



Priority Issue

Strengthen CSR Foundations across the Entire Supply Chain

<p>Target for 2030</p>	<ul style="list-style-type: none"> (1) Realize sustainable procurement considering the environment, ethics and human rights. (2) Ensure compliance with legislation on biodiversity.
	<p>In SVP 2030, we have reconfirmed CSR as a priority issue, notably factors concerning the environment, ethics, and human rights. Under the Fujifilm Group’s Procurement Policy, we are strengthening our CSR foundation together with our suppliers to build a sounder supply chain that would achieve sustainable procurement.</p> <p>In addition, based upon the Fujifilm Group Basic Concepts and Action Guidelines for Biodiversity Conservation (Guidelines for Biodiversity) established in June 2009, the Fujifilm Group is engaging in a wide range of environmental protection activities for the conservation and protection of biodiversity to sustain the various benefits we now receive from our ecosystem into the future.</p> <p> Human Rights Statement http://www.fujifilmholdings.com/en/sustainability/vision/human/index.html</p> <p> Guidelines for Biodiversity http://www.fujifilmholdings.com/en/sustainability/vision/creature.html</p>
<p>Outline of Activities in FY2017</p>	<p>[Target] Realize sustainable procurement</p> <ul style="list-style-type: none"> ● Installed comprehensive supply chain management system in North America and commenced supplier surveys (FF) ● Achieved elimination of production line stops caused by suppliers’ CSR risks in subsequent years ⇒ FX Shenzhen for three years & FX Haiphong for two years (FX) ● Obtained 100% response rate from suppliers for the conflict minerals survey (in the document business where customer interest is high) (FX) <p>[Target] Ensure compliance with legislation on biodiversity</p> <ul style="list-style-type: none"> ● Continued risk assessment of biological resource procurement from the product design stage, based on internal rules (starting in February 2010) ● Participated in the Taskforce Committee for the Nagoya Protocol under the Ministry of Economy, Trade and Industry Japan (METI) (continuous participation since FY2014) ● Continued risk management for procurement of copier paper, one of our important products, based on internal rules and guidelines (since 2012) <p>Related Data and Information: Environmental information Page 66</p> <p style="text-align: right;">FF: Fujifilm FX: Fuji Xerox</p> <div data-bbox="1236 824 1420 1048" style="border: 1px solid black; padding: 5px; text-align: center;">  <p>Established Human Rights Statement to promote CSR procurement</p> </div>
<p>Future Activities and Targets</p>	<ul style="list-style-type: none"> ● Expand CSR procurement coverage to Europe (FF) ● Maintain 95% or more response rate from suppliers for the conflict minerals survey, and refine data accuracy (in the document business where customer interest is high) (FX) ● Conduct a more comprehensive impact assessment of potential human rights risks and reinforce preventative or mitigating measures ● Implement ongoing efforts to comprehensively manage biological diversity risks resulting from procurement, continuing our FY2017 activities. ● Study activities in compliance with the Natural Capital Protocol*. <p>* The Natural Capital Protocol: A standardized framework developed by the Natural Capital Coalition (NCC) for businesses to identify, measure and value their impacts and dependencies on natural capital to improve their decision making and strategies. First published in July 2016.</p>

