

Internal Control

The Fujifilm Group Corporate Philosophy states, “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.” Given these basic goals, the Company endeavors to create a corporate culture in which all employees take a proactive approach toward compliance and risk management in line with fulfilling its corporate social responsibilities.

Compliance

As a set of fundamental policies, the Company has formulated the Fujifilm Group Charter for Corporate Behavior. The Company has also established the Fujifilm Group Code of Conduct to better guide each employee to act and behave in compliance with laws, regulations and social ethics. Furthermore, the Company has established a CSR Committee, chaired by the CEO, to manage and govern internal control measures in a comprehensive and integrated fashion.

Moreover, the Company has established a division within each of its principal operating companies—FUJIFILM Corporation and Fuji Xerox Co., Ltd.—that is exclusively responsible for promoting compliance and instilling a compliance-based mindset throughout the Group. The Company also maintains offices to provide consultations and support communications regarding infringement issues related to the Code of Conduct and compliance. This effort is meant to facilitate the early detection of illegal or improper behavior and ensure prompt and appropriate response measures. All of the communications and information are kept confidential and reported to the CSR Committee.

The Company has also formulated guidelines and policies to ensure thorough observance of laws and regulations in its business activities. These guidelines and policies include rules for the use of circular letters, document management, timely disclosure, personal information management and other internal guidelines.

The Fujifilm Group’s Compliance Statement clearly states that the Company gives priority to compliance over business

profits, and the Company strives to ensure that all Group employees comply with the Code of Conduct. The Company also works to raise compliance awareness through regular educational and training activities.

Groupwide Compliance Education

The Company is promoting comprehensive compliance throughout the Group—with the operating companies overseeing their affiliates in Japan and overseas—by offering its employees various educational programs.

In Japan, all employees of the operating companies and Fujifilm affiliates participate in various compliance-related training programs. These include seminars, group training and e-learning sessions. Thus, Fujifilm employees are proactively enhancing their compliance knowledge and awareness. In December 2008, the Company invited Professor Nobuo Gohara of the Toin University of Yokohama Law School (now a Meijo University professor) as a guest lecturer. Professor Gohara gave a seminar to the operating companies’ executive officers on the theme of “True Compliance for Corporations of the Future.”

Fujifilm is also active in instilling a compliance mindset throughout its overseas affiliates. In November 2007, the



Seminar on compliance

Fujifilm’s Compliance Education in Japan

Intended Audience	Frequency	Details
Top management (Fujifilm)	As appropriate	Overall compliance (by external instructors)
Executive officers of Fujifilm affiliates	Once a year	Overall compliance (by external instructors)
Managerial personnel (Fujifilm and its affiliates)	Once every two years (case method training) Once a year (compliance information meeting)	Business ethics, customer-orientation, confidential information management, etc. (by external instructors and CP & RM*) Examples of corporate misconduct, punitive actions, consulting facility, risk reporting system, etc. (by CP & RM*)
New managerial personnel (Fujifilm)	Once a year	Overall compliance (by corporate executive officers in charge of CSR)
All employees (Fujifilm and its affiliates)	Once a year	Discussions based on compliance case studies (by managerial personnel)
New employees (Fujifilm)	Once a year	Basics of compliance, Code of Conduct, corporate rules, consulting facility, etc. (by CP & RM*)

* CP & RM: Compliance & Risk Management Division of FUJIFILM Corporation

Fuji Xerox’s Compliance Education in Japan

Training Title	Intended Audience (Fuji Xerox and its Affiliates)						Details
	Executive Officers	Managers	General Employees	Contract Employees	Other Employees	Personnel in Charge of Compliance Promotion	
Education on the ALL-FX Code of Conduct	■	■	■	■	■	■	Code of Conduct case studies (individual and group education)
New executive officer training	■						Group training on Japan’s Corporation Law, corporate governance, etc.
New administrator training		■					Group training on risk management related to corporate management
Basic WBT on laws	■	■	■				Training on basic legal knowledge (4 areas) using the Internet
Training for personnel in charge of compliance promotion						■	Training for key personnel to introduce new systems and training programs
WBT on information security	■	■	■	■	■	■	Basic training related to information security using the Internet
WBT on personal information protection	■	■	■	■	■	■	Training using the Internet on the Personal Information Protection Law

Company held a compliance information meeting for Japanese managerial staff at 27 overseas affiliates. The participants discussed measures for disseminating compliance at their offices. Consequently, Fujifilm has implemented affiliate-specific compliance promotion plans since 2008. Including Fuji Xerox's overseas affiliates in the scope of the plans, the Company has distributed the *ALL-FX Code of Conduct* booklet and the *ALL-FX Code of Conduct Guidebook* to all Fuji Xerox employees to make sure they accurately understand and follow the Code of Conduct. In addition, Fujifilm has undertaken a project to translate such materials as the *Code of Conduct Guidebook*, notifications of punitive actions and case studies into English. Translated materials are distributed to the affiliates to facilitate efficient understanding of these materials by their employees.

Risk Management Systems

Each operating company establishes and maintains its own appropriate risk management systems. Following prescribed procedures, the operating companies report their risk management activities—including preventive measures and countermeasures against materialized risks—to the

CSR Committee secretariat. With regard to significant risks in Group operations, the CSR Committee takes a Groupwide perspective in examining potential countermeasures and effecting their implementation.

Internal audits are the responsibility of the internal auditing unit that is independent from divisions responsible for business execution. Ongoing efforts will be made to strengthen internal auditing. As a holding company, FUJIFILM Holdings supervises business execution by subsidiaries from the standpoint of its shareholders, while also conducting operations common to the Group in a unified, efficient and appropriate manner. Meanwhile, the Company provides guidance, support and supervision in the establishment of systems by its subsidiaries. Thus, the Company aims to ensure the appropriate conduct of business operations across the Group.

In particular, the Code of Conduct clearly defines Fujifilm's stance toward antisocial forces and illegal organizations that threaten the social order and public security. The Company strictly adheres to the principle that it shall not only avoid activities which may benefit such parties but also eliminate any relationship with such parties.

