group's CSR philosophy and values are actually being implemented by employees at each of our sites. In editing this report, we felt that the CSR activities of the Fujifilm Group are shifting from the "ideal" to the "real."

We hope that this report will be read by many people, our stakeholders included, and that it gives readers a deeper understanding of the Fujifilm Group's CSR activities.

FUJIFILM Holdings Corporation Sustainability Report 2010, **Editorial Team, July 2010**

About the illustrations on the front cover and section title pages

The Fujifilm Group is recording and storing cultural and artistic works in the form of photos and images to pass on to future generations. We do this as part of our social contribution through our business. Thanks to cooperation from the Mitsui Memorial Museum, we are presenting some of the works owned by the museum on the front cover and section title pages of this report.

The Earth on which we live is called the “planet of water” and the 21st century is called the “century of water.” We used an image of hydrangeas, which mean “water barrels,” for the front cover, thinking about the importance of water for all life.

Gold-lacquered Tea box with hydrangea design in Maki-e lacquer
Edo period (19th century)
owned by the Mitsui Memorial Museum

This gold-lacquered tea box, on which branches of hydrangeas are dramatically depicted with the flowers, contains a set of tea things all made of silver. The box belonged to Retsu, the wife of Takanari, the 7th head of the Kita Mitsui family according to the explanatory document attached to the box. The flat red braid of the box is indeed feminine. The tea box with hydrangeas, which contains silver tea things looking refreshingly cool, is quite suitable for use in summer.

Mitsui Memorial Museum

Address: Mitsui Main Building 7th Floor, Nihonbashi Muromachi 2-1-1, Chuo-ku, Tokyo 103-0022
URL: http://www.mitsui-museum.jp/english/english.html

The annex building of Mitsui Bunko, where a lot of excellent Japanese and Oriental artistic works were stored, was moved to Nihonbashi, a place that is closely associated with the Mitsui family and the Mitsui Group, and was opened as the Mitsui Memorial Museum in October 2005. The artistic works owned by this museum were collected and have been passed down through the history of the Mitsui family that extends over 300 years since the Edo period. The collection forms a part of the precious Japanese cultural heritage.

The Mitsui Main Building in which the museum is located is a massive Western-style architecture that represents the buildings constructed in the early years of the Showa period. The building is designated as an important cultural property. The entrance of the museum is located at the atrium of the Nihonbashi Mitsui Tower, a skyscraper constructed adjacent to the Mitsui Main Building.

At the museum, the tea room named “Joan,” which is associated with the Mitsui family and is now designated as a national treasure, is exquisitely reproduced, and tea things are displayed in the room to show the beauty of a style, while Japanese and Oriental artistic works are displayed in the Western-style building to show visitors the beauty of forms and give them an opportunity to enjoy the essentials of culture and beauty.

■Please address inquiries on this publication to:

FUJIFILM Holdings Corporation

CSR Group, General Affairs Division
Tokyo Midtown, 9-7-3 Akasaka, Minato-ku, Tokyo 107-0052
Tel.: +81-3-6271-2065 Fax: +81-3-6271-1190

http://www.fujifilmholdings.com/en/sustainability/contact/index.html

Date of publication: September 2010