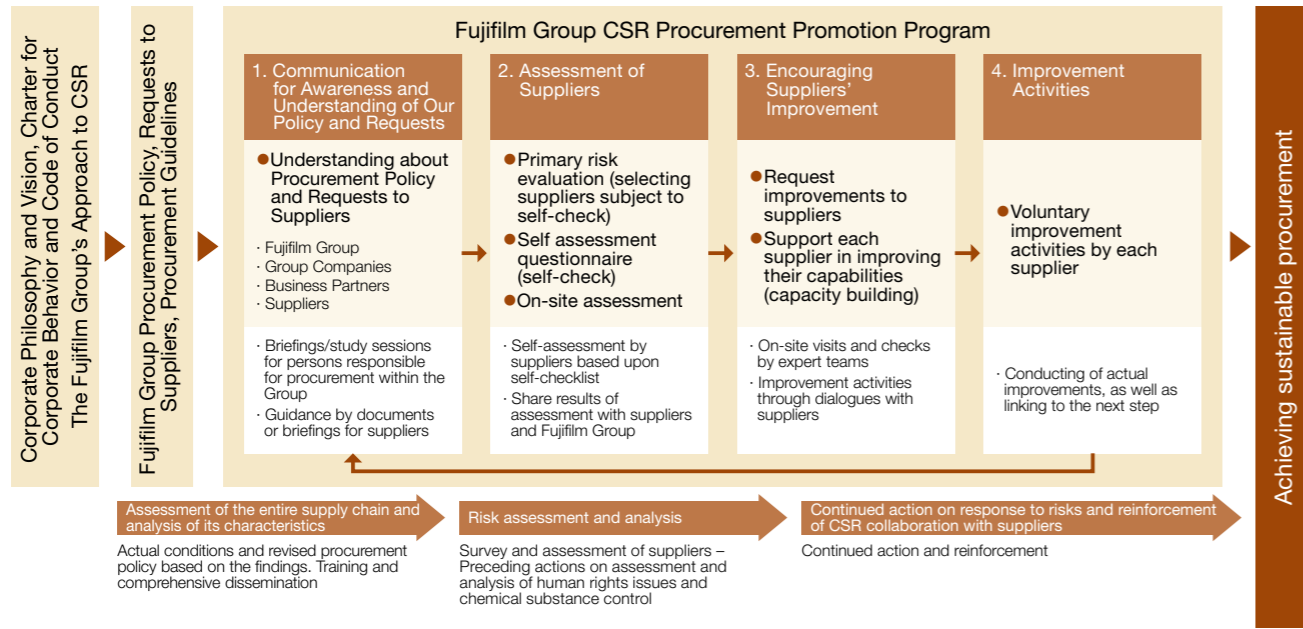
● **Enhancement of CSR Procurement Activities**

Fujifilm Group believes it is important that the business partners and suppliers, especially production materials suppliers, understand the importance of CSR management and work together with us in resolving issues. Therefore, we clearly stated the group-wide procurement approach, the Fujifilm Group Procurement Policy, and Requests to Suppliers.

In particular, Fuji Xerox, which has a high rate of overseas production (around 90%) and where the customer demand has been high at an earlier age, has started focusing on CSR procurement in 2007 and introduced a scheme for mutual

consensus assessment for CSR operations concerning the environment, human rights & labor, and corporate ethics with its suppliers. Under our mutual consensus assessment scheme, the results of a self-assessment by a supplier is cross-checked by Fuji Xerox, followed by discussions on discrepancies to finally reach agreement. The scheme is designed to give assessments in a manner that is more acceptable to our suppliers. This activity was started with production material suppliers, and gradually expanded to logistics and indirect material suppliers. In 2009, Fujifilm also started to ask some suppliers to conduct self-assessments, and later expanded the scope of these assessments to

▼ Fujifilm Group Supply Chain Management



suppliers covering 80% of the total procurement amount in each business division.

In FY2017, Fujifilm expanded CSR procurement assessments, that we have promoted in Japan and China, to suppliers for North America sites. In North America, we established a system to comprehensively manage the information of occupational health and safety, labor environments, and BCPs (Business Continuity Plans), as well as the conventionally managed the information of compliance for REACH, RoHS, and other regulations on chemical substances and mineral origins, including conflict mineral information. We then started gathering data through a survey of 90% of North American suppliers. By the end of FY2017, we achieved a 72% response rate. We are now analyzing the responses and discussing specific issues with suppliers. In FY2018, we plan to expand the survey to Fujifilm's production material suppliers in Europe.

The checklists used in these survey are based on the CSR standards issued by the United Nations Global Compact and the Responsible Business Alliance (RBA)*, and also includes comments by external experts. The checklists are revised in response to changes in legal regulations and social demands. Based on the survey results, we also request and support our suppliers to change their practices if it's required. The ratios of production material suppliers with compliance rate of 90% or higher on "very important" items are 99% for Fujifilm and 96% for Fuji Xerox.

The Fujifilm Group also provides briefings and dialogue meetings to raise awareness on the Group's CSR Procurement Policy among suppliers, and to emphasize that compliance with CSR procurement will reinforce their competitiveness in the supply chain. In FY2017 Fujifilm continued to hold briefings for production material suppliers. Cumulative number of participants is around 400 suppliers for Fujifilm.

Fuji Xerox also makes on-site visits in which expert teams from the department of procurement, personnel, and environment, etc. visit suppliers to identify any CSR risks more

accurately and provide advice and support for improvement. This scheme is supplementary to the conventional suppliers' self-assessment reporting in areas where there is a relatively high risk of production material supply cessation. We expanded this on-site visits to the suppliers of our Vietnam factories in FY2017, and in FY2018 we also plan to expand to suppliers in Korea and to start preparations for visits to suppliers of Fujifilm factories in China.

* Responsible Business Alliance and its Code of Conduct

● Response to Conflict Minerals

In recent years, there are growing concerns that the mining of mineral resources including in the Democratic Republic of Congo and the neighboring nine nations may have caused human rights violations and environmental destruction, and the profits earned from these minings may have financed unethical actions by armed groups.

The Fujifilm Group has declared that it will not use any minerals mined or refined by illegal practices, and will not be complicit, directly or indirectly, in supporting such activities. Further, our basic policy for procurement transactions states clearly that we are committed to addressing the issue of conflict minerals.

Fujifilm and Fuji Xerox participate in the Responsible Procurement of Minerals of the Japan Electronics and Information Technology Industries Association (JEITA*¹), joining other companies to study reasonable and effective measures to prevent involvement in human rights violations throughout our supply chain. With our business divisions and Group companies that are subject to strong customer expectations, we hold briefings for our suppliers in efforts to gain their understanding of our actions on conflict minerals. At the same time, we are working continually to gather the information and improve its accuracy in cooperation with our suppliers.

At Fuji Xerox, a company that belongs to the electronic and electrical machinery industry and with strong demand from customers, since 2013 we have conducted the reviews

of the history of the sources of our mineral supplies to identify whether there has been any armed intervention in our supply chain.

In the review conducted in FY2017, the supplier response rate reached 100%, and the percentage of conflict free smelters (CFSs)*² reached 46.2%, up by 6.2 percentage points over the previous year. Also, there are no information suggesting armed intervention. For FY2018, our target is to maintain the response rate at 95% or higher, and further effort will be made to improve data accuracy.

We are requesting our partners and suppliers to use conflict free smelters certified by RBA and other organizations, and will promote activities for responsible mineral procurement, in cooperation with our various stakeholders in the future.

*¹ Japan Electronics and Information Technology Industries Association (JEITA): This industry organization aims to foster the sound production, trade, and consumption of electronic devices and components, thereby contributing to economic development and cultural promotion in Japan.

*² Percentage of conflict free smelters: The percentage of smelters designated in our supply chain that have obtained conflict-free certification by RBA, etc.

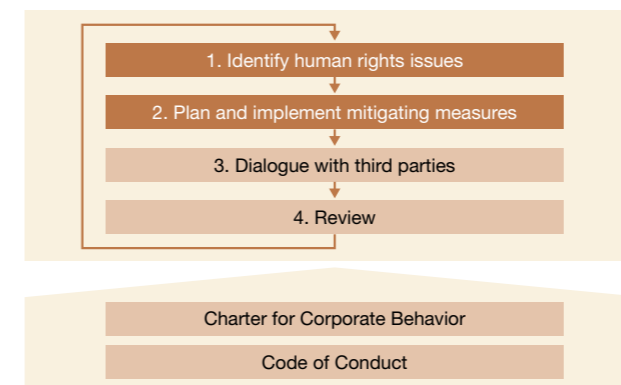
● Respect for Human Rights

Recognizing the importance of respect for basic human rights, the Fujifilm Group explicitly declares its determination to implement this in the Fujifilm Group's Charter for Corporate Behavior and the Fujifilm Group's Code of Conduct, and organizes regular training programs to these ends.

Since 2012, we have been participating in the Stakeholder Engagement Program (SHE) organized by the Caux Round Table. As a result of human rights issues for each industry studied in the Program*¹, we have been working since 2015 to identify and address human rights issues in the Group*². In the face of the expanding regulatory control on human rights issues, such as the Modern Slavery Act in the UK, California Transparency in Supply Chains Act, etc., and through dialogue with international human rights NGOs in FY2016, we have placed top priority on identifying and addressing potential human rights issues in the supply chain and with employees in the Group and have organized activities for CSR procurement collaborating with our suppliers (see Pages 43-44) and promoted CSR activities within the Group.

We have conducted our CSR procurement activities in Japan, China and the United States and conducted internal

▼ Human Rights Due Diligence Process



audits for the production sites of the Group. To expand the scope of our activities to other regions, to organize preliminary studies of response measures to be taken if a problem is discovered and to further strengthen and disseminate awareness of human rights issues within the Group, we decided to establish an independent policy, in addition to

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

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

◎: Most important ○: Important

▼ Potential Human Rights Issues in the Fujifilm Group

- (1) Long working hours and forced labor risks at suppliers
- (2) Human rights abuse risks toward workers at contractors
- (3) Physical and financial damage risks for local community caused by inappropriate procurement of raw materials for consumables (including environmental destruction)
- (4) Physical damage risks for local community caused by environmental destruction around factories
- (5) Physical damage risks for employees caused by inappropriate management on chemical substance
- (6) Human rights abuse (physical damage) risks caused by unexpected use of our products and services
- (7) Physical damage risks for local community caused by destructive actions on environment such as illegal dumping

	Procurement	R&D	Manufacturing	Transportation	Customer use	Disposal/Recycling
Imaging Solutions (Digital cameras, etc.)	(1), (2)	(4), (5)	(4), (5)	(2)		(5), (7)
Healthcare & Material Solutions (Medical equipment, etc.)	(1), (2)	(4), (5)	(4), (5)	(2)	(6)	(5), (7)
Document Solutions (Office products and printers, etc.)	(1), (3)	(4), (5)	(4), (5)	(2)		(5), (7)



the Fujifilm Group's Charter for Corporate Behavior and the Fujifilm Group's Code of Conduct, to explicitly declare our respect for human rights. As a result, we established a Human Rights Statement with the approval of the CSR Committee headed by the President in June 2018. In establishing our Human Rights Statement, we have received various comments and suggestions from Group companies in Japan and other countries and other stakeholders (see Page 10). The process served as a great opportunity not only for the CSR division but also for the personnel and other relevant divisions to renew their awareness on human rights issues.

In the Human Rights Statement, we state that respect for human rights is the basis of all our business activities and declare our basic policy in introducing activities to prevent human rights violations. We will conduct internal and external communication to disseminate the Human Rights Statement, and will raise the awareness of the importance of human rights issues within the Group. At the same time, we will cooperate with our partners and suppliers to conduct a more comprehensive assessment of the impact of potential human rights risks in each business field and to strengthen prevention and mitigation measures. Furthermore, we will continue to conduct studies with other companies and activities proactively adopting suggestions from external parties, to incorporate the trends in society's demands within the Group and to foster greater awareness.

Employees of the Group who have any concerns on the incompliance or human rights violations stated in the Code of Conduct are able to seek remediation or correction through the Compliance Helpline and other whistle-blowing systems. For external stakeholders, we have set up an inquiries contact on CSR matters to receive opinions and suggestions regarding our entire Group activities, including human rights issues.

*1 Human Rights Issues by Sector (Sixth Edition): Created by the Consortium based on the Human Rights Guidance Tool of the United Nations Environment Programme Finance Initiative (UNEP-FI).

*2 See figures; "Human Rights Due Diligence Process" and "Potential Human Rights Infringement in the Fujifilm Group."

● Biodiversity Conservation

Since its foundation, the Fujifilm Group has engaged and addressed in a wide range of environmental protection activities for the biodiversity conservation. This is upon philosophy of "environmental consciousness and environmental protection are at the core of our corporate activities," as we have needed lots of water and clean air to produce photographic films. In 2009, we formulated the "Fujifilm Group Basic Concepts and Action Guidelines for Biodiversity Conservation (Guidelines for Biodiversity)." In 2012, we reviewed our biodiversity approach under the four key elements of factories, products, social contribution, and communication, in order to implement biodiversity conservation activities linked with our businesses. Fujifilm and Fuji Xerox work on a number of biodiversity conservation activities related to their businesses respectively (see Page 66).

Our principal activities related to biodiversity in procurement focused on products are risk assessment for biological resource procurement in product development, detailed response to the Nagoya Protocol, and risk

management for purchasing paper, one of our important products. In assessing the risks in biological resource procurement, we integrated assessment of the risks involved in assuring a long-term sustainable supply of biological resources into the design for the environmental framework in 2010 to focus on product development with the emphasis on biodiversity from the product design stage. We recognize that the Nagoya Protocol on Access and Benefit Sharing for Genetic Resources (ABS) is related to risks in biological resource procurement and we have been participating in the METI Taskforce Committee since FY2014, working on gathering the latest information, including trends in overseas legislation. In FY2017, we gained early access to domestic measures in Japan and communicated these to the entire Group to ensure a precise response to legislative action.

Procurement standards for paper, a product that is important for our document business, have been established to preserve forests with high protection value and forest ecosystems, in addition to protecting the rights of local residents and maintaining corporate ethics. In our Document business, since 2012 Fuji Xerox has been using these standards to monitor the activities through local audits and our deliberation council headed by top management, to ensure a continuous and stable supply of paper with care given to the sustainability of forest resources and harmony with local communities. We received the Excellence Prize in the 18th Green Purchasing Award organized by the Green Purchasing Network in FY2017 in recognition of our efforts to implement green purchasing involving suppliers and related business in Japan and other countries. We also participate in the Vancouver Declaration for the UN SDGs and FSC Certification that pledges support for the initiative for the sustainable management of natural forest resources. In the future, we will ensure that our actions are in compliance with the Natural Capital Protocol.

Main Activities for Biodiversity Conservation

- **Activities to conserve the water source at each factory**
- **Participation in JBIB**

Fuji Xerox participates in the Japan Business Initiative for Biodiversity (JBIB)

- **Overseas tree planting activities**

- Tree planting activities in the Horqin Desert of the Inner Mongolia Autonomous Region of China
- Support in the restoration of Can Gio mangrove forests in Vietnam, that are approaching extinction as a result of the use of defoliants

- **Suiden-Otasuke-Tai**

Regional collaboration activities to preserve groundwater in Minami-Aso Village. FUJIFILM Kyusyu has been participating in these activities since FY2010.

- **Tokyo Greenship Action**

Greenery conservation activities organized by the Tokyo Metropolitan Government in coordination with businesses, NPOs, etc. Fuji Xerox Tama has been participating in the program since 2004.

- **Cooperation with NPOs, etc.**

- Approved Specified Nonprofit Corporation Network for Coexistence with Nature, etc.: "Kikigaki-Koshien"
- Charitable Trust Fujifilm Green Fund, etc.: "Watashi-no-Shizenkansatsuro Competition"
- Green Cross Japan: Kankyo Nikki, "Midori-no-Komichi," etc.

- **Support to the Monitoring Site 1000**

We have been supporting to develop sensor cameras used in surveying mammals.